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List of abbreviations

ACDEI	Agency for Co-ordination of Development and European Integration
BCS	Background Conclusion Sheet (ROM product)
BDMS	Budget Development Management System
BESO	British Executive Services Overseas
CARDS	Community Action for Reconstruction, Development and Stabilisation
BEEP	Business Enabling Environment Programme
BETA	Business Environment Technical Assistance
CAFAO	Customs and Fiscal Assistance Office
CEFTA	Central European Free Trade Agreement
CFCU	Central Finance and Contracts Unit
CHU/FMC	Central Harmonisation Unit for Financial Management and Control
CHU/IA	Central Harmonisation Unit for Internal Audit
CoE	Council of Europe
CPA	Central Procurement Agency
CPIE	Country Programme Interim Evaluation
CSP	Community Stabilisation Programme
DANIDA	Danish Agency for International Aid
DRC	Danish Refugee Council
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECLO	European Commission Liaison Office
EP	European Partnership
EPAP	European Partnership Action Plan
EU	European Union
EQ	Evaluation Questions
FM	Financing Memorandum
GIZ	Gesellschaft fuer Internationale Zusammenarbeit (new name for GTZ)
GTZ	Gesellschaft fuer Technische Zusammenarbeit
HR	Human Resources
ICM	Indirect Centralised Management (Delegated Agreement)
ICT	Information and Communications Technology
IDP	Internally Displaced Person
IFI	International Finance Institution
IFC	International Finance Corporation
IMF	International Monetary Fund
IOM	International Organisation for Migration
IPA	Instrument for Pre Accession
IPAK	Investment Promotion Agency of Kosovo
IPO	Intellectual Property Office
KCS	Kosovo Customs Service
KFOS	Kosovo Foundation for Open Society
KTA	Kosovo Tax Administration
MBP	Multi Beneficiary Programme
MCR	Ministry of Community and Return
MCYS	Ministry of Culture, Youth and Sport

MEF	Ministry of Economy and Finance
MEI	Ministry of European Integration
MEUR	Million Euro
MIFF	Multi Annual Indicative Financial Framework
MIPD	Multi Annual Indicative Programme
MLGA	Ministry of Local Government and Administration
MTEF	Medium Term Expenditure Framework
MTI	Ministry of Trade and Industry
NAO	National Authorising Officer
NGO	Non-Governmental Organisation
NIPAC	National IPA Co-ordinator
NUTS	Nomenclature of Territorial Units for Statistics
OAG	Office of the Auditor-General
OPM	Office of the Prime-Minister
PAK	Privatisation Agency of Kosovo
PCM	Project Cycle Management
PER	Project on Ethnic Relations (NGO)
PIFC	Public Internal Financial Control
PIP	Public Investment Programme
PISG	Provisional Institution of Self-Government
PPRC	Public Procurement Regulatory Commission
PRAG	Practical Guide to Phare, ISPA and Sapard Contract Award Procedures
PSD	Private Sector Development
PUM	Programma Uitzending Managers – Netherlands Senior Experts
RAE	Roma, Ashkali and Egyptian
RDA	Regional Development Agency
RIC	Reconstruction Implementation Commission
ROM	Results Orientated Monitoring
RRK	Return and Reintegration in Kosovo
SAA	Stabilisation and Association Agreement
SCAAK	Society of Auditors and Accountants of Kosovo
SDC	Swiss development Cooperation
SIDA	Swedish Agency for Development Assistance
SIMRAES	Strategy for Implementation of the RAE Strategy
SMART	Specific, Measurable, Available, Relevant and Timebound
SME	Small and Medium Enterprise(s)
SMESA	SME Support Agency
SOE	Socially Owned Enterprise
SPO	Sector Programme Officers
SWAp	Sector Wide Approach
TA	Technical Assistance
TACTA	Technical Assistance for Customs and Tax Administration
TAIEX	Technical Assistance and Information Exchange (instrument)
TAM	Turn-Around Management
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNMIK	United Nations Mission to Kosovo
USAID	United States Agency for International AID

Executive summary

To be completed after the commenting phase

1 Scope of work

1.1 Introduction

The overall objective of the Interim Evaluation and Meta evaluation of the European Commission's (EC) Instrument for Pre-Accession (IPA) Component I is to improve the performance of European Union (EU) financial assistance. Three specific objectives underlie this overall objective. The first is to provide a judgment on the performance of EU pre-accession assistance under the IPA component I in Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo¹ through the preparation of five Country Programme interim Evaluations (CPiE) as well as an additional evaluation report on IPA multi-beneficiary programmes (MBP). This report covers the findings of the Kosovo CPiE.

The Kosovo CPiE began with a two-day scoping mission in Pristina in September 2012. This was followed by a fieldwork phase in November and December, some final interviews taking place in Pristina in February 2013. The fieldwork was preceded by a formal kick off meeting in the EUD on 8 November 2012, also attended by a representative of the evaluation unit of DG-ELARG. At the end of the second field visit in December, the preliminary findings were discussed with the Head of Operations of the EU Office.

