

**Ad-Hoc Evaluation Final Report**

**Ad Hoc Evaluation of the  
CARDS Programme**

**Country: Bosnia and  
Herzegovina**

**Sectors :  
Democratic Stabilisation  
Good Governance  
Economic and Social  
Development**

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**The views expressed are those of Rambøll Management and do not necessarily reflect those of the European Commission.**

This report has been prepared as a result of an independent evaluation by Rambøll Management being contracted under the IPA programme.

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## Sector Sheet

## Projects selected for evaluation by individual cluster

<b><i>Democratic Stabilisation</i></b>
▪ Demining, Housing repair, Public Broadcasting Service, Legal Aid. Civil Society
<b><i>Good Governance</i></b>
▪ Human Rights Chamber, Border crossings, Judiciary reform, Public procurement, Police capacity building, Asylum & migration, Public Administration reform, European Integration, Civil Service Agency, Statistics, Policy strengthening, e-government
<b><i>Economic and Social Development</i></b>
▪ Civil aviation, Local development, Trade liberalisation and Foreign Direct Investment, Environment and waste, Vocational Education and Training, State Veterinary Office, Small and Medium Sized Enterprises

*Democratic stabilisation* has the objective of promoting reconciliation and the reintegration of returnees, strengthening local capacity in demining and the establishment of an independent, professional media sector reinforcing democratic accountability.

*Good governance* includes consolidating the State of Bosnia and Herzegovina as a democratic country in which the rule of law and good governance apply thereby enabling it to participate in the SAP. Support the development of state institutions capable of acting as reliable counterparts for the international community and representing the entire country's interests effectively. Support economic reform and transition to a market economy in order to promote sustainable economic growth, trade and employment, and to facilitate the integration of the Bosnia and Herzegovina economy into EU structures and those of wider international community.

*Economic and Social Development* covers the development of a Single Economic Space, local economic initiatives and promotion of trade. In addition, assistance is targeted at facilitating international financial institutions' involvement in economic development, in particular for infrastructure. In parallel, the EC will support Social Cohesion and Development, mainly through Vocational Education and Training and the development of higher education. To ensure sustainability, a sound environmental framework is needed.

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## PREFACE

This ad-hoc evaluation report covers a sample<sup>1</sup> of centralised<sup>2</sup> CARDS assistance from the 2001 to 2006 national programmes. The financial allocation of the sample is M€ 113.164 from a total population of M€360.118<sup>3</sup>. There is no co-financing element to this assistance.

This report has been prepared by Rambøll Management<sup>4</sup> during the period from May to August 2008 and reflects the situation at 1st August 2008, the cut-off date for the report. The factual basis was provided by the Results Orientated Monitoring reports. Other findings are based on analysis of the Financing Agreements, formal programme documentation and other relevant published material, and interviews with the main parties involved in the programming and implementation of this assistance.<sup>5</sup>

The report examines the progress of the programmes towards the objectives stated in the formal programming documents, i.e. Financing Memoranda, Project Fiches, etc. It is intended to provide strategic and operational management information for the Commission Services and beneficiaries. It draws conclusions and puts forward recommendations and provides a judgement on sectoral and sub-sectoral performance.

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<sup>1</sup> The terms of reference (ToR) stipulated a minimum of 30% sample by total value, cluster value and project type. See annex 1 for details.

<sup>2</sup> Management is devolved to the European Commission Delegation (ECD) in Sarajevo.

<sup>3</sup> See annex 1 for details of projects and programmes in the total population and sample. The total allocation for CARDS was M€412.531 but a number of centrally evaluated or macro-financial components were not included.

<sup>4</sup> The author of this report is Mathias Hague supported by Dragomir Mirovic. The short term technical specialist used to review the civil society sector is Goran Bubalo.

<sup>5</sup> The evaluation also takes note of the CoA's recent special report No. 5/2007 on the Commission's Management of the CARDS programme.

## LIST OF ABBREVIATIONS

<b>Acronym</b>	<b>Description</b>
AFIS	Automatic Fingerprint Identification System
BiH	Bosnia and Herzegovina
BHAS	Agency for Statistics of Bosnia and Herzegovina
BIP	Border Inspection Point
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CEFTA	Central Europe Free Trade Agreement
CFCU	Central Finance and Contracts Unit
CIPS	Citizen Information Protection System
CoM	Council of Ministers
CSP	Country Strategy Paper
CSA	Civil Service Agency
CPA	Civil Protection Authority
DEI	Directorate for European Integration
DEP	Directorate for Economic Planning
DCA	Department for Civil Aviation
DfID	Department for International Development
DIS	Decentralised Implementation System
EA	Environment Agency
EC	European Commission
ECD	European Commission Delegation
EEA	European Environment Agency
EF	Environment Fund
EICC	Euro Info Correspondence Centre
EPPU	Economic Policy and Planning Unit
EU	European Union
EUPM	European Union Police Mission
EUSR	European Union Special Representative
FBiH	Federation of Bosnia and Herzegovina
FDI	Foreign Direct Investment
FSA	Food Safety Agency
FVO	Food and Veterinary Office
GRMS	Grant Resources Management System
HJPC	High Judicial and Prosecutorial Council
HRC	Human Rights Chamber
HQ	Headquarters
IBM	Integrated Border Management
ICAO	International Civil Aviation Organisation
ICTY	International Criminal Tribunal for the former Yugoslavia
IJC	Independent Judicial Council
IM	Independent Member
IMG	International Management Group
IOM	International Organisation for Migration
IPA	Instrument for Pre Accession
IPTF	International Police Task Force
IT	Information technology

ITA	Indirect Taxation Authority
JHA	Justice and Home Affairs
JTC	Judicial Training Centres
LAIC	Legal Aid Information Centres
M€	Million Euros
MAC	Mine Action Centre
MoCA	Ministry of Civil Affairs
MoE	Ministry of Education
MoFT	Ministry of Finance and Treasury
MoFTER	Ministry of Foreign Trade and Economic Relations
MoJ	Ministry of Justice
MoS	Ministry of Security
MoU	Memorandum of Understanding
NGO	Non Government Organisation
OHR	Office of the High Representative
PAR	Public Administration Reform
PBS	Public Broadcast Service
PARCO	Public Administration Reform Co-ordination Office
PIF	Private Investment Fund
PPA	Public Procurement Agency
PRAG	Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions
PRB	Public Review Body
PSRP	Poverty Reduction Strategy Paper
RDA	Regional Development Agency
RED	Regional Economic Development
ROM	Results Orientated Monitoring
RS	Republika Srpska
RSIS	Republika Srpska Institute of Statistics
SAA	Stabilisation and Association Agreement
SAP	Stabilisation and Association Process
SBS	State Border Service
SME	Small and Medium Enterprises
SPHA	State Plant Health Agency
SPO	Senior Programme Officer
SUTRA	Support To Results-based Approach
SVO	State veterinary Office
TA	Technical Assistance
UK	United Kingdom
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
UXO	Unexploded Ordnance
VET	Vocational Education and Training
WB	World Bank
WTO	World Trade Organisation

## EXECUTIVE SUMMARY

### Ad-Hoc Evaluation of the CARDS Programme in Bosnia and Herzegovina

#### Scope and Objectives

This ad hoc evaluation reviews a random sample of approximately one third of CARDS from the years 2001-2006. Performance is reviewed against the five Development Assessment Criteria of the Organisation of Economic Co-operation and Development. The objective of the evaluation is to provide accountability for the use of CARDS funds and identify lessons learned for future programmes.

#### Key Evaluation Findings

CARDS was underpinned by the Stabilisation and Association Process, which ensured that it was well focused on the prevailing national political agenda of both post conflict reconstruction as well as preparing for European integration. Given the lack of national administrative capacity, programming was led by the European Commission but project fiches, especially from earlier parts of the programme, are brief and contain insufficient detail. This vagueness in project design has however provided important flexibility in an environment of rapid change, limited information and difficult co-ordination.

Minimal national participation in procurement and broad programme objectives has enabled projects to be revised as political support for constitutional reform weakened after 2005, which contributed to both rapid contracting and most outputs being delivered. Direct financing of beneficiary institutions and the use of specialised international agencies has improved efficiency. Insufficient counterpart administrative capacity during the assistance has led to lower than expected absorption in many areas of institution building.

Sectors receiving entity political support, such as refugee return, or under the mandate of the Office of the High Representative have been most effective. Objectives for institution building at state level remained optimistic in the face of reduced political support for constitutional reform and were mostly not fully achieved as originally expected. However, at least some progress has been made towards overall goals and this is further supported by the multi-annual nature of financing.

Sustained return has been compromised by the lack of income generating opportunities caused by the transition to a market economy as well as war related damage. The creation of durable institutions, especially at state level, remains challenging due to the lack of progress on constitutional reform and limited financial resources.

CARDS has built the foundations for fundamental reform in many sectors and has handed over the refugee programme to the national authorities for completion, but both will require additional donor funding at a time when resources are being substantially reduced. Sustainability is further threatened by a lack of political support for most state level institutions, staff turnover and low administrative capacity.

## Performance Rating

*Democratic Stabilisation addressed a clear post conflict agenda, was well implemented and the structures established were handed over to the national administration. Good governance and Economic and Social Development focused on state level institution building, benefitted from broad design and a rapid procurement process but suffered from a reduction in political support for some aspects of the programme. **The overall rating for the evaluation is moderately satisfactory***

Cluster \ Criterion	Relevance	Efficiency	Effectiveness	Impact	Sustainability	Overall rating
<b>Democratic Stabilisation</b>	S	S	S	S	S	S
<b>Good Governance</b>	S	MS	MS	MS	MU	MS
<b>Economic and Social Development</b>	MS	MS	MS	MS	S	MS
<b>Overall rating</b>	S	MS	MS	MS	MS	MS
<b>The overall rating for the evaluation is moderately satisfactory</b>						

## Sectoral conclusions

### Relevance

*European Union assistance supported the key policy priorities of both donors and the national administration.* CARDS targeted the needs of the post war national structures in a transition economy, supported the activities of the Office of the High Representative in building transparent structures of governance and was relevant to planning documents including the Country Strategy Paper and the Stabilisation and Association Agreement Road Map and subsequent Feasibility Study. This included the implementation of state level institution building given to the EU by the Dayton Peace Agreement that ended the civil war in 1995 and specifically of its Annex 7 covering the right of displaced residents to return to their homes. Substantial resources were allocated to the comprehensive reform of the key instruments of governance such as the police and judiciary. Almost all areas of the government administration were reviewed and recommendations made for changes that would begin the process of making them function in a European Union context.

*Programmes show clear evidence of lessons learnt but there is insufficient detail in project fiches.* The EC has learnt lessons in project design, moving away from individual interventions and towards multi-faceted programmes to address complex beneficiary needs. Funding individual sectors over a number of years was relevant to the need to generate change momentum and establish and embed new institutions. Although in line with the broad strategic planning documents, project fiches from the earlier stages of the programme lack detail.

*Project designs were revised in response to changes in local political priorities but this was not always sufficient to ensure the assistance met beneficiary needs.* In its earlier stages, CARDS reflected the pro-constitutional reform agenda of the Bosnian political environment and the establishment of state level institutions. However, this changed after 2005 as opposition to the transfer of authority to the state level from the entities grew. The minimal involvement of the national authorities in procurement meant that project designs could be rapidly revised to the prevailing political conditions. Much of CARDS is designed by the Commission with in some cases only limited involvement of beneficiaries and external stakeholders. Attempts to create strategic visions for each sector has been only partially successful as despite forming the basis of programming in many areas, reforms proposed by sector studies were not formally endorsed by all parties.



## Efficiency

***Good inter institutional collaboration has improved the efficiency of reconstruction programmes.*** A well developed methodology for identifying housing reconstruction needs and the extent of building works offered to beneficiaries has been universally agreed by donors to avoid competition between them and minimise costs. The inclusion of economic and social regeneration components acknowledges an increasing awareness of the multi-faceted nature of the return process but the amounts allocated were not based on an assessment of need. Multi-annual funding of existing institutions has been complemented by a clear strategic vision for much of the return programme and has been delivered well. Assistance to demining, public broadcasting and legal aid networks supports a clear exit strategy on the part of the international community and the handover of solid institutional structures to the national authorities. Of particular importance to the end beneficiaries who were often in temporary accommodation, assistance was implemented quickly.

***Administrative control within the Delegation led to rapid procurement but reduced beneficiary ownership.*** Keeping procurement entirely under the authority of the local Delegation ensured that contracting and implementation was rapid and that the outputs were largely delivered efficiently. Specific actions could be revised to meet the needs of beneficiaries which, for the latter part of the programme, had changed between programming and implementation. The lack of real involvement of the national authorities in the procurement process meant it was fast but contributed to lower than expected impact. Planned institutional structures were often not established before the associated assistance started, were not created during the assistance despite being agreed to, or were established but lacked real support. Some progress has been made within these constraints however and should form a base upon which future assistance could build. Efficiency in the form of cost effectiveness is mostly good, but is low in a little under one third of sectors where national political or financial support is limited.

***The use of different methods of contracting met the needs of different types of beneficiary and has improved efficiency.*** Direct financing of beneficiary institutions has been speedy and allowed the recruitment of a range of national and international staff not easily recruited from the consultancy market. The use of direct agreements with international organisations has had more varied success and has been best where highly specialised services are required.

## Effectiveness

***The multi-faceted return programme has been effective with high levels of initial return of refugees.*** Housing reconstruction has consistently performed well and is a major driver of the return process for individual refugees. Construction works were complemented indirectly by demining, legal advice and support from civil society organisations which made a positive contribution to the return process. Public broadcasting is independently controlled, self financed and handed over to a national regulator who effectively ensures appropriate standards are maintained.

***Multi annual sub sectoral funding has improved effectiveness of institution building despite an increasingly difficult project environment.*** Multi-annual financing of individual sectors and sub-sectors has done much to offset the more recent reduction in entity government support for state level institutions targeted by CARDS as future assistance can be revised in the light of achievements under current projects. A number of state level bodies have been successfully established and administrative capacity building more broadly has been started, with some notable successes. This has been most successful in those areas with the direct involvement of the Office of the High Representative promoting change. Twinning proved particularly effective in part due to greater political leverage than consultants and in part due to practical correlations of state level functions with federal Member States. Projects for regional development, environment and waste have delivered practical results at local level but generally state level targets have not been achieved as planned because of a low political priority or a lack of national resources. In particular, the lack of entity agreement of the donor inspired regional development concept will impede the planned introduction of the IPA component 3 in 2010.

## Impact

***The impact of European Union assistance on the return process and democratic stabilisation overall has had more mixed success.*** The re-establishment of communities through the housing reconstruction programme has been challenged by the lack of economic opportunities as many areas struggle with the effects of both post war destruction and transition from a planned to a market economy. The scale of economic regeneration assistance, both within the reconstruction programme and additionally through the national programme, was unlikely to be sufficient to contribute significantly to this. Demining suffers from a general insufficiency of funding meaning that longer term clearance targets will be delayed. However entity funding should ensure that the CPAs continue to function and support to public broadcasting are being finalised with a recent agreement establishing a fourth legal entity to own and manage the assets of the three broadcasters.

***The creation of durable state level institutions, a main thrust of European Union institution building support, has been challenging with success varying considerably between sectors.*** Entity administrations are increasingly unwilling to agree to the transfer of their authority to the state level and this has reduced the impact of CARDS assistance. Some areas, including veterinary control, asylum and migration have less resistance because they have a clear state level function and here impact is expected to be good. Important European integration and other public administration reform structures are amongst those likely to face further institutional change due to entity demands for increased control. Economic and social development sectors have mostly not achieved their planned impacts because state level structures are not suitably empowered, appropriate operational level structures not created or difficult cost cutting measures taken.

## Sustainability

***Sustainable institutional structures for the return process have been created and taken over by the state.*** Management of the return process has been handed over to a national ministry who will continue to promote the return process for the approximately 40.000 displaced persons who still want to return to their original homes. The methodologies and management systems created in part by CARDS were handed over to the national administration and form the basis for sustaining this continuing work, although the reconstruction databases themselves have not yet been updated. Demining and legal aid are now established and part funded locally whilst public broadcasting has been self funding since the end of 2003.

***Many state level institutions lack local ownership which threatens sustainability.*** Key state level institutions are donor inspired and have yet to acquire sufficient acceptance throughout the national administration. Although on-going donor support and pressure from external authorities such as the Office of the High Representative may help to sustain earlier efforts at institution building, greater recognition by the entity administrations of their role and importance in European Union integration is required. Beneficiaries with a natural state level role, such as veterinary control and civil aviation, are more likely to be sustained than those where the entity retains a function.

## Key recommendations

- The lack of endorsement by the national authorities of the outputs of the sectoral reviews has undermined impact in these areas. The NIPAC should ensure that all sectors to be financed under the IPA have a sector strategy endorsed by state, entity and cantonal levels as appropriate;
- Efficiency has been reduced by counterparts not being established by the time assistance arrives, being under resourced or having insufficient legal and political authority. The European Commission and the Directorate for European Integration should ensure that both programme and project designs include elements of programme/project readiness targeted at ensuring counterparts are able to effectively absorb planned assistance. These should be realistic enough to be achievable by beneficiaries and rigorously enforced. Additionally, the European Commission should undertake absorption capacity assessments of beneficiaries prior to the start of assistance.
- The NIPAC, supported by the Commission Services as necessary, should initiate discussions with entity authorities to define a regional development structure that is acceptable to both so that preparations can be made in adequate time for introduction of IPA component 3

in 2010.

## MAIN REPORT

### 1. SECTORAL BACKGROUND AND SCOPE OF EVALUATION

#### 1.1. Sectoral Background

1. The complex administrative structure of Bosnia and Herzegovina (BiH) consists of state and entity levels (the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS)) plus the District of Brčko as a separate administrative unit. Within the FBiH there are ten Cantons and 79 municipalities and within the RS 63 municipalities<sup>6</sup>. The RS has a centralised administration allowing for more rapid decision making whilst the FBiH must reach consensus with its Cantonal administrations on many issues.

2. The constitutional arrangements implemented by the Dayton Agreement<sup>7</sup> leaves the majority of the administrative functions and political power to the entities, with six state level ministries holding a co-ordination function. A number of sectors, including education, health, energy and agriculture have no state level ministry and are represented as departments in horizontal ministries. Typically the functions at state level are limited to co-ordinating policies within the country, collation of sectoral statistics and international co-operation. Decisions and recommendations are usually not binding. State level units are mostly reliant on the entities for financing of both salaries and operational costs.

3. Constitutional reform was under serious consideration until mid-2006 and had a significant influence on both the design and subsequent implementation of European Union (EU) assistance. Under international pressure, leading Bosnian political parties signed a declaration of intent in 2005 to implement constitutional reform by the end of March 2006. Only seven of eight political parties agreed the so-called April package of constitutional changes, and national attitudes against reform hardened with the success of nationalist political parties at elections later that year. The evolution of the constitutional framework remains a medium term objective of donors<sup>8</sup>.

4. The Office of the High Representative (OHR) was established by the Dayton Peace Agreement to monitor the implementation this Agreement. It wields considerable powers that enable the removal of public officials and the imposition of laws. Since 2002, the High Representative is also the European Union Special Representative (EUSR) which will eventually take over from the OHR. In February 2008, the Peace Implementation Council (PIC) set five objectives and two conditions that, once sufficient progress was made towards achieving them, would enable the OHR to be closed.

5. The Stabilisation and Association Agreement (SAA) was initialled in November 2007 and signed in June 2008 after progress was achieved on police reform. The Interim Agreement on trade-related provisions entered into force in July 2008.

6. From 2001-05, national CARDS<sup>9</sup> was designed directly by Commission Services but the national authorities through the Directorate for European Integration (DEI) under the Council

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<sup>6</sup> In total there are five presidents, four vice presidents, 13 prime ministers, 12 parliaments, 147 ministers and 700 members of Parliament.

<sup>7</sup> Otherwise known as the General Framework Agreement for Peace, signed in December 1995.

<sup>8</sup> Municipal elections in October 2008, after the cut off date of the report, strengthened the three main political parties that were proponents of the April package and led to broad agreement between them on how to proceed with constitutional reform.

<sup>9</sup> Community Assistance for Assistance to Reconstruction, Development and Stabilisation. There is also a regional component.

of Ministers (CoM) were included for the final year, 2006. Co-ordination of --EU assistance is undertaken by a National Aid Co-ordinator established in the Ministry of Finance and Treasury (MoFT) within which embryonic structures<sup>10</sup> for introduction of the Decentralised Implementation System (DIS) have also been created. Management of the programme is centralised and devolved to the European Commission Delegation (ECD) in Sarajevo allowing substantial local autonomy over project design and implementation.

7. CARDS annual programming is underpinned by the Country Strategy Paper (CSP) 2002-2006 and multi annual indicative programmes 2002-2004 and 2005-2006. The political agenda underpinning CARDS is the Stabilisation and Association Process (SAP), its annual reports on progress and, since 2004<sup>11</sup>, the European Partnerships. The Medium Term Development Strategy – Poverty Reduction Strategy Paper (PSRP) from 2004 details the national policy objectives, which is largely in line with the objectives of the SAP. This is currently being updated by the Directorate of Economic Planning (DEP) under the CoM with CARDS assistance. Since 2004, the government has also created an EU Integration Strategy and a Public Administration Reform (PAR) Strategy.

## 1.2. Scope of Evaluation

8. This report encompasses three clusters containing 55 projects and sub-projects representing approximately one third of the 2001-06 CARDS programme. The sample was randomly selected with a targeting of European integration and civil society projects and includes a proportional representation of grant, works, service and supply contracts. A randomly selected 30% sample of individual schemes within grant contracts was reviewed and a short term specialist prepared more detailed review of three civil society grant schemes.