1.2 Sectors and Projects included in the sample

IPA replaced the previous EU accession support instrument CARDS in the financing year 2007. From 2007 until 2009, over MEUR 238 was programmed in Kosovo on technical assistance and institution building via Component I, in General Public Administration Reform, Public Finance and Financial Management, Socio-Economic Development, Transport, Environment, Agriculture and Human Rights related projects.² The Socio-Economic Development sector represents the largest sector by levels of expenditure (EUR 64 million). Transport is with EUR 49 million the second largest sector.

The evaluation focuses on projects from the financing years 2007-2009 as these are most likely to be substantially advanced and thus have the greatest potential for impact to be objectively defined. The overall population of projects was structured following the definition of sectors or groups of projects in the 2011 programming exercise, with the Public Administration Reform (PAR) group further sub divided into three due to its large size. The Kosovo CPiE consists of three sample sectors: Finance and Financial Management,³ Socio-Economic Development (both sub-sectors of PAR) and Human Rights. A full description of the sampling process is given in the methodology summarised in Annex 5 to this report.

The portfolio for the evaluation in Kosovo is shown below:

¹ The designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

² Eligible projects for the evaluation exclude Civil Society and Justice and Home Affairs projects, since these are covered by a separate evaluation.

³ Further subdivided into public expenditure management and financial control; customs and taxation; public procurement; management of the EU integration process

Table 1.1 Overview of the IPA projects included in the sample

Sector	Year	Project	Number of contracts	Budget IPA (MEUR)
Public Finance & financial management	2007	Meeting EU standards in public procurement	1	1.35
	2008	Public finance administration	3	5.88
	2008	Strengthening customs and taxation	1	2.75
	2009	Taxation IT	0	5.00
	2008	Support to Agency for European Integration	2	4.465
Socio-economic development	2007	Econ. environment for all Kosovo communities	5	11.47
	2007	Supporting local government and decentralisation	2	14.75
	2008	Regional Development structures & instruments	5 + grant sch.	8.83
	2008	Municipal infrastructure	4	20.97
	2009	Trade & Regional Development	7	7.80
Human Rights	2007	Return/cultural heritage	3	8.70
	2008	Return	1	3.981
	2008	Preserving cultural heritage	1	2.50
	2009	Support to communities	3	3.125
Total				101.801

The 2009 'Taxation IT' project was never contracted. The sample is nevertheless representative both in numbers of projects and in terms of amounts invested. With a total budget allocated of over EUR 101 million, the sample represents 43% of budget invested. In number of projects, the sample presents 40% of the number of eligible projects.

The above list of projects is however slightly misleading as an indication of 'number of projects.' Almost every project in the table comprises of a number of smaller projects, with different beneficiaries and/or implementing institutions. A column has therefore been added, indicating the number of contracts, which largely coincides with the number of 'actual' projects. In some cases all these smaller projects have common objectives, as for example in the case of the Municipal Infrastructure Project. Sometimes they have significantly varying objectives, for example, the 2007 project 'Economic Environment for all Kosovo Communities' is composed of five projects: 'Support to the Patent Office', 'SME support through the Ministry of Trade and Industry', 'Insolvency Capacity Building through Support to the Society of Accountants and Auditors', a contribution to the 'EBRD Turn Around Management Programme' and Development of a 'Master Plan for the Holiday Resort Brezovica'.

Annex 4 provides more information on the portfolio of the sample, the names of all individual projects, and their wider and specific objectives.

1.3 Sources of information

The following sources of information have been used for the programme assessment:

- Project fiches
- Project summary fiches
- Inception report
- Progress reports
- Final report
- Result-Oriented Monitoring (ROM) reports, where available.

For the sectoral analysis the following documents have been used:

- Partnership Agreement 2006, 2008
- Enlargement strategy and Main Challenges 2011-2012, COM(2011)666
- Multi-Annual Indicative Financial Framework 2012-2013 (MIF), COM(2011)641
- Kosovar Progress reports from the European Commission (2008-2012)
- SIGMA (OECD) Assessment Reports (2008 – 2012)
- Kosovo Government Answers to the Questionnaire on the Preparation of the Feasibility Study for a Stabilisation and Association Agreement

A full list of material studied is attached as Annex 3.

1.4 Summary of the methodology

The evaluation methodology consists of an exploration of how the selected sectors have developed since the programming of the associated IPA assistance as well as an in depth performance assessment of projects from 2007-2009 to attribute the impact of IPA to observed changes. Annex 5 contains more details on the methodology, which is further elaborated in the overall project inception report.