Cluster	Sub-sectors covered	M€
Democratic Stabilisation	De-mining, housing reconstruction, public broadcasting, legal aid, civil society	30.333
Good governance	Human rights chamber, construction of border crossings, judicial reform, police, asylum, public administration reform, European integration, statistics	52.245
Economic and Social Development	Civil aviation, trade liberalisation, environment, waste management, vocational education, SME's	26.376

9. The *Democratic Stabilisation* cluster brings together assistance focused on primarily the return process, including housing reconstruction and economic regeneration in return areas, strengthening entity capacity in demining and unexploded ordnance (UXO) response to support spontaneous return and a legal aid network to assist returnees resolve housing and social security claims. There is also support to ensure appropriate broadcasting standards are met.

10. *Good governance* covers the start of the process of preparing the administrative structures of the country to improve service provision to citizens, increase efficiency and be able to implement the *acquis communautaire*. It also includes investment and assistance for strengthening the structures underpinning the rule of law.

11. Given the dire economic and environmental conditions in the country, *economic and social development* includes practical development of tools for environment and waste management. Structural trade and business issues are covered along with longer term development aspects such as vocational education and training.

12. For ease of reading, projects are referred to by short titles and grouped into sub-sectors. Their full titles are given in Annex 1.

<sup>10</sup> Including: Central Finance and Contracts Unit, National Fund, National Authorising Officer and Programme Authorising Officer.

<sup>11</sup> European Partnerships were introduced after the Thessaloniki European Council of June 2003.

## 2. EVALUATION RESULTS

13. As well as continuing the EC's post war reconstruction and return effort, CARDS was also designed to support the creation of the state level institutions needed to implement the Dayton Peace Agreement and begin the Euro-integration process. Since 2005, this constitutional reform process has stalled and with it some of the relevance of the later stages of the programme. Minimal national participation in procurement and broad programme objectives has enabled projects to be revised to the prevailing political conditions, which has contributed to rapid contracting and almost all outputs being achieved. This flexibility has however undermined impact as it reduces national ownership. CARDS built the foundations for fundamental reform in many sectors, but the lack of progress on constitutional reform increasingly threatens sustainability. Perhaps unsurprisingly, the conclusions and recommendations are broadly in line with earlier strategic evaluations and focus on increasing local ownership and capacity.

### **2.1. Although relevant to agreed political objectives, assistance often lacked sufficient national administrative and political support to ensure programme objectives are achieved.**

*The design of assistance to the return sector is underpinned by international agreements, builds on experience with earlier programmes, has a clear medium term perspective and attempts to provide a multi-faceted approach to address complex beneficiary requirements. The creation or strengthening of state level institutions is in line with the EC's strategic plans and international obligations under the Dayton Peace Agreement and supported in many cases by the multi-annual financing necessary to instigate change. However it is in some cases not sufficiently flexible to the pace of change in the political environment, over ambitious in design or inadequately supported administratively by the state. Broad objectives in strategic planning documents are often not sufficiently focused by more detailed design in the project fiche, but this does offer the opportunity to revise the assistance to the prevailing political reality and progress made under earlier interventions.*

#### **Democratic stabilisation**

*The integrated return programme is the cornerstone of the international community's policy of the right of all refugees and displaced persons to freely return to their pre-war homes in accordance with Annex 7 of the Dayton Peace Agreement. It is a continuation of assistance funded under earlier programmes and builds upon this experience. Much of the support includes a clear medium term exit strategy and transference of responsibility to appropriate national authorities. The relevance of the cluster is satisfactory.*

14. Demining includes four of eight years of financial support from CARDS (as well as two from Phare) for both implementation of demining activities from 1997 to 2000 and supporting the Civil Protection Authorities (CPA) in each entity from 2001 onwards. As the demining role of the CPAs is to provide rapid reaction to either a mine/UXO incident or clearance of mines/UXOs in support of spontaneous return, their inclusion within the refugee return programme was relevant. The design of the assistance, directly funding national bodies for primarily operational costs with a planned gradual replacement of EU financing with entity funds was also appropriate. Relevance is satisfactory.

15. The single year of *housing reconstruction* included in the evaluation sample continued the EC's response to supporting minority returns. Initially planned as a 5MEUR direct award to the United Nations Development Programme (UNDP) for a rapid reaction facility and a call for proposals to Non Government Organisations (NGOs) for 13MEUR, ultimately only 1MEUR

was contracted to the UNDP. The allocation of quick reaction funds is in line with the requirement to address spontaneous return identified by the United Nations High Commissioner for Refugees (UNHCR) and the methodology of contracting NGOs was a proven solution that had been used by the EC under similar earlier reconstruction programmes. Addressing the multi-faceted nature of the return process, an economic regeneration and social inclusion component of 10% of funding was included to assist returnees in re-establishing their lives once they had returned. This was appropriate, although not based on an assessment of need. Reconstruction to a standard agreed between stakeholders was imperfect but at least equitable and resolved earlier issues of competition between donors. Relevance is satisfactory.

16. *Public Broadcast System (PBS)* equipment procured under CARDS 2001 and 2003 is based on a needs assessment and a management structure for the sector determined by earlier EU assistance that has been accepted by the national authorities and which will be enforced by the OHR. The financing of the Broadcast Agent at the OHR supports a key element of the Dayton Agreement and therefore one of the overall objectives of the SAp. Relevance is satisfactory.

17. The *legal aid network* from 2002 consisted of a direct agreement with the UNHCR to finance the existing Legal Aid and Information Centres (LAIC), a series of NGOs providing returnees and vulnerable local people with free legal advice. This directly supports the process of return by facilitating claims primarily for property but also for access to social payments and utilities. It is a continuation of a series of financial commitments of the EC to the LAIC. Relevance is satisfactory.

18. *Civil society* consists of three grant schemes; that from 2001 focused on the development of civil society networks whilst the remaining 2005 and 2006 schemes are intended to support returnees to minority areas. The earlier assistance was well targeted to the needs of the sector, directly financing capacity building in the sector rather than using NGOs as service providers and building on earlier efforts to establish networks that would improve beneficiary NGOs themselves, the sector as a whole and the ability to interact with local government. The latter two programmes, whilst useful in supporting the return process, were targeting a task that is substantially complete and for which further capacity building amongst NGOs was not needed. Grant projects themselves for all schemes were well developed in close collaboration with beneficiaries' communities. Relevance is moderately satisfactory.

### **Good governance**

*The establishment and strengthening of state level institutions was in line with the EC's strategic documents and in most cases addressed the needs of beneficiaries at the time of programming. Limited, or non-existent, counterpart administrative capacity, a large number of active donors and poor donor co-ordination by the state meant that programming was necessarily donor driven. Multi-annual funding was appropriate for many institutions that had to be established from scratch but more conditionalities should have been included to ensure beneficiaries were able to absorb the volume of assistance provided. Project fiches lack detail and contain only a general scope with inadequate indicators and elements of project readiness. This would usually reduce relevance but has, coupled with broad programme objectives and the complete control of procurement within the Delegation, enabled project design to be changed in response to the prevailing political and institutional support from beneficiaries. This made the assistance more relevant to the needs of beneficiaries but compromised the overall impact. Relevance of the cluster overall is satisfactory.*

19. Directly financing the operational costs of the *Human Rights Chamber (HRC)* was an appropriate method of support for the institution, although the unpredictable monthly variations in caseloads meant accurate planning of needs was impossible. The Chamber was created as

part of the Dayton Agreement and is entirely dependent on donor funding, of which the EC is the major contributor. As the assistance takes the form of a direct grant to cover salaries and other operating expenses, project design is basic and provides limited definitions of inputs, outputs and impacts. An exit strategy involving merging the Chamber with the Constitutional Court was agreed and the transition subsequently supported with CARDS 2003 funds. Relevance is satisfactory.

20. Three *border crossings*<sup>12</sup> and the renovation of the State Border Service (SBS) headquarters (HQ) are intended to strengthen border control capacities. As a central republic of the Socialist Federal Republic of Yugoslavia, BiH had no border inspection points (BIPs) and a series of temporary structures were created after the war for police and customs control. The requirement to build BIPs to provide open yet secure borders is in line with the CSP. Prioritising posts for construction<sup>13</sup> was undertaken by the CAFAO<sup>14</sup> in 2001 but as there was no clear government beneficiary at the time of project design to take ownership, supervise construction and ensure adequate maintenance and management, the scale of the investment was too large. Relevance is moderately unsatisfactory.

21. *Judiciary reform* includes financing of salaries and other expenses and the procurement of computer equipment for the Independent Judicial Council (IJC) which subsequently evolved into the High Judicial and Prosecutorial Council (HJPC). This completes a process of streamlining and computerising of the judiciary started in 1999 by the OHR and creates the pre-conditions for an independent, effective and efficient judiciary. As such, it complements a comprehensive longer term judicial reform strategy recently updated with the support of the United Kingdom (UK) Department for International Development (DfID)<sup>15</sup>. Given the political pressure from the EC to establish the state level HJPC<sup>16</sup> and its importance in ensuring the Copenhagen criterion of the rule of law, financing it from Community resources over the medium to longer term is appropriate. The court management system completed earlier work by the United States Agency for International Development (USAID) and investment in facilities for both judges and detention addresses immediate needs in ensuring the functioning of the legal process. The scale of these requirements is substantially beyond the resources of the donors and will need a longer term investment strategy. Relevance is satisfactory.

22. Development of the Law on Public Procurement under the 2002 programme for *public procurement* creates key structures of the Single Economic Space, the public procurement agency (PPA) and Public Review Body (PRB). It follows a preparatory study by the World Bank (WB), is backed by the OHR and supports the transfer of entity competencies to the state level<sup>17</sup>. Relevance is highly satisfactory.

23. Although programmed as technical assistance (TA) to support the establishment of the European Union Police Mission (EUPM) *police capacity building* was redesigned as the supply of 6MEUR of equipment<sup>18</sup> after the completion of an equipment inventory by the International Police Task Force (IPTF) which was in progress at the time of programming. This

<sup>12</sup> Karakaj, Gradina and Bosanski Brod.

<sup>13</sup> A total of 7 posts were planned to be constructed at an average cost of c. 3MEUR.

<sup>14</sup> Customs and Fiscal Assistance Office, an EU funded programme largely staffed by seconded Member State customs officers.

<sup>15</sup> Bosnia and Herzegovina Justice Sector Reform Strategy 2008-2012, prepared during 2007 and published in June 2008.

<sup>16</sup> It was one of the 16 priorities in the Feasibility Study for BiH adopted in 2003.

<sup>17</sup> There are only three areas besides public procurement where the entities have given power to the state – tax, defence and customs. Other state level structures, such as migration and asylum, have been given to the state in the Constitution.

<sup>18</sup> Computers, fingerprint identification, surveillance and telecommunications.



did not contradict the somewhat broad nature of the project objectives of reforming the police and relevance is satisfactory.

24. *Asylum and migration* assistance from 2003 includes direct agreements with the International Organisation for Migration (IOM) and the UNHCR to strengthen the state level Ministry of Security (MoS) and equipment to build a database to track third country nationals. The project is based on a needs assessment by EU Justice and Home Affairs (JHA) experts and supports the National Action Plan 2001-05 for the Migration and Asylum Initiative. Design includes useful administrative capacity requirements that the MoS had to achieve given neither field existed in the former Yugoslavia. Relevance is satisfactory.

25. Three components from CARDS 2003 to 2006 *public administration reform* are included in the evaluation covering mainly the functional review (agriculture) and the PAR co-ordinator (PARCO). The support targets the state administration in line with the broad distribution of donor responsibilities at that time<sup>19</sup> and follows a clear strategy of defining sector needs and subsequently supporting horizontal co-ordination. It is a response to a growing awareness that the existing Inter Governmental Task Force was not effective and was based on a broad Memorandum of Understanding (MoU) signed between the EC and the state and entity administrations at the beginning of the PAR process in March 2003. The reviews were undertaken largely by contractors, which reduced beneficiary ownership but was unavoidable given the limited capacity within existing entity level structures and the lack of state level institutions. Endorsement by the national authorities of the results of the reviews was not formally required but should have been as they formed the basis for future assistance to their respective sectors. The PARCO was institutionally weak and substantially understaffed for the first year of its operation which limited its capacity to take ownership of the assistance. Relevance is moderately satisfactory.

26. Three projects are included from the *European integration* sub-sector. They build on earlier assistance to strengthen the capacity of the DEI, review the European integration needs of eight ministries and launch an EU awareness programme throughout the country. This support to EU integration was programmed at the same time as the completion of the SAP Feasibility Study, in late 2003, and reflects the priorities to establish Euro integration structures prevailing at that time. It also addresses the broad EU integration objectives of the CSP and was timely in supporting the launch of negotiations for the SAA in late 2005. The use of member state administrations through twinning in determining institutional needs is useful given their practical experience but meant using eight small contracts. Similar to the sectoral strategies, this fractures ownership and reduces the overall impetus of the process and makes the use of a common analysis methodology and comparison difficult. Project selection was led by the DEI for the first time. The establishment of Euro Info Centres around the country builds on a recommendation in an earlier evaluation of the economic development programme. The remainder of the awareness TA needed considerable redesign from its original scope of work to retain relevance to the needs of the DEI which is rated as satisfactory overall.

27. The 2005 project to the *civil service agency* included a direct agreement with the UNDP and a series of scholarships to the UK. Other components subject to this evaluation include training in language skills and EU integration. The broad objective of strengthening the state level civil service is a CSP, MIPD objective and a specific target of the European Partnership; EU integration training is a statutory requirement from the CoM and languages clearly needed by the state level administration in their role of international collaboration. The spread of topics

<sup>19</sup> The UNDP focused its administration reform assistance to the FBiH and DfID to RS, both of which have now ended. DfID is also a member of the PAR Fund that more recently provides country wide assistance.

under 2005 was developed by a twinning light from the 2004 European integration cluster. The UNDP have completed a number of projects in civil servant training at FBiH and state level, but the use of sub-contracted TA weakens the relevance of directly contracting the assistance to them. Relevance is satisfactory.

28. The third phase of support for *statistics* is highly relevant, building on earlier assistance from the EC as well as other donors and addressing the CSP, PSRP, and the multi-annual programme for statistics 2005-08. The use of twinning for the first time is appropriate given the highly politicised nature of the sector and the greater leverage MS experts have in these situations, but risks of low collaboration between partners<sup>20</sup> could have been better treated in the design documents as they were clear from the beginning<sup>21</sup>. Some efforts to address this, including both formal and informal agreements, were made during implementation but with limited success. The scope of work is extensive, but not overly so, and uses a team from the statistical offices of four member states. Relevance is satisfactory.

29. Building on the results of *PAR, policy strengthening* includes support to structural reforms in four sectors<sup>22</sup> as well as economic policy planning and elaborates on the sectoral functional reviews undertaken in 2004. The Economic Policy Planning Unit (EPPU) has evolved from a consultancy team into a budgetary unit of the DEP and consequently there has been substantial turnover of staff as employment conditions changed. Whilst support is clearly appropriate given their role in leading the preparation of, amongst other studies, the National Development Strategy 2008-2013, the risk of staff turnover remains high. Further support to the capacity building of energy, health and education sectors is in line with the CSP and reflects progress towards constitutional reform at the time of programming. The assistance was however compromised by the failure of the entities to endorse the outputs from the functional reviews which was anticipated at the time of programming but never achieved. Transco (the single transmission company unbundled from the three electricity companies) was not established at the time of project design<sup>23</sup> and therefore the scope of work was kept necessarily vague. The assistance is relevant to the need to liberalise the market for electricity in line with EU policy and the Athens Declaration. Because of the lack of endorsement of the functional reviews underpinning assistance to much of the sector, relevance is moderately unsatisfactory.

30. *e-government* is also implemented by the UNDP under a direct agreement and consists of two separate projects merged for administrative reasons. The first seeks to introduce information systems to the CoM as the first of a multi-stage process of e-government in support of the national IT strategy from June 2004, whilst the second will establish a Grant Resources Management System (GRMS) in the MoFT. At the start, the CoM component had fractured institutional ownership as it was targeted at a number of institutions, none with a responsibility for implementation, and the planned state level Agency for Information Technology (IT) was not created. However, it does support the national e-government strategy adopted in late 2004. The UNDP made a more logical contractor for the second component given its historical role of aid co-ordination information systems in the country<sup>24</sup>. However, the design proposed only considered the non-EU aid under the responsibility of the MoFT<sup>25</sup> and late changes to also include EC aid were not able to be implemented. Relevance is unsatisfactory.

<sup>20</sup> These problems are primarily of a political, rather than an operational, nature

<sup>21</sup> The Law of Statistics was imposed by the OHR in 2002, one of 32 laws imposed that year.

<sup>22</sup> Education, health, transport and energy.

<sup>23</sup> Its establishment with the necessary assets and resources was included as a conditionality.

<sup>24</sup> See para 136

<sup>25</sup> The 'aid co-ordination centre' was initially established in the MoFTER and will be transferred to the MoFT by the end of 2008.

## Economic and Social Development

*The creation of a number of new institutions was in line with needs but key areas lack sufficient support from the national authorities because they are contentious or of low political priority. Project design was frequently over ambitious for areas that had received little or no previous support and for which appropriate administrative capacity did not exist to absorb the assistance, but multi-annual financing by CARDS has the potential to militate against this. Overall, relevance is moderately unsatisfactory.*

31. TA for *civil aviation* under the 2001 programme aimed to establish a state level Department of Civil Aviation (DCA) in line with obligations under the Chicago Convention. It consisted of a direct agreement with the International Civil Aviation Organisation (ICAO), which was appropriate given the technical and political requirements of the assignment. Reduced from 30 months to 12 but retaining the same objectives, the project was too short to address the complicated local structures of three separate beneficiaries, and insufficient consideration was given to political risks. Relevance is moderately unsatisfactory.

32. A grant scheme for *local economic development* supported the start of regional economic development and the establishment of Regional Development Agencies (RDAs). Half of the 7MEUR budget fed into the Regional Economic Development (RED) Fund<sup>26</sup> which will finance 'bottom up' projects identified and implemented by the RDAs. These are based on regional development strategies for each area but there is no endorsed national strategy for regional development. The creation of five regions, each including municipalities from both entities, has been successfully completed. It is however perceived by the authorities in RS as a threat to the constitutionally defined structure of the country and therefore there is no state level ministry or legislation supporting regional development. The grant scheme is of some benefit to the local beneficiaries and the regional development agencies (RDA) themselves and will also support the broader regional economic development agenda of donors. However, the small amount of funding available in comparison to needs, difficult application procedure for inexperienced beneficiaries and lack of entity endorsement of the regional development concept reduced relevance, which is unsatisfactory.

33. Six components of *trade liberalisation and foreign direct investment (FDI)* are aimed at supporting negotiations to join the WTO, CEFTA and sign the SAA, resolving both institutional and practical impediments to promoting exports and import substitution and also improving the performance of private investment funds (PIFs)<sup>27</sup>. The latter project consists of a substantial TA element implemented by the World Bank that was intended to be part of their 45MUSD programmes for privatisation and capital markets development. This programme did not materialise and with it much of the logic for directly contracting the assistance to the WB. Despite the significant delay in both contracting and mobilising the assistance, the project environment has not substantially changed and the assistance remains relevant to beneficiary needs. CARDS finances the re-establishment of a Euro Info Correspondence Centre (EICC) to support small and medium sized enterprises (SMEs) in trading with the EU. Improving the balance of trade is a key part of the CSP and removing barriers to trade an obligation under the Sap. The Ministry of Foreign Trade and Economic Relations (MoFTER) and some of the beneficiary agencies (in particular the State Plant Health Agency and the Food Safety Agency (FSA)) had insufficient staffing to adequately support the assistance. Relevance is moderately satisfactory.

34. *Environment and waste* prepared the basis for the EC's intervention in the sectors with

<sup>26</sup> The remaining budget financed TA and operational grants to the RDA. The RED programme was evaluated by the Delegation in 2004 and 2007.

<sup>27</sup> Small investment funds holding shares in a range of companies from the voucher privatisation exercise.

planning assistance under the 2002 programme followed by additional funds for practical implementation under 2003 and 2004. This was appropriate given the early stage of development of the sectors as substantial preparatory work with local stakeholders was needed. Creation of an environmental monitoring system is in line with the CSP, although the MoU underpinning its establishment should have been a pre-condition for contracting. The environmental fund, awareness raising and waste projects also contribute to the objectives of the CSP but secondary legislation on recycling should have been in place before the start of the associated assistance. Grants for raising environmental awareness should have been specifically targeted to the capacity building of environmental advocacy orientated civil society organisations rather than using them as contractors to implement environmental advocacy projects – the majority of grants were for environmental actions rather than specifically awareness raising. The waste management objectives were unrealistic given the lack of EU investment resources for landfills and lack of formal collaboration with the WB, but the conditionality for an entity level WM strategy was good as was the treatment of risks for recycling. Generally, the sub-sector is of low political importance. These design flaws for all projects lead to an overall rating of moderately unsatisfactory for relevance.

35. Support to *vocational education and training (VET)* within entity level Ministries of Education (MoEs) and a series of pilot schools has been provided by a TA to create a concept paper for the development of VET reform, introduce a modern curricula and equipment supplies to a number of schools. This reflects the need identified in the CSP for a modern and co-ordinated vocational education system to respond to the needs of the labour market and as part of the process of implementing the concept of lifelong learning<sup>28</sup>. Given the largely decentralised nature of the sector much of the assistance is implemented at the entity and Cantonal level. Relevance is satisfactory.

36. Twinning to the *State Veterinary Office (SVO)* is relevant as capacity is needed on a state level to interact with the Food and Veterinary Office (FVO) and other EU institutions, co-ordinate entity and cantonal veterinary and inspection services and increase food safety. The use of twinning partners from a federal state (Germany) is especially appropriate as entity authorities can gain a direct appreciation of the role of a state level body in a similar institutional environment. Relevance is highly satisfactory.

37. Two small components to *Small and Medium sized Enterprises* from the 2006 programme aim to support firstly the entity level SME Agencies and creation of a national level strategy and SME promotion law and secondly an assessment of administrative and legal obstacles to the development of SMEs. Given the very slow progress in the SME sector and its importance to the economy generally, it is a priority in both EU and national development strategies. The Federation SME Agency is not yet established and although both entities committed to the creation of a state level agency, the extent of its real authority has yet to be formally considered. Given the known political difficulties with the transference of authority from entity to state level at the time of contracting, this should have been included as a conditionality. Relevance is moderately satisfactory.

**Box 1 Indicators of Achievement (see Annex 1)** Indicators of achievement, especially in the earlier programme documents were brief, vague and in some cases missing altogether. The Results Orientated Monitoring (ROM) contractor has made consistent efforts to improve the quality of indicators but in many cases these revisions are not readily available and an updated logframe is not included amongst the contractor's monitoring outputs.

<sup>28</sup> There is, for example, no adult vocational education available.

## **2.2. Adapting projects to the pace of political change has ensured that most results were achieved despite lower than expected commitment to change in a number of areas.**

*Assistance supporting refugee return was efficient as it fed into existing structures and utilised methodologies proven from earlier assistance. For institution building, direct financing of new institutions and utilisation of international agencies ensured specialist services were recruited at low cost and largely in a timely manner. The slower than expected pace of political change and thus variable political support and funding for some areas of institution building was mostly overcome by adapting project design to the prevailing circumstances. Efficiency has been reduced by beneficiaries frequently being either not established or substantially under resourced both before and during associated assistance. The support of the OHR has been key to achieving results in a number of instances. Efficiency is rated as moderately satisfactory.*

### **Democratic stabilisation**

*Supporting existing structures meant that capital investment requirements for much of the assistance was low and following proven construction methodologies for housing reconstruction can be expected to have kept costs to a minimum. Direct financing of beneficiary institutions improved efficiency and implementation has been timely, which has been important for the return process. Overall the cluster is rated as satisfactory.*

38. Direct financing of the operational costs CPAs meant that budgets for *demining* projects could be kept to a minimum, was quick to contract and also trained the CPAs in financial management. The transition from donor to national funding of the CPAs in parallel with the winding down of EU financing of housing reconstruction efforts ensures demining support remains available to the reconstruction programme as its cost to the EC declines. EC contributions were limited to operational costs as investments had been covered by earlier assistance and the CPAs are eligible to apply for other EC funded demining programmes. Efficiency is satisfactory.

39. *Housing reconstruction* was, by 2003, a well developed programme using a series of minimum construction standards agreed between donors and the national authorities. Works were supervised by the International Management Group (IMG) who oversaw all EU financed reconstruction efforts and ensured completion to the appropriate standard. The use of NGOs and a mixture of sub-contractors and self help had been well tested under previous programmes and could be considered to provide the most efficient solution for reconstruction. In some instances, additional funds were obtained by contractors to enable complementary works or services to be performed. Individual grants attempted to take a community perspective of the reconstruction tasks, working in collaboration with other agencies or financiers to reconstruct both homes and associated infrastructure in a geographical area. Efficiency is satisfactory.

40. Contractors defined management systems for the use by the three *Public Broadcast Services* of equipment financed by CARDS which were agreed with the OHR overseeing the sector. This should ensure its equitable and efficient use – the PBS became cost neutral at the end of 2003. A management software element was not completed but this should not substantially affect the efficient utilisation of the remainder of the equipment as it was designed to improve the performance of the broadcasting services themselves. The cost rates of the directly contracted Broadcast Agent are not dissimilar to those of international TA indicating that the process was efficient. Overall, efficiency is rated as satisfactory.

41. The *legal aid network* was established by the UNHCR in 1996 and the financial contribution from the EU under evaluation<sup>29</sup> enabled it to continue operations for 2003, the

<sup>29</sup> The EC has been a key donor throughout the life of the network.

final year as a direct part of the UN. With 60 legal aid centres throughout the country advising on a broad range of legal issues to both returnees, potential returnees and local vulnerable residents, the LAIC represents good value for money. The LAIC supported the reconstruction efforts of the EC and other donors by encouraging return thereby improving the efficiency and cost effectiveness of the return programme as a whole. Direct, rather than project, financing kept costs to a minimum. Efficiency is satisfactory.

42. The lengthy period from design to contract implementation have caused complications for *civil society* grant schemes as the project environments – including beneficiary requirements, local political support for the assistance and the seasonal nature of activities had frequently changed. As implementing NGOs established close links with beneficiary communities during the design phase, once contracted these difficulties were overcome. Supervision has been provided by both external monitors and the ECD to ensure both value for money and the delivery of outputs. Efficiency is satisfactory.

### **Good governance**

*The contracting of international agencies and direct financing of the operational costs of beneficiary institutions in specialist areas has been efficient as it brings unique experience at low cost. Investment projects had variable success in part due to a lack of co-finance and therefore ownership from the national administration. State level institution building has done best in areas closely overseen by the OHR as it has often faced a lack of political support and limited administrative capacity. The Delegation has proved responsive to these difficulties, changing project scope to the prevailing political conditions. This improves efficiency but potentially threatens impact in some cases by removing the urgency of reform. Efficiency is moderately satisfactory.*

43. There are no indicators for efficiency included in the project design of the directly financed *Human Rights Chamber*, as its work is dictated by caseloads over which it had no control and which vary on a monthly basis. This, coupled with the lack of long term financing made case costing impossible and limits an assessment of value for money. The Chamber met as planned to deal with cases and the increasing backlog was prioritised to ensure the most effective use of the resources available. On this basis efficiency is rated as satisfactory.

44. Of the four components of *border crossings* evaluated, the SBS headquarters (HQ) and two of the three crossing points were built. One of the BIPs under review was not constructed and another delayed due to the lack of compulsory purchase legislation and the therefore lengthy process of land and permission acquisition. Some parallel financing was provided for the SBS HQ but the remaining projects were wholly funded by the EU. It is understandable that co-financing is not a requirement of CARDS given the limited financial resources of the country but the lack of it has not engendered local ownership in this instance. Efficiency is rated as unsatisfactory.

45. The HJPC under *judicial reform* can be directly funded by derogation as it is not a part of the executive and sub-contracts services using national procurement rules. The direct contracting is efficient as the technical proposal developed by the HJPC specifically targets their needs whilst the resources consumed can be readily verified by audit reports. A significant proportion of national consultants are recruited which both builds capacity and minimises costs. Investment in equipment has been supported by an unplanned collaborative effort on development of the case management software with USAID and planned co-operation with substantial assistance from the US Treasury. Investment in judicial buildings and detention facilities is necessary to facilitate both institution building and information systems by providing an appropriate working environment. Efficiency is highly satisfactory.

46. TA for *public procurement* was a politically challenging project as it involved

transference of authority from entity to the state level. This contributed to a fragile project environment with close oversight of the OHR and the requirement for a brief suspension of activities whilst entity governments overcame final objections to the draft law. This was passed after the project finished and the agency, which was supposed to be established by the project, only started at the beginning of 2006. The PRB, which was also expected to be established with the support of the project started even later, in September 2006. Efficiency is moderately unsatisfactory, but this had limited impact on the overall development of public procurement as further support had been planned.

47. A range of computer and communications equipment for *police capacity building* has been installed in new facilities provided by the government in the Directorate for CIPS<sup>30</sup>. Although there were some delays in the Automatic Fingerprint Identification System (AFIS) becoming operational, this is now working. Surveillance equipment has been supplied as planned and the database of legally held weapons has been completed. Efficiency is satisfactory.

48. Direct financing of *asylum and migration* assistance to specialist UN agencies was appropriate given their specific experience in the sector and longer term presence in the country. They also provided some limited co-financing. As with the establishment of other state level institutional structures, staffing of both the asylum and migration directorates was minimal at the beginning of the assistance and was only increased to a limited extent by the end. The longer term impact of this is militated against by additional EC funding provided to both institutions and the redirection of assistance to other beneficiaries but reduces the efficiency of this project. Enforcement of conditionalities has been good and reflects the risks identified in establishing new institutions that have relatively low political priorities<sup>31</sup>. Efficiency is rated as moderately satisfactory.

49. Whilst there was no direct involvement of the entities in writing the agriculture sector review for *Public Administration Reform*, they were extensively involved in the process and the contractor received a broadly positive response from the analysis and presentation of the report. The establishment of the PARCO was substantially more difficult as the institution was proposed by donors and had little institutional support from the state level administration. It was initially placed in the Ministry of Justice (MoJ) and subsequently moved under the chair of the CoM. As it remained understaffed during the 2004 project, the PAR Strategy and Action Plan were prepared substantially by contractors as opposed to the PARCO as planned leading to the need for additional financing to complete their original tasks. These key planning documents have however been produced, discussed and agreed by stakeholders. Efficiency is moderately unsatisfactory.

50. Both phases of TA to the DEI for *European Integration* were undertaken by the same contractor<sup>32</sup>. Using different contractors would have arguably offered a broader range of experience which would have benefited a new institution. Outputs were largely delivered on schedule in a difficult project environment, as establishing state level European integration mechanisms required extensive negotiations with entity stakeholders. This was additionally supported by a twinning light to the MoFT which established the structures of the DIS. This was timely and enabled further capacity building assistance to be subsequently implemented in

<sup>30</sup> Citizen Identification Protection System. In the absence of a state level Agency for IT, this directorate initially established solely for managing the infrastructure of citizen registration now supports a range of state level databases and registration systems, including the national secure network.

<sup>31</sup> Legislation was in place before the assistance started and funds for the reception centre component reallocated after the RS authorities were not able to allocate a plot.

<sup>32</sup> Who also provided twinning light support to the MoFT on establishment of the structures for the DIS.

support of the national policy objective to introduce DIS in early 2009<sup>33</sup>. The remaining twinning light projects were re-orientated from strategic ministerial reviews towards supporting SAA negotiations. Given the inexperience of the various ministries in this process, it was an appropriate use of the resources available. EU (initially SAP) awareness got off to a slow start due to poor project design which was over ambitious for a new beneficiary, had only limited capacity building and vague institutional ownership but has more recently delivered a substantial number of PR outputs. Efficiency is rated as satisfactory overall.

51. Language training under *civil service agency* was not efficient as the provision of 64 hours per student is unlikely to make a substantial difference to individuals – it would have been more cost effective to allocate more resources to fewer, targeted civil servants. The EU integration course managed to cover approximately 50% of the target employees but there are insufficient state funds to replicate it as required by law. It would have been more efficient to directly fund the CSA, as originally planned, to undertake the training as its management capacity had been strengthened under the 2004 programme but this proved to be impossible due to contracting restraints. As state level budget institutions cannot be directly funded, the UNDP was contracted to implement the programme. The duration of the project was too short to absorb all of the resources, which was clear during a review early in the project, but an extension was not requested. Efficiency is unsatisfactory.

52. The broader political difficulties between the RS and state level have led to a reduction in co-operation between the Republika Srpska Institute of *Statistics* (RSIS) and the state level Agency for Statistics of Bosnia and Herzegovina (BHAS), despite this being a requirement of all three statistics laws. Additionally, agreements for trade and business statistics from the Indirect Taxation Authority (ITA) for trade statistics have not been made and it is hoped that a protocol and data exchange system will resolve confidentiality concerns. Despite these difficulties most outputs – including the business register and components for agricultural statistics and financial statistics through the Central Bank – are expected to be delivered. There was disagreement on the distribution of the associated computer equipment component, but this should also be achieved by the end of the project. Efficiency is moderately satisfactory.

53. Implementation of the 2005 *policy strengthening* capacity building coincided with the late 2006 elections and the lengthy process of forming an administration. This led to the suspension of assistance whilst new beneficiaries were formed, although not always in a timely manner. In education and health, departments were established within the Ministry of Civil Affairs (MoCA) initially staffed with only one person, although this has been increased during the life of the assistance. Finding staff with the right skills, especially language, remains a challenge and this reduces efficiency as absorption capacity is low. Initial resistance to institutional strengthening at state level has been somewhat militated by the redesign of the assistance to ensure responsibilities were in line with the constitutional distribution of power, but this took too long. The Rector's Conference was established by a small twinning light, and linked into similar European institutions, which was a significant achievement for a small investment. Given its economic, and consequent political, importance to the country, reform of the energy sector was challenging. CARDS was expected to prepare a state level strategy based on a sector assessment produced using WB loan repayment credits but the failure to obtain entity agreements has led to its suspension. Because of this, it is likely that the project will fail. Establishment of Transco, the first state level company, was more successful due in no small part to the team leader being appointed the Independent Member (IM)<sup>34</sup>. The project to support the DEP is not located in their offices despite agreements to do so and this reduces efficiency.

<sup>33</sup> This date remains speculative and will depend on a comprehensive audit process of the EC which has yet to begin.

<sup>34</sup> The IM had extraordinary powers to make decisions in the event of deadlock amongst the members.



The capacity of this unit to absorb substantial assistance is questioned as it has already benefited from recent long term DFID support and now has a major ongoing national planning role. The substantial redesign of most assistance to address the external problems caused by the elections has meant that the assistance will largely meet its revised objectives. Overall efficiency is rated as moderately unsatisfactory.

54. Achieving institutional commitment for *e-government* was lengthy<sup>35</sup> and additionally complicated by the need to tender for equipment, slow access to the government building and late decision making by the CoM on the operating system to be used. UNDP has good knowledge of contractors for the implementation of this type of information system and was an appropriate choice given the weak institutional environment. Immediately after the signing of the MoU by the MoFT for the GRMS the UNDP correctly requested an expansion of the system to cover EU aid co-ordinated by the DEI. Agreement was, however, not achieved and the GRMS will not cover EU funds (both from the Commission and the Member States). The DEI, along with other relevant national bodies and donors, will be able to access information from the database at the MoFT, but not directly and independently. Efficiency is moderately unsatisfactory

### **Economic and Social Development**

*Much of the assistance faced difficulties in securing sufficient collaboration from either state or entity level counterparts due to both limited resources and the slower than expected pace of political change. Project design has often been revised in the face of these difficulties and despite not always achieving results as planned, progress is being made towards overall objectives. Low political priority for clusters such as regional development and environment is juxtaposed with a high demand from end users in these areas. Efficiency is rated as moderately satisfactory.*

55. As a general director of the BH DCA was not appointed, *civil aviation* was redesigned so that the contractor undertook this role and the focus of assistance moved from strengthening the administrative structure of the institution to improving the operational skills of the operations level staff. This was a pragmatic response to the lack of institutional progress in what was an early attempt at the creation of state level institutions. Legislative changes defining the authority of the DCA and creating the ministry of transport and communications were introduced late in the project but the management staff were not recruited before it ended. Efficiency is moderately unsatisfactory.

56. One in five of the applicants for the *local economic development* grant scheme were successful, with a significant proportion of failure occurring through administrative non-compliance – an indicator of insufficient training and experience. The 5 month procurement process was too long for applicants planning seasonal activities in tourism and agriculture and the inability to directly finance the private sector made it difficult to create employment. Efficiency would have been enhanced with better indicators and the more timely creation of the monitoring system. However, the demand for the grants was high and despite the sometimes active dissuasion of municipality participation by entity administrations, inter-entity collaboration<sup>36</sup> and financial support was achieved. Of the individual grants reviewed, most outputs were achieved but the late start, low co-financing requirements which reduced local ownership, small scale of activities and in one case lack of support from the sponsoring RDA itself lead to an efficiency rating of moderately unsatisfactory.

57. Early assistance to *trade development and FDI* was comprehensive and well received by

<sup>35</sup> Eventually it was located in the MoCT, with five staff.

<sup>36</sup> Each RDA contains municipalities from each entity and applications were scored to promote those covering multiple municipalities.

beneficiaries, strengthening trade policy capacity especially in MoFTER and forming the basis for future assistance under CARDS 2006. Working groups were established for the preparation of implementing documentation for two technical regulations and transposition of six of eight Directives. 31 Old Approach Directives were updated but further work will be undertaken by the FSA as its capacity increases. The WB project has been extensively delayed by difficulties in obtaining entity level collaboration and it will now have to be abridged to be completed before the end of the disbursement period. It has proved difficult to engage with potential end beneficiaries and the number of these will drop from the originally planned 14 PIFs to 6. The COMETS centre completed a survey of export potential for 88 companies and export profiles for 30 as well as training, business support and a trade mission. This was low cost and integrated into the local regional development agency and is complementary to Swedish, American and Dutch bilateral assistance. As planned, the EICC has been re-established and the export promotion agency opened in the Foreign Trade Chamber in March 2008. Despite the poor performance of the WB project, overall efficiency is satisfactory.

58. Institutional support to the *environment and waste* sector was caught up in the inter entity political difficulties from 2006 and a state level environment agency (EA) was not created as expected. Equipment for environmental monitoring was supplied and has been used by the individual beneficiaries but planned objective of submitting consolidated national level data to the European Environment Agency (EEA) was not achieved. The Environment Funds (EF) were legally established in both entities before the start of the assistance but were not made operational during it and could therefore not benefit from the experience of implementing the associated grant scheme as planned and this reduced efficiency. The EF in the RS has recently started operating, but that in FBiH has not as the director has not been appointed. Environmental awareness has been raised through both TA and a GS and the country is closer to ratification of the Århus Convention. Waste management assistance was introduced in competition to a substantial WB project and the lack of any investment financing in the EC element limited the interests of municipalities in it. However, waste management boards were established with groups of municipalities, secondary legislation and policy papers – waste management plans were not finalised as municipalities could not agree on the location of sanitary dump sites. Four pilot projects for waste separation and hospital waste were successfully implemented, but the extent of separation is not monitored. A regulation on hospital waste was passed in RS but no other waste management legislation – and specifically recycling – was passed. Efficiency is moderately unsatisfactory.

59. A key assumption for *Vocational education and training* was the adoption of the VET law but this was not met until after the project finished. However, the remainder of the outputs were successfully achieved as planned, with the Adult Learning Strategy and overall VET Strategy prepared (along with the formation of a VET Advisory Council) and modernised curricula developed for 45% of occupations used by 64% of schools. One third of teachers have been trained and the assistance has created a basis for further capacity building by later CARDS funding. Efficiency is satisfactory.

60. Limited capacity of the beneficiary and the replacement of the management at the *State Veterinary Office* led to slow implementation in the early stages but this was subsequently improved with the appointment of new management and budget savings financed an extension. This flexibility facilitated the assessment mission of the FVO which was of great importance to the beneficiary. Initial rejection of a new veterinary law has been overcome with the support of the assistance, although whether this continues to passing the legislation remains to be seen. Efficiency is satisfactory.

61. The two *Small and Medium Sized Enterprise* projects have recently started. The components are efficient as they use small budgets that can be rapidly contracted to address

specific development concerns identified under earlier programmes. The Federation SME Agency was not established before the assistance started but otherwise the two projects are rated as satisfactory for efficiency.

### **2.3 Assistance is effective, but limited national administrative capacity and a challenging political environment threaten the achievement of some objectives.**

*Overly optimistic objectives, especially those related to state level institution building were mostly not fully achieved in part due to lower than expected political and financial support from the Bosnian side. In other areas significant progress has been made, particularly when the assistance is matched with the political impetus of the OHR, is directed towards entity structures or has broad consensus from all political levels - such as the return programme. CARDS has substantial additionality but needs to be better focused through clear sectoral policies and strategies agreed by all parties. Effectiveness overall is moderately satisfactory.*

#### **Democratic stabilisation**

*The assistance has been effective in rebuilding houses and providing some limited employment and social services to support the return process. Planned demining actions have been delivered through maintaining the operations of the entity demining structures. Similar direct funding of legal aid structures was effective in providing legal advice to returnees. Grant schemes assisted recipient communities in absorbing returnees but were not particularly effective in building NGO capacity as they were already well experienced in this area. A series of NGO networks strengthened the overall capacity of the sector. Control over media broadcasts has been established and national level broadcasters equipped. Effectiveness is satisfactory.*

62. CPAs met their *demining* targets allocated to them by the BiH Mine Action Centre (MAC) which co-ordinates and controls the quality of mine clearance. They have also supported the emergency mine clearance and support to spontaneous return. Effectiveness is satisfactory.

63. By 2003, the *housing reconstruction* programme had developed a clear methodology of minimum quality standards accepted by donors and the national authorities and supervised by the IMG. Of the three grants reviewed, all houses were reconstructed and return occupancy, of the sample, within six months of the completion of construction was recorded as 86% on average. Effectiveness is satisfactory

64. A software component was designed to improve financial and operational management in the reformed structures of the PBS but as this has not been completed and the software itself was not finalised due to a lack of time, it has never been put into use. The remaining equipment has been equally distributed amongst the three beneficiaries and is in use. Financial support to firstly the Broadcast Agent and subsequently the PBS has strengthened the three stations and their overall management structure, including the Communication Regulatory Agency. Effectiveness is satisfactory.

65. The *legal aid network* has been established and continues to support returnees. Whilst directly under the auspices of the UNHCR and benefiting from EU support in the years 1996-2003, the LAIC advised 270.000 beneficiaries in legal cases related to return and reintegration. Effectiveness is satisfactory.

66. Only the 2001 grant scheme for *civil society* was specifically aimed at

**Box 2 Supporting minority return.** Zvornik municipality has been under sanctions for many years due to its hard line leaders, but is becoming an example of tolerance. CARDS assistance established working groups targeting nine areas (three multiethnic, three returnee and three domiciles), with mixed members of the boards leading to high return rates. These working groups have been replicated to other areas and towns.

the development of the sector – the 2005 and 2006 schemes used NGOs to deliver services to the return programme. The networks successfully established under the 2001 programme generally did not survive much beyond the end of external financing but did form the basis for the establishment of the Civil Society Board. Later schemes have been a key component of the return programme, building confidence in communities to support minority return (see box 2). Effectiveness is satisfactory.