The evaluation report is structured around the following eight evaluation questions:

- To what extent are interventions financed under IPA efficient in terms of value for money when delivering outputs and immediate results?
- To what extent are interventions financed under IPA effective in delivering outputs and immediate results?
- Are the outputs and immediate results delivered by IPA translated into the desired/expected impacts?
- Are there any additional impacts (both positive and negative)?
- Are the identified impacts sustainable?
- Are there any elements which could hamper the impact and/or sustainability of the assistance?
- Are there any potential actions which would improve the efficiency and effectiveness of on-going assistance?
- Are there actions which would improve the prospects for impact and sustainability of the on-going assistance?

The emphasis of the evaluation is on demonstrating impact at programme level within a sector over time. Country evaluations therefore follow two approaches: (i) from a sectoral perspective; and (ii) from an IPA project and programme perspective. The approach has the following sequence:

- Sectoral impact: analyse how the sector developed by comparing the objectives and baseline at the moment of programming with the current sectoral status;
- Programme impact: analyse the contribution of IPA to observed sectoral change using actual or defined indicators in programme documents;
- Combine these analyses to answer the evaluation questions;
- Draw conclusions and recommendations at the programme level.

The underlying report is structured around these steps.

Judgment criteria have been developed which are discussed in more detail in Annex 5. The conclusions reached on each of the above evaluation criteria will be presented with reference to these judgment criteria. At the impact level, indicators measure changes in three broad categories:

- Institutional structures (e.g. in Ministries, Government Agencies etc, including new bodies);
- Human Resources; and
- Systems and Tools (e.g. legislation, but also relevant IT – hard and software)

The evaluation therefore does not just focus on the status of legislation and adoption of the *acquis*, but also on the embedding of this in appropriate structures and implementing capacity, i.e. human resources.

1.5 Training

One of the three objectives of the Meta evaluation is capacity building in evaluation for local institutions. In the framework of this a two-day training event was organised on 14 and 15 February in Pristina. The 17 participants included representatives from six Ministries or Public Institutions, the majority consisting of staff of the Ministry of European Integration (MEI). The programme of the training and a full list of participants is attached in Annex 6. The appreciation for the training was high, as witnessed by the response sheets (a summary also attached in Annex 6). The group of participants consisted almost completely of so called ‘Young Cells’⁴ endowed with good English language and analytical skills, however fully new to the topic ‘evaluation’. A positive side-effect of the training programme was the possibility for the evaluators to discuss with the trainees their view on the ‘Young Cells’ programme and their prospects for a career in the Kosovo public administration.

1.6 Structure of the report

With the focus of the assessment on impact achieved by the IPA assistance, the main report starting in the next chapter begins with an analysis describing how the sectors have developed over time. Chapter 3 contains a programme analysis of the IPA in the three sample sectors focusing on effectiveness, sustainability and efficiency. Chapter 4 will bring the sector and programme analysis together, showing the impact that IPA assistance has made, including unintended or unexpected impact. The final chapter of this report presents the conclusions and recommendations.

Annexes contain among others more detail on the sector analysis (Annex 1), on the portfolio (Annex 4) and on the methodology (Annex 5).

⁴ Beneficiaries of EU-IPA funded scholarships for academic study in the EU, a programme also part of the sample for this evaluation. More details on the ‘Young Cells’ programme can be found in chapter 3.

2 Sector analysis

2.1 Progress in the Public Finance and Financial Management sector

2.1.1 *Public Expenditure Management*

The lead institution in the area of Public Finance and Financial Management Sector in Kosovo is the Ministry of Finance (MoF). The public finance management system has evolved significantly throughout the period. At the start of the programming period in 2006, Kosovo had just adopted its first Medium Term Expenditure Framework (MTEF), consolidating all budget and off-budget expenditures and resources and indicating public investment projects. Further efforts are needed to consolidate the MTEF and establish a clearer link between the budget and policy priorities, through the cooperation of the MoF, with the Prime Minister's Office (PMO) and the Ministry of European Integration (MEI).

The MoF coordinates and oversees budget planning and execution in the numerous Kosovo budget organisations, including ministries, municipalities and independent bodies. Systems to support financial management have been put in place, including the Budget Development Management System and the Public Investment Programme (PIP), which are crucial for increased capacity in the areas of strategic budget planning. Overall, legislation and tools for public expenditure management in Kosovo are in place and largely consistent with EU standards, according to the EC Progress reports and SIGMA Assessments. However, there is urgent need to further strengthen administrative capacities at all levels, especially for the analysis of data, cost benefit analysis, prioritization of projects and expenditures. Furthermore, SIGMA emphasizes in 2012 that financial diligence still needs to be strengthened and all financial commitments recorded in order to avoid hidden liabilities.