### **Good governance**

*The broad policy objective of the EC in the establishment of state level institutions has largely been achieved, although in many cases the scale was substantially less than originally envisaged during programming. This has been due in part to lower than expected political support for change and also to limited national resources to support programme objectives. The twinning instrument has proved particularly effective and offers an important opportunity to demonstrate state level administrative in federal member states. The cluster is rated as moderately satisfactory for effectiveness.*

67. The *Human Rights Chamber* has become increasingly trusted for housing and high profile adjudications<sup>37</sup>. Increasing capacity in the final year of operations saw a total of 5611 cases resolved from 14639 applications, with the backlog passed to the Constitutional Court when it took over the function of the Chamber in 2004. The body of case law created by the HRC made an important contribution to the return process as the majority of cases involved property ownership. The objectives of the assistance were therefore met and effectiveness is rated as satisfactory.

68. The BIPs directly and the SBS HQ indirectly support the objective of providing secure but open borders under *border crossings*. This is somewhat reduced by the failure of one post to be constructed and also by concerns that in other BIPs adequate provision for utilities has not been made<sup>38</sup>. The BIPs are under the authority of the ITA which has yet to provide management or funding for maintenance. The Gradina crossing has no goods traffic and thus the renovation of the BIP will make no contribution to the planned increase of trade volumes and reduction in truck waiting times. Comparative data of traffic volumes before the construction of the BIPs was not recorded by the beneficiary. Effectiveness is moderately satisfactory.

69. *Judicial reform* has been effective. After a slow start co-ordination of the assistance with the directorate for CIPS was improved and ICT infrastructure has been established and staff trained in its use. The CIPS directorate has evolved into the equivalent of an agency for IT in the absence of a formal alternative and continues managing a judicial network system, which connects all courts and prosecutors' offices under a MoU with the -HJPC. The minor offense courts have been merged with municipal courts and the number of judges from the former structure reduced by half which addresses the objectives of reducing the scale of the judicial system and improving efficiency. Training programmes have been produced and are contracted out by the entity Judicial Training Centres (JTC) but these structures themselves remain weak as they are under resourced. Court buildings, such as the State Court and the Municipal and Cantonal Court of Sarajevo, have been renovated and the HJPC effectively oversees the sector by appointing judges on objective criteria free from interference of the executive and legislative authorities in both entities. Effectiveness is satisfactory.

<sup>37</sup> 1400 cases filed in 1997 and 3815 in the first 11 months of 2002. 1980 cases were filed in the last year of operations in 2003

<sup>38</sup> Noted in the Court of Auditors preliminary finding on the effectiveness of the Commission's projects in the area of Justice and Home Affairs in the Western Balkans.

70. *Public procurement* created the primary and secondary legislative base for the establishment of the PPA and the PRB, trained representatives of the public administration and launched a series of public information activities. Together with substantial political support from the OHR, this has formed the basis for the subsequent creation by the state of both bodies. Effectiveness is satisfactory.

71. Entity police, border police and immigration officers can now access the various databases supplied under *police capacity building*, although wireless interconnection with some more remote sites continues with EU and national funding. This has not directly supported the reform of the police service as planned but it has strengthened its operational capacity, in particular in the targeted fight against organised crime through weapons tracking databases and surveillance and intelligence gathering equipment. Collaboration between both entity forces has been enhanced through the signing of a MoU covering the responsibilities and costs for using the information systems, which has since been superseded by the merger of the forces as part of the SAA negotiations. Effectiveness is moderately satisfactory.

72. Information systems are in place in the MoS for both *asylum and migration* and staff from a range of agencies trained in implementation of the legislation. Asylum was handed over to the national authorities in 2006 and the full number of posts has been allocated. The management of foreigners is undertaken through 16 field offices throughout the country which provides the capacity for effective implementation of asylum policy. Effectiveness is satisfactory.

73. Although extensively discussed with stakeholders during preparation, as with all functional reviews under *Public Administration Reform*, the final report for agriculture was not accepted by the government. Some elements of it have however been adopted, in particular the creation of a state level agency within the MOFTER for the sector which was supported by CARDS. Support to the PAR co-ordinator led to the creation of the PAR Strategy and associated Action Plan, which was approved by the entities and the state through the adoption of the common platform in April 2007, the creation of a PAR Fund and the establishment of the unit itself. This formed the basis for a public administration reform effort that could be taken forward by the national authorities with the ongoing support of a well co-ordinated range of donors. Effectiveness is satisfactory.

74. *European integration* assistance to the DEI has had mixed success. High staff turnover – none of the staff trained for CARDS 2006 programming were in post for the IPA 2007 exercise - reduced the effectiveness of earlier assistance and the state level SPO programming structures do not function well as the posts are not formally established. The entities have become increasingly aware of the EU programming process and have established their own programming units. Establishing a state level structure without the clear acceptance of its role by the entities was a mistake. The twinning light assistance was effective in supporting ministerial negotiations with the Commission for the SAA and made some progress in identifying structural needs for its implementation. However, as with the functional reviews, there was no government commitment to implement changes recommended and a more comprehensive strategy preparation, as in the justice sector<sup>39</sup>, is needed. EU awareness has delivered a comprehensive series of information campaigns through a range of media and therefore is likely to have increased the understanding of the EU amongst the citizens, but this is difficult to measure. It has also provided a resource base for the PR department of the DEI to implement further campaigns in the future. Effectiveness is moderately unsatisfactory.

<sup>39</sup> The justice sector strategy was started by this assistance but also substantially supported by DfID and will be implemented under the IPA.

75. Training by the *civil service agency* has targeted more than half of the state level civil servants and a significant number from the entity levels in both general and specialist subjects. In addition, the agency itself, having been the beneficiary of 5 MEUR of assistance, has developed considerable experience in the management of training and implements a limited number of courses using state and donor funding. The effectiveness of the training itself was reduced by the short duration of courses and the lack of targeting on individual needs – the latter could potentially be improved with the planned human resource management information system that is being established in state level institutions. Effectiveness is moderately unsatisfactory.

76. Whilst most of the outputs will be achieved, or substantial progress made towards achieving them, the difficulties in collaboration between entity and state level agencies for some elements of *statistics*, in violation of both legislation and a separate inter institutional agreement on co-operation, means that the twinning will not be as effective as planned. Raw data required for development of state level statistics is not consistently provided from both entities and other collaboration with the state level BHAS is increasingly questioned. Effectiveness is moderately unsatisfactory.

77. Capacity building support to *policy strengthening* has had mixed success. The failure of the entities to formally endorse the content of the functional reviews meant that follow-up support that was built upon them was revised to establish more limited structures at state level – primarily agencies within horizontal state level ministries - whilst also collaborating with the entities. This was a practical solution to the ongoing political problems in the country but compromised the EC's policy of targeting assistance at the state level. Conferences of Ministers were successfully established for both education and health sectors as well as the Rectors Conference for the eight universities in the country and this has provided the fora for inter institutional collaboration. Some state level legislation in health has been adopted based on work started by the assistance and this should be complemented by the establishment of state level agencies.<sup>40</sup> A lack of consensus over objectives led to half of the original results being dropped. Support to the education sector saw the establishment of five state level laws, three strategic documents and three agencies under the CoM. Transco was established before the assistance started but the assistance strengthened its institutional structure, introduced financial and accounting practices and drafted a three year plan. Little was achieved elsewhere in the energy sector by CARDS and state level institutions generally remain substantially under staffed. Limited outputs have been achieved for the recently started assistance to DEP to date, but collaboration with the beneficiary is good and the unit recognised by all levels of the administration. The effectiveness is moderately satisfactory.

78. The intranet for the CoM should be established by the end of the year after tendering caused some minor delays to *e-government*. Training of staff in its use is planned and support has been established in the MoCT. Changing the location of the GRMS from the MoFTER to the MoFT has not reduced the impact of the system as the staff have been relocated and additional employees will be recruited. Effectiveness is moderately satisfactory because the system will not include information on EU aid.

### **Economic and Social Development**

*Generally less effective than planned, the cluster has suffered from a lack of political support for key aspects of institutional development, particularly for state level institutions. Despite this, some progress towards objectives has been made and in those areas where follow up entity level assistance is planned – such as for VET – a strong base has been created. Effectiveness is rated as moderately satisfactory.*

<sup>40</sup> On radiation, pharmaceuticals and medical devices and nuclear safety.

79. Institution building of *civil aviation* was limited by the lack of direct counterparts. Despite the difficulties caused by an inadequate project environment, the TA proved flexible in changing the focus of the assistance and this led to the achievement of the operations orientated results but not those of institution building. Effectiveness is moderately unsatisfactory

80. The *local economic development* grant scheme was an effective way of allowing stakeholders to gain experience of implementing regional development type projects

**Box 3. Local economic development** Grants from the sample produced a regional development plan followed by 17 of 25 municipalities, trained 120 families in vegetable production, drafted legislation on agricultural waste and promoted the establishment of biogas production, promoted the development of 7 guest houses and created a business incubator.

and produced some useful outputs (see box 3). Regional specialisations have been developed in sectors such as agriculture and tourism, leading to follow on projects and sustained associations of stakeholders. It was not, however, effective in creating a regional development structure in the context of EU regional development policy. Effectiveness is moderately unsatisfactory.

81. Two of the three objectives of 2002 assistance to *trade liberalisation and FDI* were fully achieved with the third being compromised by a lack of agreement on the direction of the FIPA. National capacity to transpose and implement technical regulations has been enhanced but remains vulnerable to the turnover of key staff trained by the project. The work of the COMETS centre has improved access to foreign markets for a small number of Bosnian companies; the EICC and export promotion agency provide a range of services to help exporting companies. The effectiveness of substantial assistance to PIFs is unclear at this stage but the enthusiasm from beneficiaries thus far is low, with almost half dropping out. Overall, effectiveness is rated as moderately satisfactory.

82. *Environment and waste* was broadly effective. Whilst the EF were developed into operational structures, the state of the environment report was not produced and the degree to which environmental awareness was raised is difficult to measure. The three environmental awareness grant schemes were more environmental actions than awareness raising activities, but their outputs were successfully achieved. Waste management or recycling projects have largely delivered results as expected in the face of competition from considerable WB investment funds. Both EFs receive financial contributions from car registration and water rates and this is being used in the RS to monitor water quality. These funds are however limited. Similarly, whilst some environmental monitoring is possible with equipment purchased from CARDS funds, additional assistance will be necessary to effectively contribute to EIONET. Environmental awareness should contribute to ratification of the Århus Convention but verification will be challenging. The basis for the development of waste management and recycling has been developed.. Overall, effectiveness is satisfactory.

83. Both entities have launched labour market needs assessments in support of the outputs of *VET* which should produce country wide data. The assistance has updated a significant proportion of the curricula and transposed to the entity MoEs a methodology to reform the remainder. The pilot VET advisory council should improve collaboration between Cantonal level MoE's in the Federation but will remain vulnerable to a lack of collaboration between the entity MoEs. The policy environment has been created for further substantial assistance under CARDS 2006. Equipment<sup>41</sup> has been supplied which should improve both teaching materials and technical outputs in the selected vocational schools. Effectiveness is satisfactory.

<sup>41</sup> Consisting of approximately half office equipment to produce documents and half technically orientated.

84. Since the arrival of the new management, progress on *State Veterinary Office* has improved but attention has been focused on the FVO assessment mission and its aftermath – whilst appropriate for the needs of the beneficiary this may reduce the achievement of the planned objectives. The draft veterinary law will be finalised before the end of the project and institutional strengthening continues through advice and study tours. The staff complement will double but only just prior to the end of the assistance so many staff will not benefit from it. Effectiveness is moderately satisfactory.

85. The state level SME Agency under *Small and Medium Sized Enterprises* has not been created but there are no indications from the working group drafting the SME Strategy that there will be objections to this. The study on the impediments to SME development is expected to contribute to this Strategy and the assistance is rated as satisfactory for effectiveness overall.

## **2.4 Real impact in many areas of institution building is limited by the ongoing political instability and complex constitutional structure of the country.**

*Sustained return is affected by a broad range of factors, but a greater scale of economic regeneration within the return programme itself or connected to it from other areas of CARDS could have enhanced impact. Where the OHR, EC and other donors collaborate with multi-annual financing and sustained political engagement, impact can be substantial. However the creation of durable institutions, especially at state level, remains challenging and in many cases is only achieved with the compelling presence of the OHR. National commitments to change are made on paper but frequently are not fulfilled in practice and this reduces the overall impact which is rated as moderately satisfactory.*

### **Democratic stabilisation**

*The lack of sufficient financing for demining generally means that the target completion of the mine clearance strategy has been put back ten years. The capacity of the CPAs could be further strengthened if they collaborated to access other EU funds, but they do not. Whilst return was initially good, the lack of income generating opportunities means that a considerable proportion of reconstructed houses are empty, are used infrequently, have been sold or are occupied only by economically inactive members of the family. Other projects have had much greater impact. The legal aid network has evolved into a national NGO that continues to advise returnees and the final structures of the public broadcasting system will be implemented with EU funds. Grant schemes for civil society development have increased collaboration between NGOs and enhanced management and administrative capacity of individual organisations. Impact for the cluster is satisfactory.*

86. The CPAs are now wholly funded by the entities and they continue to provide both emergency explosives clearance as well as more scheduled *demining* tasks in line with national mine clearance strategies. Immediate impact is therefore good. Intermediate impact would be enhanced by the provision of replacement and up to date equipment to allow safer and faster clearance<sup>42</sup>. With their extensive local knowledge, decentralisation of the task of minefield marking to the CPA as was originally planned would have substantially increased the current 30% of known minefields which have been mapped. The CPAs also attends to a broad range of other emergency situations and thus their capacity for mine clearance is limited – insufficient global funding for the demining sector means that the target date for completion of the mine clearance strategy has been put back to 2019. Intermediate and global impacts are therefore moderately unsatisfactory.

<sup>42</sup> This could be achieved by applying for other EC financed demining projects. However the CPAs refuse collaborate to offer a nationwide proposal and are thus ineligible.



87. The successful completion of housing and socio-economic interventions for *housing reconstruction* means that immediate impact is good, with an average of 87% return<sup>43</sup> achieved in the six months following completion of reconstruction – greater than the target of 80%. Sustaining this and achieving intermediate and global impact has been more challenging (see Box 4). Physical reconstruction of houses has been amongst the greatest pull factors for returnees prior to their return and the presence of income generating activities one of the major factors influencing whether the return would be sustained. Lack of security in the minority return areas in the years immediately after construction was completed coupled with an insufficient economic regeneration

**Box 4 Housing reconstruction.** Three grant contracts for minority returns were randomly selected. 218 of 322 renovated houses were visited by the evaluators of which 26% were closed with no evidence of occupation. Although 80% of respondents indicated that they had returned permanently, approximately 47% of family members had not yet returned on a permanent basis.

component meant that sustaining return was difficult and is often limited to economically inactive family members. This is unsurprising given the economic as well as post conflict transition and has at least in part been addressed for the remaining projects by the UNDP implemented and EU funded SUTRA<sup>44</sup> methodology. Impact is moderately unsatisfactory.

88. Immediate impact in the *public broadcasting* sector is good, as the system functions on the majority of the territory of the country. In 2007, 195 complaints were processed by the CRA, including 83 from citizens, leading to 88 sanctions, primarily warnings and fines. Importantly, coverage of local elections and the elections in RS in that year led to no complaints. After extensive delays due to legal objections, the constitutional court has recently cleared the way for the establishment of the fourth legal entity which will own the assets of the three public broadcasters. Intermediate impact should be positive as this organisation will be supported by CARDS 2006 funds. Once established, the process of establishing the PBS will be completed and it should be able to function with minimal external assistance. Impact is rated as satisfactory.

89. Immediate, intermediate and global impact of *legal aid network* is strongly positive. As the main provider of free legal advice in the country, the LAIC consulted more than 30% of returnees to 2003. The number of minority returns had increased from 10.000 in 1997 to more than 367.000 by the end of 2002, many of whom had been advised by the LAIC. The capacity built within the network and its strong linkages to other donors have led to its transformation into a national NGO, Vaša Prava, wholly managed by Bosnians. It continues to support the return process through 16 offices and 60 mobile teams, advising 54.216 people in 2005 and annually undertaking more than 70.000 legal actions. Impact is highly satisfactory.

90. The limited resources available and targeting towards task implementation rather than capacity building for *civil society* meant that whilst the immediate impact of the schemes was good, intermediate and global impact on capacity building for the sector was largely indirect. Nevertheless, both implementing NGOs and end beneficiaries

**Box 5 Civil society development** resulted in the establishment of a wider BiH network which was the key driver for the signing of the MoU with the Council of Ministers that led, ultimately, to the establishment of the Civil Society Board which promotes the sector in consultations with the state.

have been able to develop a range of administrative and management skills that will improve their capacity to attract and manage alternative funds. This has already happened with a

<sup>43</sup> Defined as occupation of the house by at least one of the pre-war occupying family.

<sup>44</sup> Sustainable Transfer to Return-Related Authorities, now renamed Support To Results-based Approach

number of beneficiaries from the 2001 programme. Increased public awareness and the promotion of partnerships within the schemes has improved the perception of the third sector and strengthened collaboration (see box 5). However there has been a lack of real collaboration with other similar schemes, including those funded by the EC. Impact is satisfactory.

### **Good governance**

*The creation of durable state level institutions remains a challenge, with the enforcement power of the OHR needed in a number of cases. In others, entity level administrations appear to have begrudgingly endorsed the creation of state level bodies demanded by donors and then only given them limited powers and resources. In the areas of justice, State Veterinary Office, asylum and migration there appears to be an acceptance of the need for state level organisations and the impact of EU assistance here is likely to be strongest. Structures established for the co-ordination, programming and management of future EU assistance are not yet embedded and are likely to be subject to further institutional change. The cluster is rated as moderately unsatisfactory for impact.*

91. The immediate impact of *Human Rights Chamber* was good. The HRC reviewed 100% of pending cases in accordance with its mandate and made decisions on approximately 6.000. The chamber did not however have any mechanism for enforcement of its decisions and verification of compliance with decisions was not comprehensive. There was some evidence that lower courts as well as the Constitutional Courts were following HRC decisions and the interpretation of laws by the HRC proved useful. Intermediate impact is therefore satisfactory. The lack of a compliance enforcement mechanism from the national authorities reduces global impact. Overall, impact is rated as moderately satisfactory.

92. The two BIPs and the SBS HQ have strengthened the *border crossings* control capacity of the police and customs officials. The failure to complete one BIP, coupled with a lack of management from the beneficiary and inadequate legislation on financing has contributed to a decision by the EC not to finance further facilities in the immediate future. One of the completed BIPs does not have goods traffic therefore even though the posts will form part of the integrated border management system in the future, impact is only moderately satisfactory.

93. Consistent support to the *judiciary reform* has had considerable immediate impact in improving the efficiency of the judiciary through finalising the restructuring of the minor offense courts, renovating judicial premises and establishing a computerised case management system. This remains vulnerable if the entities contributing to the budget of the system reduce their funding in response to the reduction in costs as significant ongoing and additional investment is still needed. The assistance has formed the basis for improving the rule of law in BiH indicated by the transference of cases from the ICTY<sup>45</sup> to the national judicial system. A Strategy for the development of the justice sector, financed by DfID will be used as a basis for future EU intervention. Intermediate and global impact is therefore likely to be good and impact is rated as satisfactory overall.

94. Immediate impact of *public procurement* is good as the assistance has made a substantial contribution to developing the public procurement framework. The programme was based on strong collaboration between the EC, OHR and the entity administrations which proved beneficial as the political environment turned less favourable during 2004. With the subsequent TA, twinning light and support of SIGMA, the PPA has ensured the use of a single national level framework law by contracting authorities at all levels. Given their relative novelty, insufficient data is available to indicate whether the PPA and PRB are significantly reducing corruption or promoting competition in public tenders as intended. Although current levels of

<sup>45</sup> International Criminal Tribunal for the former Yugoslavia

competition remain low by EU standards<sup>46</sup> the PRB are able to administrate all of the appeals submitted to them. Substantial progress has however been made towards improving the transparency of the public procurement system and introducing a policy in line with the acquis and impact is satisfactory.

95. The change in inputs from TA to equipment made it difficult for *police capacity building* to achieve the immediate impact initially planned. With additional financing from later elements of CARDS and collaboration from the Directorate of CIPS, the databases have been established and integrated into the national information network which currently connects 18 institutions and 362 locations throughout the country as well as 45 diplomatic and consular locations around the world. Expansion of this system is ongoing, also funded by both other elements of CARDS, to link the remaining more isolated BIPs with secure wireless connections after which the databases will be able to fully contribute in real time to combating illegal immigration and the fight against crime. Impact is satisfactory.

96. Additional EU financing has been made available<sup>47</sup> to the fields of *asylum and migration* to both further develop the institutional structures of the departments in the MoS and build appropriate holding facilities and therefore immediate and intermediate impact has been achieved. There are very few applicants for asylum – mostly Roma from Kosovo – and these cases remain pending. The structure is otherwise in place with the appeals process functioning and a MoU between the state and safe houses managed by NGOs. The centre for illegal migrants is under construction and this will complement the 16 field offices and information systems for the management and registration of foreigners. Illegal migrants are currently being returned. The global impact of the country meeting EU standards in migration and asylum management is largely complete and impact is satisfactory overall.

97. Although the functional review of agriculture under *Public Administration Reform* was not approved by the government<sup>48</sup>, it formed the basis of following assistance that has delivered on some of the main themes of the review. A department has been established in the state level MoFTER which aims to fulfil the constitutionally limited roles of co-ordination of the entity Ministries of Agriculture, statistics collation and EU integration. This represents a pragmatic approach in the face of low political support for a stronger state level presence but reduces planned impact. Based on the review, the entity level agriculture ministries themselves are in the process of reform from an inspection to a rural development focus in line with the broad thrust of EU integration. PARCO has been substantially reinforced with staff in an ongoing recruitment process but its effectiveness is reliant on personal political connections to the Chair of the CoM. It has no institutional power to drive change and thus current proposals for it to be re-established as a directorate should be encouraged. Implementation of Action Plan 1 is substantially behind target and it is unclear how Action Plan 2 (based on the non-endorsed functional reviews) will be created and implemented. Intermediate and global impact is less than expected and rated as unsatisfactory.

98. The eight twinning light projects of *European integration* have largely had a positive immediate impact in supporting SAA negotiations and proposing changes in administrative capacity in their respective ministries. It is less clear whether this will lead to real change, especially at state level, as beneficiaries were under no obligation to act on recommendations. Whilst the DEI has supported programming in recent years, it is difficult to see how the unit

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<sup>46</sup> Averaging just over three applicants for all types of contract. For a simple comparison, the minimum number of applicants required under PRAG is four.

<sup>47</sup> Under CARDS for institution building and IPA 2008 (provisionally) for the asylum centre

<sup>48</sup> The establishment of a state level ministry was included in the April package of constitutional amendments that was rejected in 2006.

will be able to enforce project selection on entities in the current political climate as it has little authority over them. Obtaining consensus on projects to be funded will be challenging and likely to be additionally compromised by the new aid co-ordination mechanisms now being proposed (see para. 125). Whilst individual state level SPOs will change according to the projects being financed, the informal structure that currently governs their appointment and scope of work reduces their capacity to adequately plan and manage assistance and intermediate impact is unsatisfactory. EU awareness assistance was strongly output focused but has also built capacity in the PR department of the DEI. Given its limited resources to continue this effort, it is unlikely to generate substantial immediate and global impact, especially in the areas of dialogue between citizen and state. Overall impact is rated moderately unsatisfactory.

99. Immediate impact from assistance to the *civil service agency* is lower than anticipated. It has been reduced by high turnover of trained staff caused by the unclear future of state level institutions generally, better employment conditions within entity administrations<sup>49</sup>, limited funds for training and in some cases inefficient design. Although training courses are defined and designed by the CSA on an annual basis following a methodology, the duration of the courses is too short, attendees are not selected on the basis of need and there is only limited human resource capacity in beneficiary agencies to define needs or manage individual training. The ongoing development of the human resources management information system will help this, but it should have been in place before any training was provided. Intermediate impact is reduced by high staff turnover in both the beneficiary state agencies and the CSA itself, coupled with low national budgets for training. Substantial and continuing finance and reformed structures will be required for global impact to be achieved. Impact is unsatisfactory.

100. BHAS is delivering *statistical* data to EUROSTAT, although not yet at the scale required. The functional and legal structure for statistics is in place but ongoing difficulties with collaboration from the RSIS suggest that this remains fragile. Staff turnover, particularly in key areas such as IT, is a problem but more recent recruitment exercises have been successful. Immediate impact is therefore moderately satisfactory. The IT strategy will lead to the establishment of a common information platform for all three agencies which will significantly enhance the quality and timeliness of statistics. The statistical council has been established but has not been effective and does not meet regularly. A committee of producers has also been less successful than expected and further work is needed for the BHAS on methods of obtaining data. A new organigramme has been published which envisages an increase of state level employees from the current 50 to 200 by 2015 and action plans for each of the three agencies are under preparation. A functional structure in the statistical sector only partially exists and intermediate impact is moderately satisfactory.

101. The establishment of state level sectors in the MoCA and MoFTER for *policy strengthening* rather than the full state level ministries was one consequence of the failure of the entities to endorse the functional reviews. The sectors themselves have been substantially under staffed, and although more posts have been recently allocated these have largely not yet been filled. The sectors have no budgets and no administrative authority over the entities. Whilst they have a co-ordination and data gathering role, they have no ability to enforce entities to provide information or influence the type of information that is provided and additionally cannot ensure that state level framework legislation is transposed at the entity level. Conferences of ministers established for education and health have no decision making

<sup>49</sup> Although remuneration and other conditions of employment vary between each entity and with the state an additional issue is the uncertainty caused by regular changes in each of the three civil servant laws. The RS law was, for example, changed twice in 2008 – in February to increase salaries and in November to decrease them by 10%.

or enforcement powers and are merely a forum for discussion<sup>50</sup>. The conference of rectors requires all eight university rectors for decision making and the non-attendance by one for the past six months has emasculated the organisation. Therefore whilst immediate impact is satisfactory after substantial changes in project design to direct the TA towards the entity level, intermediate and global impact is not. Under resourced state level institutions have very limited capacity to decide upon or enforce change and difficult collaboration with entities reduces effective information collation and national representation towards international bodies. It remains unclear whether these issues will reduce the impact of assistance to the DEP in its analytical and policy making role as this project has recently started. Impact overall is unsatisfactory.

102. Immediate impact of *e-government* is expected to be good, with the successful completion of the first phase of the CoM intranet and electronic document management system and the aid co-ordination database in the MoFT expected to be complete by the end of the year. Further funding will be provided under the second stage to expand the CoM system. Lack of progress with legislation on electronic signatures has been resolved in the short term by an internal regulation for the CoM, which means that documents can be managed electronically internally. Although not ideal, this will improve the speed of document management within the CoM. Access to government documents for citizens is not planned and therefore the transparency of public administration objective will not be met. Intermediate impact for the co-ordination of non-EU aid could be good with the completion of the GRMS and its establishment in the MoFT. If adequate collaboration and access to the data from the system is provided to the DEI in the programming of EU aid and the planned aid co-ordination forum under the CoM, donor resources could be used more efficiently and intermediate impact is likely to be good. However, given the generally poor level of inter-institutional collaboration and the competing responsibilities for planning donor resources, there is a risk that this will not be achieved. The national e-government strategy of November 2004 foresees a massive expansion of information systems in all areas of government but whether sufficient finance is made available to achieve this seems unlikely. Access to the secure government wide area network needs to be assured<sup>51</sup>. Impact overall is moderately satisfactory.

### **Economic and Social Development**

*Impact is broadly less than initially envisaged because of resistance to most state level functions by the entity authorities. Where this has been overcome and sufficient resources have been made available, impact is better. Local and entity level interventions have also been able to make a strong local impact but the lack of both on-going financing and state level support coupled with a low political priority for environment, waste and regional development has reduced impact considerably. Impact is rated as moderately satisfactory.*

103. Although the institution building elements of *civil aviation* were largely not successful due to the lack of an appropriate administrative structure, training of operations staff supported the application for membership of both the European Civil Aviation Conference and EUROCONTROL. The intermediate impact of both legislative development and support to the establishment of new institutional structures at a difficult political time was achieved by the provision of additional assistance from the EC and support from the OHR. This assistance, whilst not having the initially envisaged impact, did form the basis for later programmes that have resulted in the transference of air traffic control to a state level civilian organisation. Impact is therefore moderately satisfactory.

<sup>50</sup> The conference of ministers in health consists of four ministers and in education, 14.

<sup>51</sup> To avoid the costs of having to register as an internet service provider, the MoS has established the network as an instrument of national security. This restricts access for most other government units.

104. Immediate impact for the grant beneficiaries of *local economic development* is mostly good; however the lack of legislation and institutional structures supporting regional development and the limited funds available through the scheme reduced intermediate impact. The large number of rejected applications and unfulfilled expectations which had been raised by the project identification and strategic planning exercises has also increased disillusionment with the regional development process as a whole. There is some evidence that individual grants have led to additional local investment and the network of regional development agencies has been able to attract the support of other donors, but it lacks political endorsement at national or entity level. There is no ministry for regional development<sup>52</sup> no legislation and no guarantee that, when the government decides to start regional development to access funds under IPA component 3 in 2010, it will use the structures of RDAs developed by CARDS. Impact is unsatisfactory.

105. BiH ratified the Central Europe Free Trade Agreement (CEFTA) in September 2007, thereby meeting one of the immediate objectives of the 2002 *trade development and FDI*<sup>53</sup>. Signing of the SAA opens tariff free access to EU markets and progress is being made on WTO accession. FDI has increased substantially from the year 2005 (478 MEUR) to 2007 (1628 MEUR) helped by the privatisation of the telecoms company in RS. In terms of overall trade, exports have increased substantially between 2005 and 2006 leading to an overall decrease in the negative trade balance<sup>54</sup>. Intermediate impact is therefore positive although the extent to which the CARDS contributed to this is unclear as the removal of barriers to trade is a long term process. Impact overall is satisfactory.

106. The grant schemes for improving environmental awareness under *environment and waste* have made a positive impact on those directly involved but will have limited intermediate or global impact as they are not specifically linked to other activities or funding and are unlikely to be replicated. The scheme itself has not been repeated and therefore its capacity building amongst local NGOs has been limited to the twelve beneficiaries. Two of the three grants reviewed in more detail had only limited awareness components and one duplicated other CARDS assistance. They did,

**Box 6. Environmental Awareness.**

Of the three grants reviewed, one beneficiary continues to provide informal training to teachers, one led to the development of medical waste legislation in the RS and one promoted the clean-up of 30% of illegal dump sites and the implementation of six revised municipal refuse collection plans.

however, lead to local impact in improving the environment (see box 6). Implementation of the Århus Convention through linking the environment and justice sectors is unlikely in the immediate term. The EA has not yet been established but a working group should have it prepared by the end of 2008. Given the current resistance to state level institutions, its establishment, and the future provision of consolidated environmental data to the EEA, is unclear. The EFs are operational although the intermediate impact will be limited by the amount of funds supplied by the levy<sup>55</sup>. Intermediate impact from waste projects is limited to those areas where pilot projects were established with Commission funds – the lack of additional finance for investment and legislation to enforce recycling has reduced enthusiasm generally. Overall, impact is rated as unsatisfactory.

107. Immediate impact of *Vocational education and training* reform is good, with the

<sup>52</sup> Economic development aspects are supported on the state level by the MoFTER.

<sup>53</sup> A matrix of bilateral free trade agreements with the other Balkan nations had been agreed between 2002 and 2004 in the framework of the Stability Pact.

<sup>54</sup> Exports in 2005 were 1956 MEUR and 2703 MEUR in 2006, leading to a reduction in trade deficit from -3708 MEUR to -3058 MEUR.

<sup>55</sup> Approximately 0.5MEUR per annum per fund.

institutional, legislative and policy structure in place, coupled with new curricula and trained teachers. The achievement of intermediate impact is less clear as difficult political decisions will need to be taken to close schools teaching subjects that are no longer relevant, consolidate across entity and cantonal lines to improve efficiency and reduce the number of teachers as the first (smaller) generation of post war children reaches school age. Given the slow progress of structural change in other areas such as health, there is a real danger that these decisions will not be taken quickly. Collaboration between cantons in the Federation has proved harder than in the centralised administration of the RS. Impact is therefore rated as moderately unsatisfactory.

108. The entity administrations have a good understanding of the role of the *State Veterinary Office* in proposing legislation and establishing standards and procedures for them to follow. The SVO is increasingly aware that it should be a unit providing a service to the entity, cantonal and municipality veterinary enforcement inspectorates – the achievement of intermediate impact depends on these institutions functioning effectively and this has yet to be seen. The animal identification has recently fully come under control of the SVO Animal ID Agency from entity administrations, which indicates an increasing acceptance of centralised state level functions in the sector. Intermediate and global impact will be strengthened by further assistance under IPA 2007 addressing specific animal diseases, but experience from other candidate countries suggests that significant further investment in control equipment and systems will be necessary. Impact is moderately satisfactory.

109. Immediate impact of *Small and Medium Sized Enterprise* can be expected to be positive with the establishment of the Federation SME Agency and further strengthening to that in the RS. It is unclear whether the state level SME Agency will be established as initially envisaged and this may reduce impact if consolidation of state and entity legislation cannot be achieved. Assessments of the impediments for establishment and operation of SMEs will form a useful basis for further project and legislative action from both donors and entity authorities to improve the performance of the sector. Impact is satisfactory.

**Box 7 Cost effectiveness.** Despite a lack of clear indicators for cost effectiveness, or the cost of the assistance compared to the actual or expected impact, a basic analysis was prepared (annex 6). This suggests that most of the assistance performed as well or better than expected, with less than one third having a substantially low impact compared to the funds invested.

## **2.5 Some key institutions have been handed over on a sustainable basis to the national authorities but most, especially at state level, remain weak and vulnerable.**

*Sustaining the return of refugees is negatively affected by wider trends in the transition of the economy that has led to people moving due to economic factors. Longer term EU political and financial support has increased the chances of a number of key institutional structures being sustained, but many remain under resourced and vulnerable. In common with other transition administrations introducing substantial new systems, the retention of key staff is both difficult and important for sustaining EU and national investments. Overall, sustainability is rated as moderately satisfactory.*

### **Democratic stabilisation**

*Sustainability of the return process is limited by a range of historical and current issues, most notably perceptions of security and the lack of on-going social or economic support structures. These have only been partially addressed by the assistance. Although the reconstruction programme considered economic and social aspects, its capacity to intervene was limited and*

this, coupled with population shifts related to an economy in transition, meant that many beneficiaries have not permanently returned. Other structures supporting return have been successfully handed over to national authorities and whilst they will require at least some financial support until the return process is completed, this is expected to be provided. There is little evidence of results from civil society being sustained. Sustainability is moderately satisfactory.

110. CPAs equipment for *demining* is ageing and they have insufficient funds to either replace it or to update it to more modern standards that would improve effectiveness and efficiency. A recent tragic accident on an EU funded mine clearance contract will increase insurance premiums and donor financial contributions for demining are consistently less than necessary. Mine clearance remains, however, a key priority of the entity governments and the CPAs are the only tool for emergency response. Additionally, the ECD revised its procedures to allow the CPA to tender for mine clearance contracts under other budget lines but the unwillingness of the two organisations to work together and therefore meet the requirement for national coverage means that they have yet to be successful. Sustainability is moderately unsatisfactory.

111. The small size, limited duration, lack of integration into other economic development activities and a design process including only very limited beneficiary consultation suggests that the economic regeneration elements of *housing reconstruction* will not be sustained. Whilst it was not a key factor in pulling returnees from their places of refuge, the potential to earn an income once returned was one of the most important factors in ensuring that return was sustained. 26% of houses visited appeared to be unoccupied and of those that were occupied, half of the family members had still not returned. This suggests that the majority of families had some sustained presence in the return area but that the majority of potential returnees had not actually returned on a permanent basis. As it is likely to be the old and economically inactive that make up the majority of the permanent returns, ultimately the return process is unlikely to be sustained. Sustainability is unsatisfactory.

112. Whilst the *Public Broadcast Services* and the CRA have been established and the conditions are now in place for the creation of the fourth legal entity, these institutions remain under significant political pressure. Both institutions are financially secure as they are funded directly from citizens. Sustainability is likely to be good and is rated as satisfactory, but close political support from the EC to ensure independence will be needed into the medium term.

113. The *legal aid* network has been sustained by the establishment of a national NGO and ongoing financing from, currently both the UNHCR and the EC, and historically a broad range of other donors. Sustainability is satisfactory, as although the network will continue to rely on external donations, the return process is substantially complete and thus the demand for its services can be expected to decline.

114. Most of the networks established by the 2001 *civil society* programme have not survived and the later programmes supporting minority return will be largely reliant on the support of local municipality structures to be sustained. The level of this support varies throughout the country. Sustainability of the sector as a whole remains fragile due to a lack of resources, capacity, government support and the project orientated objectives of the donor community. Those organisations that have implemented CARDS will be in a stronger position to attract future funds and some from the 2001 programme have already done so. Only one (of 15) from this programme is no longer in operation and one other faces substantial difficulties. The sustainability of broader capacity building of implementing NGOs is under threat by the significant reduction of external funding to the third sector coupled with an almost entirely undeveloped local philanthropy. Sustainability overall is moderately satisfactory.

## Good governance



*Many state level institutions are donor inspired and have yet to achieve sufficient acceptance and support throughout the national administration. They are increasingly vulnerable to being undermined by entity authorities, especially in their formative stages, and longer term EC political and financial support is necessary for them to be sustained. In many cases this is being provided through multi-annual programming. The recruitment and retention of suitably qualified staff, especially in specialist areas such as IT, remains a broad issue of concern throughout the administration but the state level appears particularly vulnerable. Sustainability is rated as unsatisfactory.*

115. The *Human Rights Chamber* was transferred to a unit established in the Constitutional Court at the beginning of 2004 and financed by the EC. After 2004 new cases alleging human rights violations will be decided by the Constitutional Court. Whilst the institutional structure has therefore been sustained, there is some concern that budget limitations at the Constitutional Court would make retaining trained national staff members difficult. The transition to national salary scales is an unavoidable consequence and necessary for overall sustainability and thus whilst some staff can be expected to leave service sustainability overall is satisfactory.

116. Potential sustainability of *border crossings* is not good as the ITA does not provide funds for maintenance even though a regulation provides for a proportion of customs revenue to be allocated to this purpose. However, as BIPs will come under the longer term strategy of the Integrated Border Management (IBM) current sustainability problems are likely to be resolved in due course. Sustainability is currently rated as unsatisfactory.

117. Whilst the core operations of the HJPC are funded from the state budget, external resources remain important for many of its functions<sup>56</sup>. The ongoing *judicial reform* and reduction in high salaries and benefits for judges coupled with improvements in the efficiency of courts achieved in part with by CARDS will make some contribution to the sustainability of the system as a whole. The entities have however used the reduction in costs as an opportunity to reduce their financial commitments to the sector. Given the significant process of reform still outstanding, on-going support for the management and co-ordination functions of the HJPC will be important for sustainability to be achieved. This will be provided at least for the immediate future, from both entities and donor sources, and sustainability is rated as satisfactory

118. Although substantially completed and unlikely to attract further direct support from donors, the *public procurement* framework is vulnerable to political interference. New legislation designed to improve the working of the system is not being approved by the legislative assembly and the very existence of the PPA was challenged in the constitutional court<sup>57</sup>. The system currently functions but there are very real threats to the sustainability of CARDS assistance which is rated as moderately unsatisfactory.

119. The major threats to the sustainability of the information systems established under *police capacity building* are the turnover of staff at the CIPS directorate and the lack of clarity of the future for state level institutions generally. Current moves by the entity authorities to reduce both collaboration and the transfer of authority to state levels structures could also include the CIPS directorate. Currently largely staffed by contractors, CIPS is in the process of being converting to a national Agency for Identification Documents, Registers and Data Exchange (AIDRDE) that will transfer staff to civil servant contracts and the lower

<sup>56</sup> Anticipated budget for the period 2007-2010 is 13.3 MEUR of which donors (EC and bilateral) will finance 11.3 MEUR

<sup>57</sup> This was subsequently rejected after the cut-off date of the report but indicates the level of political opposition to the PPA in some quarters.

remuneration is likely to lead to key staff leaving<sup>58</sup>. A planned state level Agency for Information Society has been proposed but not yet approved. The process of enlargement will lead to an ever increasing demand for information systems and services and therefore it is crucial to come to a long term resolution of these issues. Surveillance and other equipment will form a key part of the fight against organised crime which is a policy objective for both the government and international community and it is therefore likely to be used and maintained. The majority of the equipment has been supplied to the MoS and can be expected to be sustained, however due to the uncertainty over staffing of the AIDRDE, sustainability is moderately unsatisfactory.

120. The Constitution allocates responsibilities for *Asylum and migration* functions to the state level and this should contribute to sustainability. The assistance has created asylum and migration directorates that will enforce EU and international standards and be under close scrutiny of a broad range of well established national and international NGOs. This is likely to contribute to sustaining a functioning asylum and migration policy. Sustainability is highly satisfactory.

121. Quite significant institutional change at an entity level in the agriculture sector has been achieved by *Public Administration Reform* with the transfer of inspection services to external structures and a state level department created at the MoFTER. PARCO is a donor inspired unit with minimal support from the administration. Its ability to effectively pursue the reform agenda without external support is clearly illustrated during the current hiatus of assistance. As with other state level units it has struggled to attract and retain competent staff due to low salaries, although this situation has improved more recently.<sup>59</sup> Unless it is given substantially enhanced institutional authority within the administration, it is difficult to see how it will continue to function independently of donor support. Sustainability is unsatisfactory.

122. The EICC are funded under the 2006 programme and can be expected to be sustained by ongoing EC finance. The remaining impacts of *European integration* will rely on both retention of staff and collaboration between entity and state to be sustained and this is fragile at best. Additional assistance will be required to build on the results of the twinning light components, as has happened with the justice sector, or they risk suffering the same fate as the functional reviews. The PR department of the DEI is under resourced, although additional funds planned under IPA 2008 should contribute to sustaining the outputs from current assistance. Sustainability overall is unsatisfactory.

123. Course materials and other training resources have been left by various EC funded contractors for the *civil service agency* but limited national funding and the long procedures for procurement of services under national procurement rules means replication has been limited<sup>60</sup>. High staff turnover reduces the direct sustainability of training at the state level, but as some staff will move to other areas of the administration, at state or entity level, the benefits will not be completely lost. Staff trained overseas must refund their training costs if they leave within three years and this should strengthen the sustainability of this element of the assistance. Overall, sustainability is moderately unsatisfactory.

124. The *statistics* sector will be additionally supported by the EC and Sweden and it is hoped that bridging support between the end of CARDS and the start of the IPA can be provided by DfID and/or SIDA. A clear basis for the functional structure of the statistics sector has been established but any collaboration that exists is driven by the twinning and it is far from clear

<sup>58</sup> Changes to the civil service legislation after the cut off date of the report enable IT staff to receive 150% of standard salaries, but it remains unclear whether this will be sufficient to ensure retention of key experts.

<sup>59</sup> 35 out of the planned 38 staff have been hired and trained

<sup>60</sup> 300 civil servants are currently awaiting the statutory training in EU integration which has yet to start in 2008.

that this will be sustained when the assistance ends. Even though there are promising signs with the arrival of a new RSIS acting Director, collaboration is largely impeded by broader political issues. Turnover of key individuals at the state level has the potential to significantly reduce sustainability, which is rated as moderately unsatisfactory.