2.1.2 *Financial control and audit*

Progress has been made in the area of internal financial control and internal audit as well. Development of adequate financial control systems was indicated as one of the key priorities in the European Partnership for Kosovo. In 2006, the EC reported that the Public Internal Financial Control (PIFC) policy paper and a new law on internal audit had just been drafted. By 2012, the system has been set up. The PIFC policy paper has been updated and a new Law on Public Financial Management and Accountability was adopted in 2008, which among others introduced the concepts of financial control and establish the Central Harmonization Unit (CHU) for financial management and control within the Treasury Department of the Ministry of Finance. However, the capacity of the CHU needs to be significantly strengthened. The level of understanding of modern technical financial management concepts and requirement is still low in the majority of budget organisations. Preparations are relatively more advanced in the Internal Audit area, where the CHU for Internal Audit is more consolidated and internal audit structures have been established across the majority of budgetary institutions, with the exception of some Serb municipalities.

As regards External Audit, authority has been handed over to the Kosovar institutions through the adoption of the law on external audit in 2008. Since then, the Office of the Auditor General (OAG) has been consolidated, the regulatory framework including internal rules and procedures is in place and OAG performs regular compliance audits. The OAG however still needs to develop competence in the area of performance audits. Overall, Kosovo has made good progress in the area of financial control and audit. The regulatory system is in place and compliant with EU practice. Further efforts will be needed to fully implement the system and strengthen financial

diligence; especially to strengthen capacities of the budgetary institutions at the central and local level.

2.1.3 *Customs and Taxation*

The Kosovo Customs Service (KCS) and the Kosovo Tax Administration (KTA) are two executive agencies in charge of revenue collection that report to the MoF. The Director General of each of the two executive agencies is proposed by the Minister of Finance and appointed by the Prime Minister.

The KCS was governed by UNMIK until 2008, when it was finally handed over to the Kosovar authorities. It has received extensive EU support since its establishment in 1999 and its capacities have strengthened over the period. Authority of the KCS over the north of the country remains limited, despite improvements during 2012 following agreements between the Serbian and Kosovar Governments on mutual recognition of custom stamps and other related issues. Limited access to the area remains a challenge and there is uncertainty on the quantity and origin of products entering the domestic market. The legal framework is largely in line with the *acquis*, whereas capacities need to be further strengthened in areas such as customs valuation, copyright, etc.

Progress in the area of taxation is limited. Taxpayer's compliance and lack of appropriate management information systems remain serious challenges. Kosovo still heavily relies on indirect taxes (86%)⁵, and tax evasion is widespread. However, there have been improvements in the area of business registration through one-stop shops and taxpayers' register as well as electronic tax filings. The tax structure may need to be reviewed, whereas administrative capacities remain weak.

2.1.4 *Public Procurement*

The lead institution in the area of public procurement is the Public Procurement Regulatory Commission (PPRC), an independent body in charge of overseeing contracting procedures in the more than 160 procurement authorities in Kosovo i.e. central and local budgetary organisations, independent institutions as well as public companies. The Procurement Review Body (PRB) is an independent administrative institution that serves as a first-instance appeal body for all procurement procedures carried out by contracting authorities. Both the PPRC and the PRB are independent bodies, whose Directors are appointed by Parliament based on proposals by the government. There is also a Central Procurement Agency (CPA - previously Public Procurement Agency) that reports to the MoF and is in charge of carrying out centralised procurement on behalf of budget organisations.

There has been progress in public procurement since 2006 when it was a highly problematic area. The regulatory framework was too complicated and at times inconsistent with the *acquis*, having been developed at different times based on various international experiences. The new law was developed and submitted to Parliament in 2010, but after amendments there a law emerged which deviated from the version proposed and was not in line with EU policy. A revised public procurement law, in line with the EU *acquis*, was resubmitted to the Assembly in the summer of 2011; also following repeated pressure by the EU Office, when it was finally adopted.. This process shows the still existing resistance to change in some political circles, as well as the importance of the international community (in this case the EU) in bringing the changes about.

Capacities of the procurement bodies, in particular the PPRC and PRB at the central level and procurement officers at contracting authorities need to be reinforced. The PPRC remains understaffed. The integrity and transparency of the processes needs to be increased, especially at the CPA.⁶

⁵ EC Analytical Report 2012

⁶ *idem*

2.1.5 *Management of European Integration Process*

A number of the European Partnership priorities refer to the 'need to strengthen the administrative capacity of all institutions for effective verification on consistency of policies and legislation with EU requirements, in particular by reinforcing the structures dealing with European approximation.'

The lead institution in the area of European Integration is the Ministry of European Integration - MEI (formerly the Agency for Coordination Development and European Integration – ACDEI). MEI is increasingly actively managing the process of European integration, especially as regards negotiations with Brussels and coordination of the IPA programming cycle, although their role in IPA programming remains limited. Capacities within the Ministry have strongly developed – more than half of the ministry staff has been beneficiaries of the EU Young Cell scheme and it has started playing a more active role in donor coordination, e.g. Sector Working Groups were established under the guidance of MEI.