125. Sustainability of institution building to small elite units of the public administration is frequently challenging as staff are in demand from other sectors. For state level institutions, and *policy strengthening* beneficiaries in particular, the difference in salary levels between state and entities, language skill requirements and the uncertainty over state positions generally threaten sustainability. The value of these units in the implementation of the SAA needs to be better understood by the entity administrations or they will continue to be perceived as donor inspired bodies that will wither when funding ceases. The limited reform of the energy sector has thus far been driven by the donors and this threatens sustainability. Transco should be sustained as it manages the distribution of electrical energy, which has significant export potential, but difficulties in collaboration between the entity shareholders again cause concern for longer term success. As a key unit in policy development and currently with the support of the entities, capacity building for the DEP should be sustained. Recruiting staff as civil servants should avoid the sustainability issues of the previous project and the potential of further EC support to policy units should strengthen sustainability. Due to the fragile nature of all state level institutions, sustainability is unsatisfactory.

126. Management of the CoM electronic information system under *e-government* should eventually be undertaken by a state level IT Agency, but whether this will ever be created or have the range of planning and implementation responsibilities required remains unclear. Of the five staff at the MoCT running the current system, four are employed by the project but at rates similar to those of the civil service. Sustainability should be good but will rely on planned follow-up assistance to further develop the system and eventually national funding for maintenance. This latter element remains unclear. The GRMS has been implemented into a fluctuating institutional environment and unless clear roles and responsibilities can be established there is a risk that it will, like its predecessor, ultimately not be sustained. Sustainability overall is moderately unsatisfactory.

### **Economic and Social Development**

*Much of the interventions in the fields of local development, trade facilitation, environment and waste were made without adequate institutional support from counterparts and therefore sustainability in these areas is likely to be lower than anticipated. Reduction in donor financing in response to this means some sectors have not generated sufficient change momentum which threatens the sustainability of what limited results were achieved. The SVO has a clear state level role that cannot practically be divided between the entities and thus has their implicit endorsement which will substantially contribute to sustainability. Overall, sustainability is rated as moderately satisfactory.*

127. The impact from *civil aviation* was sustained as the transfer of Bosnian airspace control to the national civilian authorities was completed in April 2007. Sustainability is satisfactory.

128. The results from the grants to *local economic development* have exhibited surprising sustainability in part due to the substantial emphasis on this in the design of the scheme. Some capacity for applying for and managing economic development grants has been developed within RDAs and thus as long as they are maintained this can be expected to be sustained. The programme will receive on-going financing from the EU both for operational support to the RDAs and replenishing of the grant fund itself. It is far from clear when and if the national authorities will accept the concept of regional development and if they will agree to support the RDAs – although bottom up funding for RDAs from both Cantonal and municipal authorities

is increasing<sup>61</sup>. The sustainability of the scheme itself is unsatisfactory as it relies substantially on the donor community for funding - it has not been replicated by the RDAs.

129. The development of institutional structures under *trade facilitation and FDI* will be continued by additional EU support and therefore whilst many of the pre-conditions for sustainability of this specific assistance – stable institutional structures and sufficient staff – are not adequate in some cases, the outputs will be sustained. Efforts should be made to ensure that beneficiary institutions are functioning before substantial further investment is made. The COMETS Centre is part of the existing regional development structures and therefore equally vulnerable to the lack of institutional and legislative base. However they are hosted by the RDAs which should be sustained at least in the short term by programmed financing from donors. The WB implemented corporate governance project will not form part of a larger WB funded initiative in the sector but could support future interventions in reform of the capital markets. Sustainability is moderately satisfactory.

130. There is limited sustainability from the environmental awareness grants under *environment and waste* as although the actions were essentially one off in nature, some follow up actions have been observed. The remaining awareness activities should be sustained once the Århus Convention is ratified as this is accompanied by reporting obligations. Environmental monitoring forms part of the *acquis* and thus whilst consolidated reporting is unlikely in the short term, it is likely to be established and sustained after the creation of the EA. Without supporting investment financing, a stronger concept of regional development and acceptance of solid waste sites by local communities, waste management plans may not be sustained. The WB in its second phase has addressed the impact and sustainability problems of identifying sites for sanitary waste sites by calling for groups of municipalities to apply for funds via a form of tender. This should enhance sustainability and could be considered as an example of best practice. Sustainability is moderately satisfactory.

131. *Vocational Education and Training* was directed mainly towards schools as direct end beneficiaries as well as entity and cantonal administrations and therefore avoids most of the sustainability problems facing projects directed towards the state level. Sufficient change momentum has been generated to suggest that curricula reforms will be sustained, but difficult political decisions on school consolidation and reform will need to be made if more comprehensive reform of the sector is to continue. In some cases technical equipment has a revenue generating capacity and this strengthens likely sustainability which is satisfactory.

132. A key factor contributing to the sustainability of the *State Veterinary Office* as a state level institution is that it was established to address a specific task – the issuance of import licenses – which is entirely separate to the entity administrations. Although a budgetary unit and therefore vulnerable to financial limitations, it currently has sufficient operational funds as well as adequate staffing and has recently expanded its premises. Linkages to German veterinary laboratories and administrations have been made but the practical reality of twinning generally is that these are rarely maintained in the absence of ongoing project finance. Overall however, sustainability is satisfactory.

133. Assessment of impediments to *Small and Medium sized Enterprises* should form the basis for future EU programmes to the sector and thus can be expected to be sustained. Institutional support at entity level can be expected as the individual agencies are supported by entity level legislation and have a clear and accepted mandate to promote this politically important sector. Sustainability is satisfactory.

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<sup>61</sup> 75% of the funding of the Sarajevo and North east RDAs is now provided from municipal and Cantonal authorities. The remaining three receive only around 20% of their expenditure from these sources although this is anticipated to increase to 40% for the period 2009-2011 with the balance coming from external donors.

## 2.6 A number of sectoral and cross-sectoral issues should be addressed.

134. The Results Orientated Monitoring provides a useful management tool given the limited time for the ECD to visit projects, although the restrictions on its scope mean that this is less than comprehensive<sup>62</sup>. The limited duration of each assignment and the close involvement of the ECD's task managers in project implementation suggest that the ROM function is primarily for fact verification. More comprehensive analysis will come with the introduction of an interim evaluation type mechanism as part of the decentralisation process and also in due course with candidate country status. As a fact base for sectoral or programme evaluation it is less useful – only half of the projects included in this evaluation were monitored, much of the project data is contained in supporting reports rather than the monitoring report itself, and the reports do not contain standardised data making their use for comparison limited. A key benefit of the monitoring reports is to improve the quality of the indicators in the project logframe, but updated logframes are not included in the MONIS which reduces the value of the process.

135. Sectoral evaluations are contracted locally by the ECD and are useful in providing a broader assessment of performance, especially at impact and sustainability levels. However, they do not follow a standard format which makes cross sectoral comparison difficult.

136. Aid co-ordination has been a key focus of the EU in its activities in BiH both due to the volume of assistance and the broad spectrum of donors. The UNDP has taken on a role of overall aid co-ordination with different donors leading co-ordination efforts in sectors where they are strongest. The responsibility for donor co-ordination and the inclusion of donor funds into national financial planning is increasingly being undertaken by the state. This is positive, but the approach is thus far fractured into a number of different initiatives at different government levels which has the potential to complicate aid management and programming. The national aid co-ordination centre was established in the MoFTER and subsequently moved to the MoFT and will have responsibility for the co-ordination of non-EU aid. EU assistance is programmed by the DEI as the lead agency from the side of the BiH administration. A new 'main' aid co-ordination centre is being established in the CoM and will be administered by an aid co-ordination forum of state and entity authorities<sup>63</sup>. It will have access to the EU/UNDP financed database being established in the MoFT and will co-ordinate aid from all donors. This complicated structure has the potential to consolidate co-ordination of EU and non-EU aid, but has yet to be proven. It will undermine the role of the DEI in programming EU aid.

137. The EU is increasingly collaborating with other donors for the implementation of projects to share the financial burden, broaden political support for the intervention and achieve policy objectives that EU procedures cannot support (such as the PAR Fund). This also supports the Paris Declaration on improving the effectiveness of aid as does strengthening the national aid co-ordination structures. It should become easier for EU Member States to channel funds through the Commission structures under the IPA than under CARDS and this would also meet the concerns of many bilateral donors who are beginning to implement exit strategies from the country.

138. A number of projects within the evaluation have been implemented via direct agreements with international agencies, including the World Bank, UNDP, IoM and UNHCR. Where directly utilising the specific skills and experience of the beneficiary organisation concerned, these are successful. However there is less of a persuasive argument for using this approach when the resources are entirely subcontracted to third party service providers.

<sup>62</sup> Only TA projects over 1MEUR and some grants are included, but supply and works components are not. Smaller projects can be included at the specific request of the ECD depending on resource availability.

<sup>63</sup> CoM, MoFT, MoFTER, DEI and entity governments.

139. There is no specific evidence of gender mainstreaming, but the balancing of staff recruitment from the three constitutionally defined ethnicities within state level institutions, although informal, is taken seriously and represents a potential threat to project performance.

### 3 CONCLUSIONS AND RECOMMENDATIONS

#### 3.1 Conclusions and Recommendations

##### Lessons learned from earlier assistance

140. The draft MIPD 2008-2010 provides an indication of the lessons learned by the EC from the implementation of CARDS. Effective targeting and achieving agreed results requires greater local ownership and has led to the start of the decentralisation process and an interconnection to the broader national development plans. Better balancing of the three Copenhagen criteria is needed to support a multi-pronged approach to address political criteria. The endorsement of many of the reform issues by the national authorities is frequently lacking and therefore a series of minimum conditions have been introduced.

##### Relevance

141. CARDS addressed the post conflict and state level institution building objectives mandated to the EC by the Dayton Peace Agreement and detailed in the Country Summary Paper and later the European Partnership. Programming has been driven by the EC, which is understandable given the embryonic state of many institutions, frequent lack of counterparts and poorly functioning national aid co-ordination structures. Project fiches, especially from earlier parts of the programme, are brief and contain insufficient detail in areas such as target indicators and project readiness requirements. This vagueness in project design has however provided important flexibility in an environment of rapid change, limited information, difficult co-ordination and little involvement of the national authorities. State level institution building met the needs of beneficiaries during the earlier parts of the programme when constitutional reform was high on the political agenda and whilst it remains a policy priority for the EC, it has since 2005 become less important for the national authorities. Programme design has had variable success in addressing these increasingly divergent policy objectives.

##### Efficiency

142. Rates of contracting and implementation have been high due primarily to the minimal involvement of the national authorities in the procurement process. This does however mean that beneficiary ownership is lower than in a decentralised system. Direct financing of institutions has allowed them to make medium term financial planning and use a mix of national and international expertise in areas that cannot be readily supplied by the consultancy market. It was also in most cases timely, which was important for all beneficiaries, but particularly those of the return programme. The use of international agencies has been good where their specific specialist services are needed. Whilst results have not always been achieved as originally envisaged, revising design to prevailing political conditions means that at least some progress had been made towards overall goals. This has been particularly apparent where a lack of endorsement by the entities of individual state level ministries led to them being included as departments in existing multi-sectoral ministries. Providing sectoral financing over a number of years enables future projects to build on earlier results but also makes it more likely that funding will be committed even if the results of previous assistance are poor. Efficiency has been reduced by low absorption capacity with beneficiaries frequently being either not established or substantially under resourced both before and during the associated EU assistance. State level institution building has done best in areas directly supported by the OHR and where there is a clear mandate for a state level function.

##### Effectiveness

143. The multi-faceted response to the return programme was effective in supporting refugees to return home but the creation of linkages to other elements of CARDS, particularly those of

economic regeneration, would have enhanced this. Overly optimistic objectives, especially those related to developing structures outside of the constitutionally defined areas of responsibilities, were mostly not fully achieved but progress has otherwise been made in a difficult project environment. State level institutions have been established but often lack a legislative base and ownership from the national authorities whose commitments to change are made on paper but frequently are not implemented in reality. In particular, donor driven sectoral policy making received strong collaboration during preparation, sometimes attracted formal commitment from the national authorities but did not lead to the expected creation of real state level administrative capacity. Given the financial constraints of the government, CARDS has substantial additionality but needs to be better focused through clear sectoral policies agreed by all parties. Assistance directed at to the entity level in decentralised sectors such as education has been the most effective.

### **Impact**

144. Sustained return has been compromised by the lack of income generating opportunities caused by the transition to a market economy as well as war related damage. The creation of durable institutions, especially at state level, remains challenging due to the lack of progress on constitutional reform. Generating impact from newly established institutions requires sustained external funding to generate change momentum started at the political level. Where the OHR, EC and other donors collaborate with multi-annual financing and sustained political engagement, impact can be substantial and has led to the successful establishment of state level functions in key sectors including justice, public procurement, public broadcasting and statistics. CARDS has ensured engagement of the state in important areas such as justice and public administration reform despite lower than expected progress thus far. As yet however the political and financial rewards of following an EU convergence agenda have not been able to offset contradictory national political priorities. What state level institutions have been established are frequently under resourced and despite being nominally placed at the heart of government frequently have little or no real power to instigate and maintain change.

### **Sustainability**

145. Most of the structures established to implement the return programme have been handed over to the national authorities and whilst some additional financial support will be provided from donors, this is essentially now under their authority. With the return process in its final stages, they can be expected to be sustained until it is completed. Institutions at state level have been established but remain vulnerable to reduced national political support, low administrative capacity, limited resources and the longer term reduction in donor funds on which many depend. In common with other transition administrations introducing substantial new systems, the retention of key staff is both difficult and important for sustaining EU and national investments.

### **Thematic or cross cutting issues**

146. CARDS made a positive contribution to good governance and state building, establishing the basis for further institutional development under the SAP. This was to some extent compromised by the difficulties in transferring responsibilities to the state level. Areas of judicial reform and the rule of law, perhaps due to the direct intervention of the OHR, have been more successful. Reconciliation, measured by the inter ethnic collaboration on implementation, has been good at a practical level but more challenging at the political level.

147. Despite a broad scope, the scale of the assistance to the civil society sector and the lack of effective collaboration with key stakeholders in the preparation of the programmes has reduced its impact. Earlier assistance began an important process of establishing networks but this should be further expanded to introduce an international perspective that would contribute to sustaining the sector as donor funds reduce. Greater understanding of, and communication



with, the sector by both government and the private sector is required if it is to develop its capacity from post conflict to supporting the democratic state.

148. The increasing use of twinning assistance in a variety of forms has been appropriate, giving beneficiaries the perspective of their European peers and in some cases usefully illustrating the role of the state in a federalised member state. TA remains the main form of intervention and has been broadly successful showing flexibility but on its own lacking both incentive and influence to promote institutional change. Grants have been used both to directly finance beneficiary institutions and to support citizens involvement in a number of sub-sectors, with the former being substantially more successful than the latter.

### 3.2 Performance Rating (see Annex 3 for ratings of individual projects)

<b>Cluster \ Criterion</b>	<b>Relevance</b>	<b>Efficiency</b>	<b>Effectiveness</b>	<b>Impact</b>	<b>Sustainability</b>	<b>Overall rating</b>
<b>Democratic Stabilisation</b>	S	S	S	S	S	S
<b>Good Governance</b>	S	MS	MS	MS	MU	MS
<b>Economic and Social Development</b>	MS	MS	MS	MS	S	MS
<b>Overall rating</b>	<i>S</i>	<i>MS</i>	<i>MS</i>	<i>MS</i>	<i>S</i>	<i>MS</i>
<b>The overall rating for the evaluation is moderately satisfactory</b>						

### 3.3 Conclusions and Recommendations Table

149. The table below sets out operational recommendations which have a bearing on the performance of CARDS assistance at sector or sub-sector level or require management decisions at those levels.

#### Sectoral/Cross-Sectoral Level

Issue	Conclusions	No.	Recommendation	Ref	Action by	Deadline
Ensuring impact	Regional Development Agencies have been successfully established but lack an over arching institutional structure and support from both entities that will be necessary for the planned introduction of IPA component 3 in 2010.	1	The NIPAC, supported by the Commission Services as necessary, should initiate discussions with entity authorities to define a regional development structure that is acceptable to both.	32, 104	NIPAC	End 2009
Sustaining investment in IT systems	Substantial investment has been made by the EC in information systems currently being managed by the CIPS directorate and this will continue into the future. The CIPS directorate has recently evolved into a national agency but the planned Agency for Information Society needed to oversee efficient use of information systems at state level has not been created.	2	A state level Agency for Information Society should be created to complement existing structures and with the mandate to create and control information systems throughout the state level administration.	119	CoM, CIPS	First quarter 2009
Sustaining investments in infrastructure	The sufficiency of financing for the operation and maintenance of border crossing check points remains unclear and threatens the sustainability of substantial EU investments.	3	Despite the ongoing process of Integrated Border Management that will define the management of border posts, the NIPAC should consult with the ITA and confirm to the Commission budgetary requirements for the operation of the existing border crossing check points	116	NIPAC	First quarter 2009
Ensuring stakeholder commitments	As the functional reviews were not required to be endorsed, EC intervention in many sectors lacks a universally agreed strategic focus	4	Ensure that all sectors to be financed under the IPA have a sector strategy endorsed by state, entity and cantonal levels as appropriate. This should include agreed resourcing, role and responsibilities for any envisaged state level institutions.	141	NIPAC	Mid 2009

<b>Issue</b>	<b>Conclusions</b>	<b>No.</b>	<b>Recommendation</b>	<b>Ref</b>	<b>Action by</b>	<b>Deadline</b>
Effective representation	Programming for civil society has not effectively collaborated with civil society actors to define needs and strategy.	5	The DEI, supported by the ECD as necessary should create a programming structure that includes key representatives of civil society.	147	DEI	First quarter 2009
Improving visibility and transparency	The reasons for the selection of both UN and WB contractors on some projects is not immediately clear. The Commission risks losing both implementation control and visibility by contracting international agencies.	6	International agencies should be used only when there is a clear comparative advantage in potential performance to do so or a substantial financial co-financing contribution.	138	DG ENLARG	Ongoing

**Strategic Level**

<b>Issue</b>	<b>Conclusions</b>	<b>No.</b>	<b>Recommendation</b>	<b>Ref</b>	<b>Action by</b>	<b>Deadline</b>
Establishing clear aid management and programming structures	The SPO structure established for the programming and management of EU aid has had variable success because the posts are unofficial and are additional to the normal workload of the post holders. As it is located at state level it does not reflect the political structure of the country leading to the RS to establish parallel programming structures.	7	As part of the introduction of the decentralised implementation system, formal identification of SPOs, their role, responsibilities and required skills should be defined. The Commission should ensure that its formal communication on programming remains solely at the state level so that parallel structures are not created.	74	DEI	Introduced as part of legislation in December 2008
Improving project management	EC interventions are moving from a post conflict to an enlargement focus yet very few of the Delegation task managers have experience with either accession or a decentralised environment	8	Establish formal, regular conferences, workshops and other collaborative exercises with Delegations of the region on a sector by sector basis using ATA funding.		DG ENLARG	First quarter 2009
Strengthening human resources	Variations of terms and conditions between entity and state creates instability for individuals in the civil service	9	Harmonise terms and conditions for state and entity employees.	125	CoM	First quarter 2009
	The introduction of new technologies and new organisational structures for the EU harmonisation process requires the assistance of highly qualified staff who are difficult to recruit and retain on state remuneration.	10	The civil service law should be revised to include inducements to ensure staff with specific qualifications or skills for European Integration units are attracted and retained.	125	CoM	Mid 2009
Absorption Capacity	Under resourced beneficiaries, particularly in staffing, face challenges in effectively absorbing assistance.	11	Absorption capacity analysis should be undertaken as part of project design and include, if necessary, elements of project readiness to reinforce beneficiaries in advance of the start of associated assistance.	144	Initially ECD	Ongoing
Improving project design	Programme management has on occasion been too flexible when beneficiaries are unable or unwilling to make politically difficult decisions.	12	Both programme and project design should include a greater use of requirements for programme/project readiness, targeted towards ensuring better beneficiary involvement and backed by independently measurable indicators.	141	DEI/ECD	Programming for 2010



## **ANNEXES**

## ANNEX 1. SCOPE OF THE EVALUATION – PROGRAMME DETAILS

This ad-hoc evaluation report has been prepared by Rambøll Management during the period from May to August 2008 and reflects the situation at 1<sup>st</sup> August, the cut of date for the report. The factual bases are the Results Orientated Monitoring Reports available supplemented by project reports and interviews where possible.

### SAMPLE DATA

Total population (number of projects/sub-projects)

Table 1 Total population (number of projects/sub-projects)

Cluster	Works		Service		Supply		Grant	
	No.	M€	No.	M€	No.	M€	No.	M€
Democratic Stabilisation	0	0.000	9	8.469	1	1.000	28	96.989
Good Governance	9	31.500	67	107.000	6	25.000	10	12.260
Economic and Social Development	0	0.000	50	57.000	1	1.000	6	19.900
Total	9	31.500	126	172.469	8	27.000	44	129.149

Table 2 Sample population

Cluster	Works		Service		Supply		Grant	
	No.	M€	No.	M€	No.	M€	No.	M€
Democratic Stabilisation	0	0.000	2	2.869	1	1.000	5	23.440*
Good Governance	3	12.300	22	33.780	2	8.000	3	4.460
Economic and Social Development	0	0.000	17	17.915	1	1.000	2	8.400
Total	3	12.300	41	54.564	4	10.000	10	36.300

\* in addition three grant schemes will be reviewed by the STTS

### CONTRACTUAL AND FINANCIAL DATA

Title	Type <sup>64</sup>	Allocation	Amount actually contracted	Contract Execution End-Date
<b>Democratic Stabilisation cluster</b>				
2001 M&E of housing repair – sustainable demining	SR	0.369	0.369	31/12/2004
2001 Financial support to Civil protection Authority – demining	Grant	2.940	2.940	31/12/2004
2003 Financial support to Civil Protection Authority – demining	Grant	1.000	1.000	31/12/2007
2004 Financial support to Civil protection Authority – demining	Grant	0.500	0.478	31/12/2009
2002 Housing reconstruction	Grant	18.000	18.554	31/12/2006
2001 Support to Public Broadcasting System	SR/SU	2.500	2.165	31/12/2004
2003 Support to Public Broadcasting System	SU/SR	1.000	0.987	31/12/2007
2002 Legal aid and Information Network	Grant	1.000	0.919	31/12/2006
2001 Civil society development	Grant	1.700	1.635	31/12/2004
2005 Grants to NGOs	Grant	1.000	0.618	31/12/2012
2006 Grants to NGOs	Grant	1.000	0.668*	30/12/2014
<b>Cluster total</b>		<b>31.009</b>	<b>30.333</b>	
<b>Good Governance cluster</b>				
2001 Support to Human Rights Chamber, Ombudsman / Constitutional Court	Grant	1.160	1.160	31/12/2004
2002 Support to Human Rights Chamber, Ombudsman / Constitutional Court	Grant	0.800	0.800	31/12/2006
2001 Construction of border crossings (Karakaj Border)	Works	3.500	3.649	31/12/2004
2003 Construction of border crossings	Works	6.000	5.908	31/12/2007
2004 Construction of border crossings (Gradina-Jasenovac)	Works	2.800	2.798	31/12/2009
2002 Support to IJC/HJPC	SR	3.500	3.499	31/12/2006
2003 Support to judiciary reform	SR/SU	2.000	1.869	31/12/2007
2005 Support to IJC/HJPC	Grant	2.500	2.500	31/12/2012
2006 Support to IJC/HJPC	Grant	1.000	0.983	30/12/2014
2002 Public procurement	SR/SU	1.500	1.485	31/12/2006
2003 Police Capacity building	SU	6.000	6.093	31/12/2007
2003 Asylum and Migration	SR/SU	3.500	2.741	31/12/2007
2003 PAR (functional review of the agriculture sector component)	SR	0.470	0.471	31/12/2007
2004 PAR (Support to the Office of the Coordinator for Public Administration Reform)	SR/SU	1.500	1.500	31/12/2009
2004 PAR (Design and provision of foreign language courses to civil servants)	SR/SU	0.500	0.496	31/12/2009
2006 PAR (Complementary Services to the Office of the Coordinator for Public Administration Reform)	SR	0.200	0.168	30/12/2014

<sup>64</sup> Project Type: SR (Service), SU (Supply), W (Works), G (Grant), TW (Twinning), TWL (Twinning Light)



Title	Type <sup>64</sup>	Allocation	Amount actually contracted	Contract Execution End-Date
2006 PAR (Assistance to the Ministry of Civil Affairs to improve capacity to undertake European Integration tasks at EHEA and cooperation with the BiH Rectors Conference)	SR	0.200	0.200	30/12/2014
2005 Capacity building for education, health and agriculture policy (Institutional and Capacity Building of BiH Education System at Bosnia and Herzegovina)	SR	1.500	0.942	31/12/2012
2005 Capacity building for education, health and agriculture policy (Strengthening BiH Health Care System for EU Integration at Bosnia and Herzegovina)	SR	0.500	0.959	31/12/2012
2005 Capacity building for transport policy (TA to Support operation of the Transmission Company and of the Independent Systems Operator in BiH)	SR	1.500	0.994	31/12/2012
2005 Civil Service Agency	SR	1.500	0.910	31/12/2012
2004 European integration	TWL/SU	0.950	2.186	31/12/2009
2004 SAP Awareness	SU/Grant	0.960	2.000	31/12/2009
2005 European Integration	SR	1.000	1.693	31/12/2012
2006 PAR (European Integration Training)	SR	0.500	0.500	30/12/2014
2005 Statistics	SR	1.500	1.449	31/12/2012
2005 Capacity building for energy policy	SR/SU	2.000	1.476	31/12/2012
2005 Support for e-government	SR/SU	1.500	1.411	31/12/2012
2006 Unit for economic policy planning	SR/SU	1.500	1.405	30/12/2014
<b>Cluster total</b>		<b>52.040</b>	<b>52.245</b>	
<b>Economic and Social Development cluster</b>				
2001 Civil Aviation (ICAO)	SR	1.000	0.828	31/12/2004
2002 Sustainable local development	Grant	7.000	6.938	31/12/2006
2002 Trade liberalisation and FDI	SR	2.000	1.701	31/12/2006
2004 Trade liberalisation and FDI (TA to strengthen the capacity of Private Investment Funds in BiH)	SR	0.200	0.194	31/12/2009
2004 Trade liberalisation and FDI (Competitive Market-based Export and Trade Service Centre - COMETS Centre)	SR	0.170	0.169	31/12/2009
2004 Trade liberalisation and FDI (Technical Assistance for the Transposition and Implementation of Technical Regulation in Bosnia and Herzegovina)	SR	1.200	1.171	31/12/2009
2004 Trade liberalisation and FDI (Technical Assistance to support export promotion - Bosnia and Herzegovina)	SR	0.850	0.846	31/12/2009
2002 Development of a national environmental monitoring system	SR	0.800	0.802	31/12/2006
2003 Creation of an Environment Fund	SR	1.000	0.873	31/12/2007
2004 Environment awareness raising	Grant	1.400	1.357	31/12/2009
2002 Support for improved waste management	SR	2.000	1.919	31/12/2006
2003 Waste recycling pilot project	SR/SU	2.600	2.640	31/12/2007
2004 Corporate Governance	SR/SU	2.500	2.517	31/12/2009

<b>Title</b>	<b>Type<sup>64</sup></b>	<b>Allocation</b>	<b>Amount actually contracted</b>	<b>Contract Execution End-Date</b>
2004 Vocational education and training	SR	2.200	2.200	31/12/2009
2005 Vocational education and training	SU	1.000	0.925	31/12/2012
2005 Capacity building for veterinary control	SR	1.000	0.980	31/12/2012
2006 State level capacity for SME development (Support to the Ministry of Foreign Trade and Economic Relations in SME Policy Development)	SR	0.170	0.172	30/12/2014
2006 State level capacity for SME development (SME Support)	SR	0.150	0.144	30/12/2014
	<b>Cluster total</b>	<b>27.240</b>	<b>26.376</b>	
	<b>Overall total</b>	<b>110.289</b>	<b>108.954</b>	

\* Some 2006 programmes have yet to be fully allocated

**PROJECT SHORT TITLES USED IN THE EVALUATION**

<b>Short title</b>	<b>Project title (from Project Fiche)</b>
<b>Democratic Stabilisation</b>	
Demining	2001 M&E of housing repair – sustainable demining
	2001 Financial support to Civil protection Authority - demining
	2003 Financial support to Civil Protection Authority - demining
	2004 Financial support to Civil protection Authority - demining
Housing repair	2002 Housing reconstruction
PBS	2001 Support to Public Broadcasting System
	2003 Support to Public Broadcasting System
Legal aid	2002 Legal aid and Information Network
Civil society	2001 Civil society grant scheme
	2005 Grants to NGOs
	2006 Grants to NGOs
<b>Good Governance</b>	
Human Rights Chamber	2001 Support to Human Rights Chamber, Ombudsman / Constitutional Court
	2002 Support to Human Rights Chamber, Ombudsman / Constitutional Court
Border crossings	2001 Construction of border crossings (Construction of Karakaj Border Crossing Point)
	2003 Construction of border crossings
	2004 Construction of border crossings (Construction of Gradina-Jasenovac Border Crossing Point)
Judiciary reform	2002 Support to IJC/HJPC
	2003 Support to judiciary reform
	2005 Support to IJC/HJPC
	2006 Support to IJC/HJPC
Public procurement	2002 Public procurement
Police capacity building	2003 Police Capacity building
Asylum & migration	2003 Asylum and Migration
PAR	2003 PAR (functional review of the agriculture sector component)
	2004 PAR (Support to the Office of the Coordinator for Public Administration Reform – BiH)
	2006 PAR (Complementary Services to the Office of the Coordinator for Public Administration Reform)
European Integration	2004 European integration
	2004 SAP Awareness
	2005 European Integration
Civil Service Agency	2005 Civil Service Agency
	2004 PAR (Design and provision of foreign language courses to the civil servants at Bosnia and Herzegovina)
	2006 PAR (Support European Integration Training in Bosnia and Herzegovina)
Statistics	2005 Statistics

Policy strengthening	2005 Capacity building for education, health and agriculture policy (Institutional and Capacity Building of BiH Education System)
	2005 Capacity building for education, health and agriculture policy (Strengthening BiH Health Care System for EU Integration)
	2005 Capacity building for transport policy (TA to Support operation of the Transmission Company and of the Independent Systems Operator in BiH)
	2005 Capacity building for energy policy
	2006 Unit for economic policy planning
	2006 PAR (Assistance to the Ministry of Civil Affairs to improve capacity to undertake European Integration tasks at EHEA and cooperation with the BiH Rectors" Conference)
e-government	2005 Support for e-government
<b>Economic and Social Development</b>	
Civil aviation	2001 Civil Aviation (ICAO)
Local development	2002 Sustainable local development
Trade liberalisation and FDI	2002 Trade liberalisation and FDI
	2004 Trade liberalisation and FDI (TA to strengthen the capacity of Private Investment Funds in BiH)
	2004 Trade liberalisation and FDI (Competitive Market-based Export and Trade Service Centre - COMETS Centre)
	2004 Trade liberalisation and FDI (Technical Assistance for the Transposition and Implementation of Technical Regulation)
	2004 Trade liberalisation and FDI (Technical Assistance to support export promotion)
	2004 Corporate Governance
Environment and waste	2002 Development of a national environmental monitoring system
	2003 Creation of an Environment Fund
	2004 Environment awareness raising
	2002 Support for improved waste management
	2003 Waste recycling pilot project
VET	2004 Vocational education and training
	2005 Vocational education and training
State Veterinary Control	2005 Capacity building for veterinary control
SME	2006 State level capacity for SME development (Support to the Ministry of Foreign Trade and Economic Relations in SME Policy Development)
	2006 State level capacity for SME development (SME Support)



## ANNEX 2. INDICATORS OF ACHIEVEMENT

**SMART:** Specific; Measurable; Available, i.e. the sort of indicators of achievement for which source of verification should exist; Relevant to objective concerned; Time-bound. Y – Yes; N - No

Specific Objective/Project Purpose	Indicators of Achievement (From various sources)	S	M	A	R	T	Remarks
<b>2001 M&amp;E of housing repair – sustainable demining</b>							
None given in programming documents							
<b>2001 Financial support to Civil protection Authority – demining</b>							
None given in programming documents							
<b>2003 Financial support to Civil Protection Authority - demining</b>							
Sustainable return of Refugees and DPs with increased participation of domestic bodies, particularly at state and municipal level.	At least 100,000 m <sup>2</sup> of land cleared and declared safe by the end of 2004	Y	Y	Y	Y	Y	
<b>2004 Financial support to Civil protection Authority – demining</b>							
The full hand over of the return and re-integration process, as well as demining operations to domestic authorities	At least 150,000 m <sup>2</sup> of land cleared and declared safe by the end of 2006	Y	Y	Y	Y	Y	
	Civil Protections should have a Disaster Preparedness and Prevention unit efficiently running by the end of 2006	Y	Y	Y	Y	Y	
<b>2001 Support to Public Broadcasting System</b>							
None given in programming documents							
<b>2003 Support to Public Broadcasting System</b>							
A statewide public radio and television service, capable of statewide transmission.	Decrease in complaints about biased programming and programme content	N	Y	Y	Y	N	A percentage decrease target would be appropriate
	Transmission coverage	N	Y	Y	Y	N	A percentage coverage of the country would be useful
<b>2002 Legal aid and Information Network</b>							
•							
<b>2001 Support to Human Rights Chamber, Ombudsman / Constitutional Court</b>							
Develop institutional and human resources capacity of the Dayton institutions	Number of cases processed by the Human Rights Chamber and the office of Ombudsman	N	Y	Y	Y	N	The objective does not refer to the number of cases but the quality of their management – percentage of cases responded to within a specific deadline.
Ensure that any complaints addressed to the Ombudsperson are considered							
Ensure that allegations received by the Human Rights Chamber are considered and processed	Number of decisions and judgments issued by them	Y	Y	Y	Y	N	

Specific Objective/Project Purpose	Indicators of Achievement (From various sources)	S M A R T					Remarks
		S	M	A	R	T	
Facilitate the safe return of refugees and internally displaced persons		N	N	N	Y	N	The objective is too vague to be of use.
To support activities aiming to merger the Human Rights Chamber and the Constitutional Court	Law on Merger adopted by the Council of Ministers of BiH	Y	Y	Y	Y	N	This was one of the recommendations highlighted by the Feasibility Study for signing of an SAA with the EU.
<b>2002 Support to Human Rights Chamber, Ombudsman / Constitutional Court</b>							
Ensure the efficient and effective functioning of HRO and HRC	Number of cases processed by the Human Rights Chamber and the office of Ombudsman increased						
	Number of recommendations issued by the HRO increased (Total number of cases resolved during 2001 was approximately 3000).						
	Number of decision taken by the HRC increased (Total number of decisions taken during 2001 was approximately 360)						
<b>2001 Construction of border crossings (Construction of Karakaj (Kamensko) Border Crossing Point)</b>							
Improve border crossing infrastructure	New border crossing posts complete	Y	Y	Y	Y	N	No time limits established which are important as this is supposed to be an emergency measure.
Provide proper office environment for Customs staff.	All staff with individual desk space and toilet facilities	N	Y	Y	Y	N	Proper office environment would require more than a desk and a toilet
<b>2003 Construction of border crossings</b>							
Upgraded border-crossing infrastructure capable of processing vehicular and passenger traffic in an efficient manner and with due application of the security and customs requirements of BiH, and prevention of use of unauthorised crossing points.	At least 10% increase in number of vehicles, tons of freight and/or number of passengers crossing the border crossing points subject to this assistance.	Y	Y	Y	Y	N	
	30% reduced waiting on border crossings subject to this assistance.	Y	Y	Y	Y	N	
Strengthened operational capacity of the State Border Service	SBS database and management systems operational and communicating with other databases.	Y	Y	Y	Y	N	
<b>2004 Construction of border crossings (Construction of Gradina-Jasenovac Border Crossing Point)</b>							

Specific Objective/Project Purpose	Indicators of Achievement (From various sources)	S M A R T					Remarks
		S	M	A	R	T	
Upgrading of the border-crossing infrastructure (equipping included) capable of processing vehicular and passenger traffic in an efficient manner and with due application of the security and customs requirements of BiH.	At least 10% increase in number of vehicles, tons of freight and/or number of passengers crossing the border crossing points subject to this assistance.	Y	Y	Y	Y	N	The similarities between these indicators and those for earlier investments question their credibility.
	30% reduced waiting on border crossings subject to this assistance.	Y	Y	Y	Y	N	
<b>2002 Support to IJC/HJPC</b>							
To establish an independent, impartial and professional judiciary in Bosnia and Herzegovina	None given						
<b>2003 Support to judiciary reform</b>							
Judges and Prosecutors are updated of and capable of applying new legal codes and procedures	All new Judges and Prosecutors be given the opportunity to undergo an inceptive training	Y	Y	Y	Y	Y	
	All Judges and Prosecutors re-selected be given the opportunity to benefit from a continuous training program	Y	Y	Y	Y	Y	
	Judgements of the BiH Court	N	N	N	N	N	Too vague
	Regular hearing by the BiH Court in suitable conditions	N	N	N	N	N	The regularity of the hearings should be defined.
	Established registrar office	Y	Y	Y	Y	N	
A functioning BiH Court, BiH Prosecutor's Office and HJPCs	Decisions issued by the single HJPC affecting the Judiciary at all levels of governance	Y	Y	Y	Y	N	
<b>2005 Support to IJC/HJPC</b>							
To further develop the ability of the relevant judicial authorities (HJPC and Constitutional Court) to regulate the judiciary and to cope with the legacy of the past (backlogs)	The number of cases decided by the judiciary and the reduction in existing backlogs before the judiciary.	N	Y	Y	Y	N	The target number of cases should be included
To increase the level of expertise of judges, prosecutors and attorneys-at-law	The level of public satisfaction with the judiciary, as measured by public opinion surveys, increases.	N	Y	N	Y	N	It is unclear whether the opinion polls required are routinely undertaken
<b>2002 Public procurement</b>							



Specific Objective/Project Purpose	Indicators of Achievement (From various sources)	S M A R T					Remarks
		S	M	A	R	T	
Transparent public procurement system and policy aligned with the EU <i>Acquis</i> .	Reduction in corruption, monopoly and unlawful practices reduced in this sector by 50%	Y	N	N	Y	N	It is impossible to directly measure the number of corrupt cases
	Increase in tender competition by 50%.	N	Y	Y	Y	N	The number of tenderers will be influenced by many factors - a better indicator for the reduction in the perception of corruption would be the number of protests reviewed by competition control authorities.
<b>2003 Police Capacity building</b>							
Reform of the Police Force supported improving its organisational and material capabilities	Number of cases brought to trial	N	Y	Y	Y	N	Target number should be included
	Public opinion on quality of police work	N	Y	Y	Y	N	Target percentage of respondents who think the performance of the police is satisfactory should be included
	Corruption cases within the police are reported and brought to trial	N	Y	Y	Y	N	Target number should be included
	Cases of malpractice and mishandled cases by the police are reduced	N	Y	Y	Y	N	The target number of cases, or percentage increase, should be used.
<b>2003 Asylum and Migration</b>							
Policy and legislative frameworks exist in line with applicable international conventions and the Sarajevo Declaration	Adequate budget lines under the BiH Budget	N	Y	Y	N	N	The indicator is not relevant to the objective, but is relevant to the overall objective of a functioning system of migrant control.
The following Government's administrative structures are effectively established by the end of 2004 within the competent Ministry: - A migration sector - An asylum unit	Rule Book on internal organisation and Terms of reference for the civil servants of the migration and asylum unit	Y	Y	Y	Y	Y	
A database of third country nationals	Issuance of migration and asylum decisions by the competent Ministry	Y	Y	Y	Y	N	
<b>2003 PAR (functional review of the agriculture sector component)</b>							
A streamlined and reformed public administration in priority areas.	Expenditure on Public Administration as a % of overall public spending is approaching accepted levels based on comparative benchmarking.	N	Y	Y	Y	N	The indicator is understandably vague given that the specific activities had not been determined at programming.
<b>2004 PAR (Support to the Office of the Coordinator for Public Administration Reform – BiH)</b>							
Increase the effectiveness, transparency and efficiency of a financially sustainable public administration	Increased satisfaction of public stakeholders and general public with services performed by the public administration.	N	N	N	Y	N	A vague and difficult to measure indicator.

Specific Objective/Project Purpose	Indicators of Achievement (From various sources)	S M A R T					Remarks
		S	M	A	R	T	
	The cost of public administration (measured in terms of weight of the wage bill on public expenditure) is reduced.	N	Y	Y	Y	N	The scale of the target reduction should be included
2004 PAR (Design and provision of foreign language courses to the civil servants at Bosnia and Herzegovina)							
same logframe 2004 PAR							
2006 PAR (Complementary Services to the Office of the Coordinator for Public Administration Reform)							
Additional assistance to 2004 PAR							
2006 PAR (Assistance to the Ministry of Civil Affairs to improve capacity to undertake European Integration tasks at EHEA and cooperation with the BiH Rectors" Conference – BA06/IB/OT04-TL)							
•							
<b>2004 European integration</b>							
Emergent developments in BiH which are of high importance to the overall progress of BiH European Integration strategy but for which critical expertise or knowledge is unavailable are successfully implemented through timely EC assistance and are not detrimentally delayed by its absence.	EC support provided to emergent priorities	N	Y	Y	Y	N	It is difficult to be specific about developments which have yet to emerge. However as CARDS is not a rapid reaction mechanism, it is difficult to see how this objective can be achieved
The contribution of the BiH counterparts to the EC's Programming and Project development activities, and their committed ownership of the resultant programmes and projects, leads to a measurable improvement in the relevance, effectiveness, sustainability and impact of the EC's interventions	Full participation of BiH counterparts in assistance programming and project design [ref CARDS 2005/6].	N	N	N	Y	Y	The objective is a statement. The measurement of 'full participation' will be difficult.
	Relevance, sustainability and impact ratings from independent monitors demonstrate improvements for projects programmed through CARDS 2004/5.	Y	Y	Y	Y	Y	The involvement of BiH contributors, at least in the early stages, is likely to lead to a reduction in quality.
<b>2004 SAP Awareness</b>							
The BiH public, civil society and government actors are sufficiently familiar with the EU and aware of the reforms required by the SAP process and that a better informed public / government dialogue and debate will facilitate BiH's progress in the SAP;							

Specific Objective/Project Purpose	Indicators of Achievement (From various sources)	S M A R T					Remarks
		S	M	A	R	T	
To enable the DEI to strengthen its capacity in the field of public relations and carry out its role in the dissemination of information on the SAP and EU Membership and other EU related issues							
<b>2005 European Integration</b>							
Is capable of being an effective counterpart to the EU and facilitates BiH progress within the SAP	DEI is the acknowledged partner of the EU in aid programming	Y	N	N	Y	N	A necessary, but difficult to measure, indicator.
	Programming quality is improved by the use of national expertise in project design	N	Y	Y	Y	N	
<b>2006 PAR (Support European Integration Training in Bosnia and Herzegovina)</b>							
Is capable of being an effective counterpart to the EU and facilitates BiH progress in implementing its SAP obligations	The Directorate of European Integration is better capable of programming assistance, strengthening the Government Aid Co-ordination functions through increased participation of national counterparts in the programming of EC assistance, improved ownership, impact and sustainability	Y	N	N	Y	N	Not sufficiently objective to be measurable.
<b>2005 Civil Service Agency</b>							
The state makes progress towards being a sustainable, effective and transparent public administration	Properly educated and trained civil servants are providing an effective contribution to the work of the BiH Institutions	N	N	N	Y	N	The scale and scope of the indicator need to be clarified.
<b>2005 Statistics</b>							
The BiH administration makes progress on the development of a sustainable statistics system of BiH.	A functional and compatible legal and institutional structure in the statistic sector of BIH at all levels operational	Y	Y	Y	Y	N	
	BiH Statistics Council fully operational	Y	Y	Y	Y	N	
<b>2005 Capacity building for education, health and agriculture policy (Institutional and Capacity Building of BiH Education System)</b>							
The BiH administration makes progress on implementing its SAP obligations	The first phase of the Action Plans for the reform of the Education, Health and Agricultural Sectors is implemented						
<b>2005 Capacity building for education, health and agriculture policy (Strengthening BiH Health Care System for EU Integration)</b>							