Despite the mentioned developments, there is a generally recognized need to develop further civil service expertise, both general and specialised in EU affairs.

2.1.6 *International cooperation in the sector*

Various donors and international partners have supported Kosovo in the area of public finance. EU is the largest contributor, through several CARDS and later IPA projects. The United States Agency for International Development (USAID) and World Bank are also important contributors with interventions in the budgeting, planning, budget execution, treasury operations, taxation, etc. The IMF has played a significant role in assisting the Government and the MoF for the formulation of the country's economic policy vision; as well as overseeing the development of the public finance system.

2.2 Progress in Socio-Economic Development

2.2.1 *Private Sector Development and Trade policy*

The lead institution in the area of economic development and trade policy is the Ministry of Trade and Industry (MTI). Other agencies in the industry and trade area include the Agency for Support to Small and Medium Enterprises, as well as the Investment Promotion Agency, executive bodies subordinate to the MTI. The government has recently announced its intention to merge these two agencies into one single body in order to increase their efficiency. The Ministry for Economic Development is a new ministry. Its scope of work includes market liberalisation policies and reduction of administrative barriers, state owned enterprises; and regulated sectors.

There has been some progress in the development of Kosovo's trade and private sector policy. Main developments in this area include the drafting of the Trade Policy. Kosovo became a member of Central European Free-Trade Association (CEFTA) in 2006 (UNMIK signed the agreement on behalf of Kosovo), as well as started negotiations for Free Trade Agreements (FTAs) with several countries, but there was no coherent and comprehensive trade policy formulated. Institutional capacities need to be further strengthened, in particular for policy analysis within the MTI.

Kosovo has also achieved significant progress in approximation with European standards in areas related to trade, including in the areas of accreditation, standardisation and metrology, where the legal framework is largely in line with the *acquis*, as EC Progress report highlights in 2012. In 2006, these areas were still not in compliance with EU policy.

With regard to private sector development, an SME Development Strategy was adopted in 2012, adopting elements of the European Small Business Act. Progress in the area of SME development and trade policy has been limited. Kosovo has formulated its main strategic framework in these areas but needs to take concrete measures to facilitate SME access to finance, as well as promote foreign investment and increase competitiveness. A structure was put in place for streamlined business registration, including one-stop shop facilities in 2012. These new policies caused Kosovo's ranking in the World Bank Doing Business Report to improve by 19 positions in 2013.

2.2.2 *Privatisation*

The process of privatisation of Socially Owned Enterprises (SOEs) is still under way in Kosovo. Since 2002 the Privatisation Agency of Kosovo (PAK - a successor of the Kosovo Trust Agency) has privatised more than half of the inherited portfolio of socially owned enterprises. However, progress in the recent years has been extremely limited: in 2007 300 of the 600 SOEs had been privatised, i.e. the commercially most viable ones. By 2012 according to the EC 2012 Progress Report only 306 SOEs have been completely or partially privatised. In the meantime, legislation on insolvency and bankruptcy procedures was developed in order to assist with the liquidation of SOEs and their assets.

Privatisation of some state owned enterprises in strategic sectors is currently underway, with negotiations on-going for the electricity distribution company; the national post service, etc.

2.2.3 *Intellectual Property Rights*

The Industrial Property Office (IPO)⁷ is an autonomous agency within the MTI that has been established primarily through EU support. The Copyright and Related Rights Office has been established under the Ministry of Culture since 2010 and has recently undertaken a public awareness campaign on protection of copyright and related rights. The Kosovo Customs Service has also established a separate intellectual property rights unit since 2011 and has included the issue in their strategic plan.

The EC Progress Report in 2006 states that intellectual property was not respected at all in Kosovo and mechanism to ensure its protection were lacking overall. Some progress has been made in this area, especially as regards the institutional structures and legislative framework. The EC analytical Kosovo Report 2012 reports that laws on copyright and related rights, patents and trademarks are in place and are broadly in line the *acquis*. Provisions on infringement of copyrights were inserted in the Criminal Code. More needs to be done on enforcement, through increased public awareness and a stronger fight against property rights infringements.

2.2.4 *Economic Infrastructure and Local Economic Development*

Kosovo's infrastructure is rather poor, as a result of the effects of war, inadequate maintenance as well as low payment collections on utilities. The EC study on Kosovo published with the 2009 Progress Report highlights the need to address infrastructure weaknesses and low skill levels in order to make the economy more competitive. The majority of the investment budget is spent on road infrastructure, whereas there is high concern in the area of environmental infrastructure – specifically water supply and water sewerage systems, as well as social infrastructure.