Specific Objective/Project Purpose	Indicators of Achievement (From various sources)	S M A R T					Remarks
		S	M	A	R	T	
The BiH administration makes progress on implementing its SAP obligations	The first phase of the Action Plans for the reform of the Education, Health and Agricultural Sectors is implemented						
<b>2005 Capacity building for transport policy (TA to Support operation of the Transmission Company and of the Independent Systems Operator in BiH)</b>							
Enhances the role of the state in overseeing the energy reform agenda and meeting the obligation of the Athens Memorandum and future ECSEE treaty and improves the capacity of the transmission and operations system	An effectively functioning State Department of Energy in the Ministry of Foreign Trade and Economic Relations (MoFTER) is established as well as an operational ISO and TRANSCO	Y	Y	Y	Y	N	
<b>2005 Capacity building for energy policy</b>							
as above							
<b>2006 Unit for economic policy planning</b>							
The role of the state in strategic planning and policy making, including economic policy making, is enhanced	The EPPU is capable of producing high quality and complex analysis in the area of Macroeconomics, Microeconomics, Foreign Trade, Public Finance, needed for the government's policy planning decisions	Y	Y	Y	Y	N	
	The unit is positioned as the central policy making unit, using economic and forecasting models in a creative and flexible manner	Y	Y	Y	Y	N	
<b>2005 Support for e-government</b>							
The state makes progress towards being a sustainable, effective and transparent public administration	Improved efficiency in the work of the CoM	N	N	N	Y	N	Too vague to be of use
	Citizens can access government documents via e-portal	Y	Y	Y	Y	N	
<b>Economic and Social Development</b>							
<b>2001 Civil Aviation (ICAO)</b>							
A fully functioning BH DCA as a strong administrative organisation that is capable of planning, implementing and enforcing all civil aviation matters, to ensure the safety and security of civil aviation in full compliance with the Chicago Convention	None given (no log frame)						

Specific Objective/Project Purpose	Indicators of Achievement (From various sources)	S M A R T					Remarks
		S	M	A	R	T	
Implementation and enforcement of international standards of BH DCA services through the use of experts from reputable organisations, agencies or civil aviation authorities							
Transfer of knowledge and expertise to the national counterparts.							
<b>2002 Sustainable local development</b>							
Support local economic development in 6 areas	Improvement of economic performance and poverty alleviation in targeted areas (GDP growth and decrease in unemployment).	N	Y	N	Y	N	The scale of the assistance (most grants under 100K euro) will not affect regional economic performance. Local level statistics are not available.
Support BiH to create a regional development framework in line with EU practices	Positive assessment in feasibility study related to Regional development	N	N	Y	Y	N	The RD framework will be created by associated TA, not by this grant scheme, although it will support the overall aims of regional development.
<b>2002 Trade liberalisation and FDI</b>							
BiH trade on levels of multilateral, bilateral with SEE and trade with EU liberalised.	Reduction of all trade tariffs and quantitative restrictions with SEE.	Y	Y	Y	Y	N	Should be time bound.
Business Environment for foreign investment improved.	Regulatory Framework (e.g. Concessions Law) specific to FDI is improved	N	Y	Y	Y	N	The specific legislation targeted should be included, with dates by when changes should come into force.
	No. of Foreign Investors increases.	Y	Y	N	Y	N	Data from the ITA is not transferred to the statistics agency therefore this data is not available. Additionally, the indicator does not indicate the size of the investors or when they should be counted.
<b>2004 Trade liberalisation and FDI (TA to strengthen the capacity of Private Investment Funds in BiH)</b>							
Create a viable institutional framework to implement WTO and EU compliant technical norms and standards	WTO positively assess technical standards in BiH	Y	Y	Y	Y	N	
Improve access of BiH companies to export markets	Increase in export value	N	N	N	Y	N	The ITA does not provide national level statistics to the BHAS, so this data is unavailable.
	Increase in exports in specific sectors needing compliant technical standards	N	N	N	Y	N	The target sectors should be defined.
<b>2004 Trade liberalisation and FDI (Competitive Market-based Export and Trade Service Centre - COMETS Centre)</b>							
as above							
<b>2004 Trade liberalisation and FDI (Technical Assistance for the Transposition and Implementation of Technical Regulation)</b>							

Specific Objective/Project Purpose	Indicators of Achievement (From various sources)	S M A R T					Remarks
		S	M	A	R	T	
as above							
<b>2004 Trade liberalisation and FDI (Technical Assistance to support export promotion)</b>							
as above							
<b>2002 Development of a national environmental monitoring system</b>							
Action plan leading to the preparation of a State of the Environment Report approved	Scheme approved, signed, endorsed by entities (including necessary provisions in budget) by June/Dec 2004, with associated work plan	Y	Y	Y	Y	Y	
<b>2003 Creation of an Environment Fund</b>							
Functioning environmental levy system (monitoring - inspectorates - env. Fund management) created	BiH contributes to the report "State of the Environment in Europe" for the report following the Kiev Report.	N	Y	Y	N	Y	The indicator cannot be used to judge the achievement of he objective
<b>2004 Environment awareness raising</b>							
Increased public awareness, information and involvement in the decision making process in the environmental sector.	Requirements from public to Line Ministries (regarding information and participation) increase by 50% between project start and end	Y	N	N	N	Y	Unless the requests are directed to a specific government department that is recording them, this will be difficult to measure.
<b>2002 Support for improved waste management</b>							
Preparation of affordable implementation plan for 2 to 3 Waste Allocation Districts	Staged implementation plan approved by Steering Committee by 2005	Y	Y	Y	Y	Y	
<b>2003 Waste recycling pilot project</b>							
Support to waste recycling	One area (tbd) has a viable segregation and collection scheme for recycling that covers 50% of the targeted product (tbd)	Y	Y	Y	Y	Y	The objective is extremely general.
<b>2004 Corporate Governance</b>							
Formulation and implementation of a comprehensive policy for improved corporate governance, including policies aimed at the reduction of enterprise debt and at removing labour rigidities	Reduction in overall level of enterprise debt	N	Y	N	Y	N	Given the paucity of national statistics this data is likely to be difficult to obtain.
	Increase in productivity of companies;	N	Y	N	Y	N	
	Increase in no of companies in liquidation.	N	Y	Y	Y	N	Unclear whether this information will be freely available
<b>2004 Vocational education and training</b>							
Progress and further extend the modernisation of the VET system in a LLL context.	Concept paper on overall VET reform agreed by Ministries of Education of Entities and Cantons.	Y	Y	Y	Y	N	

Specific Objective/Project Purpose	Indicators of Achievement (From various sources)	S	M	A	R	T	Remarks
Foster and further develop local institutional capacity for VET reform, with particular reference to labour market needs	Min. 50 VET schools, covering all 3 ethnic groups, have introduced modern curricula for a minimum of five occupational families.	Y	Y	Y	Y	N	
	Procedures for regular co-operation between the Ministries of Education and Ministries of Labour and Social Policy in Entities and Cantons agreed.	Y	Y	Y	Y	N	
<b>2005 Vocational education and training</b>							
Establishment of a modernised VET system in line with best European practice through the enhancement of the training capacity of VET schools.	Equipment available to a critical mass of VET schools	N	N	N	Y	N	More details of needs should be included
	Teachers trained to use equipment and technicians to maintain it	Y	Y	Y	Y	Y	Should be part of the delivery conditions under standard EU contracts.
2005 Capacity building for veterinary control							
Increase the competences and administrative capacities of the State Veterinary Office to efficiently perform current tasks and ensure uniform standards harmonized with the <i>acquis</i>	SVO's administrative structure re-organised	Y	Y	Y	Y	N	
2006 State level capacity for SME development (Support to the Ministry of Foreign Trade and Economic Relations in SME Policy Development)							
To support the development and competitiveness of SME sector in BiH in line with the Copenhagen criteria for competitiveness, the EU Charter on SMEs and regional development plans;	Continued functioning of the Council for development and entrepreneurship and the Agency for development and entrepreneurship	Y	Y	Y	Y	Y	
	Establishment of funds for development and entrepreneurship on state level,	Y	Y	Y	Y	Y	
	Adoption and implementation of state level SME Strategy.	Y	Y	Y	Y	N	
2006 State level capacity for SME development (SME Support)							
• <i>as above</i>							

## ANNEX 3. PERFORMANCE RATING BY PROJECT AND CLUSTER

Criterion	Relevance	Efficiency	Effectiveness	Impact	Sustainability	Overall rating
<b>Cluster</b>						
<b>Democratic Stabilisation</b>						
Demining	S	S	S	MU	MU	S
Housing repair	S	S	S	MU	U	S
PBS	S	S	S	S	S	S
Legal aid	S	S	S	HS	S	S
Civil society	MS	S	S	S	MS	S
<b>Cluster</b>	<b>S</b>	<b>S</b>	<b>S</b>	<b>S</b>	<b>MS</b>	<b>S</b>
<b>Good Governance</b>						
Human Rights Chamber	S	S	S	MS	S	S
Border crossings	MU	U	MS	MS	U	MU
Judiciary reform	S	HS	S	S	S	S
Public procurement	HS	MU	S	S	MU	MS
Police capacity building	S	S	MS	S	MU	S
Asylum & migration	S	MS	S	S	HS	S
PAR	MS	MS	S	U	U	MU
European Integration	S	S	MU	MU	U	MU
Civil Service Agency	S	U	MU	U	MU	U
Statistics	S	MS	MU	MS	MU	MS
Policy strengthening	MU	MU	MS	U	U	U
e-government	U	MU	MS	MS	MU	MU
<b>Cluster</b>	<b>S</b>	<b>MS</b>	<b>MS</b>	<b>MS</b>	<b>MU</b>	<b>MS</b>
<b>Economic and Social Development</b>						
Civil aviation	MU	MU	MU	MS	S	MS
Local development	U	MU	MU	U	U	U
Trade liberalisation and FDI	MS	S	MS	S	MS	MS
Environment and waste	MU	MU	S	U	MS	MU
VET	S	S	S	MU	S	S
SVO	HS	S	MS	MS	S	S
SME	MS	S	S	S	S	S
<b>Cluster</b>	<b>MS</b>	<b>MS</b>	<b>MS</b>	<b>MS</b>	<b>S</b>	<b>S</b>
<b>Overall rating</b>	<b>S</b>	<b>MS</b>	<b>MS</b>	<b>MS</b>	<b>MS</b>	<b>MS</b>
<b>The overall rating for the evaluation is moderately satisfactory</b>						

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## ANNEX 4. LIST OF INTERVIEWS

INSTITUTION	INTERVIEWEE	DATE
European Commission Delegation	Normela Hodžić-Zijedić	08/07/2008
	Dominika Skubida	06/06/2008
	Džemal Hodžić	17/07/2008
	Vesna Grković	16/07/2008
	Jadranka Mihić	15/07/2008
	Irena Šotra	14/07/2008
	Isabel Royo Pla	29/07/2008
	Ferdinand Kopp	24/07/2008
	Faris Hadrović	23/07/2008
	Luc Steeman	23/07/2008
	Sanja Tica	21/07/2008
	Lejla Hrustanovic	30/07/2008
	Dina Karic	29/07/2008*
	Nadja Ohranović	
	Jelena Miloš	16/07/2008
	Renata Abduzaimovic	
	Jasmina Hadzimesic	
	Michael Docherty	21/07/2008
	UNDP	Stefan Priesner
Merima Avdagić		13/06/2008
Zlatan Šabić		29/07/2008
Amna Muharemović		13/06/2008
MoFT	Radmila Pustahija	12/06/2008
DfID	Angela Pudar	12/06/2008
	Damir Hadzic	12/06/2008
DEI	Zara Halilović	06/06/2008
PARCO	Suad Musić	13/06/2008
MHRR	Mujo Jejna	21/07/2008
SVO	Karoline Schollmeyer	22/07/2008
PPA	Đinita Fočo	
BH MAC	Ahdin Orahovac	17/07/2008
Civil Service Agency	Hazim Kazić	16/07/2008
MoCA - Education	Esmā Hadžagić	28/07/2008
MoCA - Health	Draženka Malićbegović	28/07/2008
	Šerifa Godinjak	28/07/2008
World Bank	Haris Mešinović	01/08/2008
MoFTER	Reuf Hadzibegic	29/07/2008
BHAS	Cecilia Pop	28/07/2008
Housing Reconstruction Advisor - Area Herzegovina Neretva Canton.	Faruk Dizdarevic	
Housing Reconstruction Advisor – Area Republic of Srpska.	Slobodan Markovic	
Public Health Advisor – Head of Medical Department - Republic of Srpska	Aleksandar Lazarevic	
Municipal Legal Advisor – Mostar and Canton Herzegovina Neretva	Enver Bojic	
Municipality of Ključ, Mostar, Konjic, Prozor Rama, Stolac, Capljina	Temimovic Esmā	
Municipality of Prijedor, Nevesinje, Gacko, Ravno	Dragana Kovacevic	
Municipality of Kozarska Dubica	Rajka Zdjelar	
FONDEKO Sarajevo	Halida Vukovic	
Local Initiative for Development	Slavisa Jelisc	
University of East (Srpsko) Sarajevo	Dr. Jugoslav Stahov	

<b>INSTITUTION</b>	<b>INTERVIEWEE</b>	<b>DATE</b>
REDAH Mostar	Goran Grbesic	
REZ Zenica	Amela Malicbegovic	
ARDA NW BH	Drago Vucic	
REDRIN Foca	Spomenka Pojuzina	
SERDA Sarajevo	Mirsad Softic	
NBR – Independent Office for the Development Modrica/Gradacac	Nada Dugic	

\* By email.

### **Interviews requested but not given**

<b>INSTITUTION</b>	<b>INTERVIEWEE</b>	<b>REASON GIVEN</b>
EC Delegation	Andre Lys	Vacation / rotation

## ANNEX 5. LIST OF DOCUMENTS REFERRED TO IN THE EVALUATION

<b>Name of Originator</b>	<b>Date</b>	<b>Title of Document</b>
BiH CoM		EU integration strategy of Bosnia and Herzegovina
Eureval 3CE	July 2006	Study on the use of cost effectiveness in the EC's evaluations
EMS	April 2004	Phare Grant Scheme Review
European Commission	November 2007	Enlargement Strategy and Main Challenges 2007-08
European Commission	November 2007	Bosnia and Herzegovina 2007 Progress Report
European Commission	July 2006	Council regulation No. 1085/2006 establishing and Instrument for Pre Accession
European Commission	March 2008	Western Balkans: Enhancing the European perspective
European Commission	February 2008	Council Decision on the principles, priorities and conditions contained in the European Partnership with Bosnia and Herzegovina and repealing Decision 2006/55/EC
European Commission	June 2007	Commission Decision on a multi-annual planning document 2007-2009 for Bosnia and Herzegovina
European Commission	2001	Country Strategy Paper 2002-2006
European Commission	November 2005	Bosnia and Herzegovina 2005 Progress Report
European Commission	October 2005	Communication from the Commission to the Council on the progress achieved by BiH in implementing the priorities identified in the feasibility study ...to negotiate a SAA....
Ecotec	December 2007	Ad hoc evaluation of the CARDS programme in Croatia
Court of Auditors	November 2007	Special report No. 5/07 on the Commission's management of the CARDS programme
Integration	2007	Results Orientated Monitoring of the CARDS / Western Balkan Countries - Annual Report 2006
Global partners for economic development	July 2004	Evaluation of EC financed support to economic regeneration in Bosnia and Herzegovina 1996-2003
Unknown	August 2007	Evaluation of EU RED Fund facility in BiH
Scanteam	November 2004	Review, UNDP Programme Support to Bosnia and Herzegovina in the Management and Co-ordination of Development Resources
IBM Belgium	September 2004	Special assessment report on public administration reform in BiH
PARCO		Bosnia and Herzegovina Public Administration Reform Strategy
	March 2005	Paris Declaration on Aid Effectiveness
SIGMA		Public Management Profiles of Western Balkan Countries: Bosnia and Herzegovina at state level.
Integration Consortium	various	Results Orientated Management reports
Court of Auditors	Sept 2007	Statement of preliminary findings concerning the effectiveness of the Commission's projects in the area of justice and homes affairs for the western Balkans – mission to BiH
<b>Demining</b>		
Federation and RS CPA	various	Proposals and reports for demining grants
<b>Housing repair</b>		
Edinburgh Direct Aid	various	Proposal, intermediate and final reports
Danish Refugee Council	various	Proposal, intermediate and final reports
<b>PBS</b>		

<b>Name of Originator</b>	<b>Date</b>	<b>Title of Document</b>
European Commission	February 2002	Contract
European Commission	various	Financial reports
European Commission	January 2004	Final acceptance certificate transmitters
Ocean	January 2005	Final report for computer network system
<b>Civil society</b>		
<b>Good governance</b>		
Human Rights Chamber		
<b>Border crossings</b>		
Safege	July 2007	Monthly report
Safege	April 2007	Final report
IRD Engineering	January 2008	Final report
<b>PAR</b>		
UNDP	April 2008	SPPD Survey Report
<b>European Integration</b>		
France Coopération Internationale	May 2006	Improvement of communication and information dissemination among Ministry of Foreign Affairs and its missions abroad and Directorate for European Integration and other relevant BiH institutions – Final report
Republic of Slovenia	December 2006	Assistance to the Legal Translation Unit within the Directorate of European Integration in BiH in development of a Multilingual MultiTerm database as the initiative stage in the process of the preparation for the translation of the <i>acquis communautaire</i> – Final report
European Commission		Eight twinning light ToRs
<b>Civil Service Agency</b>		
European Commission		Public Administration Support Scheme ToR
<b>Policy strengthening</b>		
Sofreco	April 2008	Strengthening BiH Health care Systems for EU Integration Final Report
<b>Economic and Social Development</b>		
<b>Local development</b>		
Tim Clancy	January 2008	Lessons learnt from small scale tourism projects
	August 2007	Evaluation of EU RED Fund Facility
<b>Trade liberalisation and FDI</b>		
World Bank	January 2006	Description of Operations (ToR)
European Commission		ToR Support formation of Independent Systems Operator and Transmission Company
Euroconsultants	December 2006	Final Report EU Capacity building initiative for trade development and FDI attraction
HTSPE	June 2005	TA to strengthen the capacity of private investment funds (design element)
Ecodes	May 2005	TA to support the establishment of EICC
<b>Environment and waste</b>		
European Commission		ToR environmental public awareness campaign
Carl Bro A/S	February 2007	Status of grant schemes
Carl Bro A/S	February 2007	Final report Environmental Public Awareness Campaign
European Commission	August 2004	Guidelines for applicants to the grant scheme for civil society active in the field of environment
European Commission		ToR TA for the establishment of an environment fund (+ supplementary TA)
Kommunalkredit Public Consulting	May 2006	Final Report TA to the establishment of an environment fund
European Commission		Development of a National Environment Monitoring System

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<b>Name of Originator</b>	<b>Date</b>	<b>Title of Document</b>
Prospect C&S	November 2005	Final report Development of a National Environment Monitoring System
European Commission		ToR Support for Improved Waste Management

## ANNEX 6. COST EFFECTIVENESS

Project	Rating	Judgement criteria
<b>Democratic stabilisation</b>		
Demining	High	Durable structures created; direct funding
Housing repair	Low	Less than half returnees still in residence
PBS	High	Durable structures created and successfully administered by national authorities
Legal aid	High	Durable structures created
Civil society	Medium	Basis for current networks created and capacity of implementing NGOs enhanced.
<b>Good governance</b>		
Human Rights Chamber	Medium	Large number of cases remained outstanding, but beneficiary integrated into constitutional court
Border crossings	Low	One BIP not constructed and another having no goods traffic.
Judiciary reform	Medium	Good progress in reform but beneficiary requires external support into the medium term
Public procurement	Medium	Good use of a range of mechanisms to address needs but existence threatened by entity authorities.
Police capacity building	Medium	Systems established and well integrated with associated IT programmes but concern over CIPS staffing
Asylum & migration	Medium	Direct agreements with specialist UN agencies and effectively established in the MoS
PAR	Low	Minimal progress on PAR Action Plan; minimal institutional support despite substantial multi-donor assistance
European Integration	Medium	Good awareness raising and start of country led programming but weak beneficiary and programming structure vulnerable to change
Civil Service Agency	Low	Well trained unit but limited funds for training replication and suffering from poor targeting of trainees
Statistics	Medium	Substantial progress made from a low base, but fundamental problems in organisation after three major assistance projects
Policy strengthening	Low	Lack of acceptance of state level bodies although some useful progress at entity and Canton level
e-government	Medium	CoM and GRMS information system likely to function effectively although inter institutional collaboration needed for the latter.
<b>Economic and social development</b>		
Civil aviation	Medium	Weak institution during implementation, but impact eventually achieved
Local development	Low	Some impact from grants but the programme is not part of a national regional development structure
Trade liberalisation and FDI	Medium	Good progress made on international trade negotiations, but some beneficiary agencies under

		resourced
Environment and waste	Low	Legislation and state level agency were not created
VET	Medium	Good progress made on methodological reform but rationalisation of schools likely to prove challenging
SVO	Medium	More recent changes in management suggest that legislation will be adopted; the unit has a clear national level function.
SME	Medium	Legislation and state level agency should be created but the latter with less power than originally conceived

<b>Rating</b>	<b>Description</b>
High	Identifiable or likely impacts are significantly higher than planned
Medium	Identifiable or likely impacts are as expected
Low	Identifiable or likely impacts are significantly lower than planned
N/A	There is insufficient information available to be able to identify impacts