Municipal governments play an important role in the provision of public services as well as have a role in local economic development and social services. The Ministry of Local Governance Administration (MLGA) is the lead institution in charge of supporting the process of decentralisation, as well as supporting municipalities in the exercise of their own and delegated functions. The main

⁷ IPO is in charge of industrial property rights such as patents, trademarks, etc. The Copyrights Office handles intellectual property rights such as authors', artists' rights, etc.

decentralisation reform was carried out in 2008 – 2010; with the adoption of a framework law and amendments to more than 35 other laws. Three new (Serb majority) municipalities were established under the new legal framework. This is now largely good, although there is a serious lack of qualified human resources at the local level, especially in the newly established municipalities.

A regional development structure was developed, including five regions and five Regional Development Agencies. This process was fully driven by the EC Liaison Office (ECLO) and is insufficiently embedded in legislation and nationally established structures. There is no regional development strategy in place yet.

Overall, the decentralisation process in Kosovo has progressed well and municipalities are increasingly providing services to their citizens. However, administrative capacities still need to be strengthened. In particular, development in the Serb dominated municipalities' remains a challenge in order to ensure consolidation of these rather young institutions. In terms of infrastructure, there are strong deficits across the country and support of infrastructure development is crucial for private sector growth and poverty alleviation.

2.2.5 *International cooperation in the sector*

Next to the EU, a variety of donors are present. EU and USAID are the largest donors, but other partners such as UNDP, Switzerland, Denmark, NIDA, Norway, Sweden have supported the decentralisation process and strengthening capacities at the local level. Many donors have also supported "hard" interventions in the municipal infrastructure. EU is among the largest grant contributors, together with the Austrian Development Agency in the water sector; GIZ with support for the land cadastre and modernisation of local services; the Swiss Development Cooperation and USAID in the water and sanitation sector; USAID with the Effective Municipalities Initiative, etc.

2.3 Progress in Human Rights

The Office of the Prime Minister (OPM) is in charge of promoting human rights and fundamental freedoms by ensuring that these principles and values are reflected in the Kosovo legislation and implemented accordingly. The Office for Good Governance, Human Rights and Equal Opportunities within the OPM, is the main entity in charge of preparing strategies for the protection of human rights and minorities, as well as monitoring the implementation of international conventions and national strategies.

The Ministry for Return and Communities (MRC) is in charge of monitoring the process of return of internally and externally displaced Kosovo people. It deals mainly with the return of displaced minorities and cooperates closely with the Ministry for Social Affairs as well as municipalities, as well as with the Office for Good Governance (OGG) at OPM.

A number of other institutions are in charge of ensuring respect for and protection of human rights, including the Ministry of Justice (access to justice, fair trial, detention, etc.) and the Ministry for Social Affairs (gender equality, children's rights, sexual and other minorities rights, etc.). The Ombudsperson of Kosovo is a key independent body in charge of ensuring and overseeing protection of human rights. Violation of human rights may also be brought to the Constitutional Court of Kosovo. The Kosovo Assembly has a specialised Committee on Human Rights, Gender Equality, Missing Persons and Petitions, which reviews legislation from a human rights perspective. The EC reports in 2012 that 'over the past three years, Kosovo has established several structures at central and municipal level to assist with the protection, promotion and enforcement of human and fundamental rights.'

Kosovo is not a member of the United Nations or the Council of Europe. However, it has ratified several international agreements and instruments on protection of human rights, including the Universal Declaration of Human Rights, the European Convention for the Protection of Human Rights and Fundamental Freedoms and many others. This has been embedded in the national legislation as well, while the judicial system and Constitutional Court in particular often use case law from the European Court for Human Rights in their interpretations. Respect for and protection of human rights, and minority rights in particular, are pursued through several strategies and action plans developed by the government.

Citizen participation in decision making is still very restricted and Kosovo is ranked as being 'partly free' in the Freedom House index for three years in a row. Civil society in Kosovo remains weak. Although the government is increasingly carrying out consultations with stakeholders and civil society representatives on strategies and legal initiatives, these remain largely a formality. Civil Rights Defenders report that human rights organisations are still weak in holding the Government, Parliament and other key public institutions accountable for their policies and work.

2.3.1 Protection of minorities and returns

Kosovo has made progress in the protection of minorities, although more needs to be achieved. In particular, Roma, Ashkali, and Egyptians (RAE) are the most vulnerable minorities that suffer from social exclusion. Unemployment and poor living conditions are a common challenge for these groups. Furthermore, education levels are very low. School enrolment rates for RAE community have increased but they still remain low. Several ethnic incidents between Serbs and Albanians have also been recorded, although the number is decreasing annually. Participation of minorities in the public administration remains low.

The Kosovo Government and the MCR in special continue to perform well for the return and resettlement of internally displaced people (IDP) and people displaced abroad. The number of voluntary returnees is however decreasing, as people start to settle down in the receiving communities. Deportations to Kosovo from Western Europe continue (mainly RAE community) and according to the Human Rights Watch 2013 report, these receive limited assistance upon return. Between January and September 2012 the UNHCR registered 1,717 forced returns to Kosovo, including 546 deportations of minorities, mostly from Sweden (235) and Germany (196), out of which 433 RAE.

More needs to be done to implement the national strategies on communities and return; as well as the national strategy on RAE integration. Several international partners, donors and NGOs have been active in this field, in particular UNHCR which has closely coordinated with the Kosovo authorities for the identification of potential returnees and their relocation. OSCE, UNDP and other organisations also have implemented projects in the area of human rights. Charity organisations such as Mercy Corps International, Danish Refugee Camp, Kosovo Open Society Foundation, Civil Rights Defenders have also played an active role in the implementation and financing of different projects in support of minority groups and civil society development.

2.3.2 Cultural Rights

In terms of cultural rights and protection of cultural heritage, the Ministry of Culture, Youth and Sports (MCYS) is the lead institution in charge. The EC Progress Report in 2012 reports that Kosovo authorities have successfully taken over from KFOR the security of most of the cultural and religious sites of the Serbian Orthodox Church; only two sites are still protected by KFOR. The Ministry of Culture has shown commitment to the process of reconstruction, also contributing financially in the amount of over EUR 7 million to the actual works. The Reconstruction Implementation Commission (RIC), an ad hoc management mechanism involving Kosovo and Serb

institutions to implement reconstruction projects, accomplished its mission to reconstruct most damaged cultural heritage sites (mainly Serb Orthodox churches). Works in the cultural heritage area have been largely implemented through support of the Council of Europe. Other international partners have also made important contributions, including the Greek ambassador playing a significant facilitating role in discussions; UNESCO, and different NGOs. A structured dialogue between the Serbian Orthodox Church and Kosovo authorities, as well as mechanisms for the maintenance of cultural heritage sites, are still lacking..

2.4 Concluding remarks

The analysis above presents a mixed picture: undeniable progress but also significant tasks remaining. The majority of sectoral targets as stated under the European Partnership have been achieved completely or partially; however it needs to be stressed that the development level of all three sectors under assessment were rather immature and targets therefore were not overly ambitious. The reform has mainly concentrated on the development of legal and regulatory frameworks and establishment of national institutions. The real challenge for the Kosovo government and public authorities starts now, when they will have to develop further competence and implement strategies and legislation in practice. The EC Progress report 2012 comments on Kosovo's perspective to sign a SAA with the EU, quote: 'under a SAA, Kosovo would need to enhance further its efforts to improve professionalism, accountability, efficiency and effectiveness of its public administration at all levels, which is fundamental for a successful implementation of the necessary future reforms.'

Kosovo's economy suffers from a series of structural problems and despite steady growth in the recent years, more needs to be done to accelerate private sector driven growth and promote foreign investments. The onset of the global economic crisis so far has had limited impact on Kosovo, but it will at the least slow down the pace of economic growth. Furthermore, the capacity for reform has been so far driven by the international community and Kosovo needs to become more pro-active in donor coordination activities to ensure synergies between the different projects and establish a clear leading role in line with the national development vision. Development of a Comprehensive National Development Plan would be beneficial in this regard.

3 IPA programme performance

3.1 Introduction

This chapter contains an analysis of the IPA assistance, on the basis of the projects sampled. Three evaluation criteria will be covered: effectiveness, efficiency and sustainability. Although this sequence deviates slightly from that of the evaluation questions as posed in the ToR, it logically feeds into the impact of the IPA assistance in the following chapter: Effectiveness and sustainability are prerequisites for impact.

3.2 Effectiveness

EQ2 To what extent are interventions financed under IPA effective in delivering outputs and immediate results?

The evaluation question directed at effectiveness looks at the extent to which the outputs and objectives of the assistance have been successfully achieved (or are likely to be achieved) or if there were better ways of delivering outputs and objectives.

3.2.1 Effectiveness in Public Finance and Financial Management

In the majority of cases the planned outputs were delivered, or, in the case of the on-going projects, are likely to be delivered. They cover all three elements of administrative capacity building:

- *Institutional structures*: Recipients of the different interventions were the Ministry of Finance (MoF), including the Customs Department, the Public Procurement Regulatory Commission (PPRC), the Office of the Auditor General (OAG) and the Agency for Co-ordination of Development and European Integration (ACDEI - in April 2010 to become the Ministry of European Integration -MEI). All of these institutions had been in place as provisional institutions of self-government (PISG) by 2008, but some were young (see also chapter 2). Also draft laws and by-laws were written, legislation was translated;
- *Human Resources*: training and study visits have largely been organised as planned in Terms of Reference (ToR) or Work plans and Inception Reports;
- *Systems and Tools*: manuals were created, IT systems installed and tested.

The developments concerning the initial refusal and later adoption (2011) of the new Procurement Law, drafted with support of 2007 *Meeting standards in Public Procurement* were described extensively in Chapter 2. The IT system of the Central Procurement Agency (CPA) could subsequently not be improved under the project because of a lack of funding. Funds from the World Bank will be used for an upgrade.

The MoF has been the direct beneficiary of two IPA 2008 interventions: 'Public Investment Programme - PIP' and 'Improving Public Internal Financial Control (PIFC)'. Despite a shortage of staff in the MoF which hindered project implementation, ultimately the PIP was installed and used.

The Taxation Department in the MoF was earmarked as beneficiary of an IT system delivery under IPA 2009, estimated to cost around EUR 5 million. This project was however never realised, as uncertainty arose, caused by a difference of opinion between EC Liaison office (ECLo)⁸ and the

⁸ Which in the meantime has been transformed in the EU Office, but was throughout most of the project implementation period known as ECLo.

World Bank (also active in the Ministry), on the technical specifications and the subsequent costs of the system. Another project, delivering systems (a redrafted VAT law, internal audit procedures), IT and related training for the Customs and Tax administration was more successful, and especially the customs department has been significantly strengthened. This was the latest in a series of EU funded interventions for the Customs Department, so any strengthening observed cannot be fully ascribed to this project.

The OAG, the Supreme Audit Institution of Kosovo, received support in the form of a Twinning Project (one of the two Twinning Projects in the entire sample). This project also struggled with staff shortages: the Auditor General remarked that the dedication of half the internal audit community to training for a period of approximately one year has impacted the quantity and quality of internal audits during this period. Nevertheless, all auditors were trained and are accredited now by the Society for Accountants and Auditors of Kosovo and the OAG was provided with manuals in line with best practices in the EU.

ACDEI was recipient of the second Twinning Project in the sample. This project supported ACDEI/ MEI in building capacity for the implementation of the European Partnership Action Plan (EPAP), Human Resource Development and Management Strengthening and related issues. Apparently, the project managed in rationalizing the EPAP implementation and creating job profiles, although MEI complained about the lack of familiarity of the Twinning providers with local circumstances. ACDEI furthermore received TA support in managing the so called 'Young Cells' Scheme, under which Kosovar potential civil servants receive scholarships for studies in the EU. Since 2004, some 220 scholarships have been awarded and 77 'Young Cells' have been hired (November 2012) in the Kosovar Public Administration.⁹

In all cases the physical outputs from the institution building (legislation, manuals etc) are fully compliant with the *acquis* and therefore useful inputs to the EU-accession process. It is interesting to note that often the IPA projects had to 'correct' for the non-optimal and non EU-compliant 'emergency' legislation introduced in the early years of 2000 under the auspices of the UN Mission to Kosovo (UNMIK). The Public Procurement project had to deal with existing legislation introduced earlier with EU support, which suffered from poor translation from the original and was therefore in nature non-EU compliant.

For all projects quarterly coordination committees were established, attended by the Task Manager of ECLO. There was little or no involvement from the side of ACDEI or beneficiaries in programming and design of the projects, which to an extent reflects the early stage of the Kosovar institution building and EU accession effort and the centralised management structures.

Only for the 2008 Twinning project *Support to the OAG* was a ROM report available, which rated effectiveness as B, i.e. 'good', a score which appears to be in line with the assessment under this evaluation.

Effectiveness relates to the extent to which the specific objectives or purposes have been achieved. Annex 4 contains the objectives of the different projects, which all relate to capacity strengthening of the beneficiary institutions. Summarising for the entire sector, it can be stated that IPA was here partially effective. Systems have been delivered of good quality, compliant with EU standards and therefore useful for the accession effort. In two cases however IPA failed in the delivery of IT systems. In terms of human resources, although with few exceptions all planned activities were realised, the envisaged strengthening has only partly shown the envisaged results: lack of manpower capacity at the side of the beneficiaries is the reason for the shortcoming.

⁹ Since the subsequent rounds of the Young Cell Scheme contained larger number of scholarships, a relatively large proportion of the 220 beneficiaries are still abroad, completing their studies.

3.2.2 Effectiveness in the Socio-Economic Development Sector

Also here efforts financed under IPA focused on:

- *Institutional structures*: the main beneficiaries were the Ministry of Trade and Industry (MTI), the Ministry of Local Government and Administration (MLGA), municipal governments, the Society of Accountants and Auditors of Kosovo (SCAAK) and (to a lesser extent) individual companies and the Ministry for Culture, Youth and Sports (MCYS). With the support of IPA new structures were established or institutionally strengthened such as the Patent Office and the SME Support Agency under the MTI and the Regional Development Agencies (RDAs). The accent in this sector was less on (drafting) legislation, although legislation was drafted for patent rights and for company insolvency. Instead, policy frameworks were created for Trade and SME development, as well as monitoring tools and strategies for improvement of municipal government and regional development strategies. .
- *Human Resources*: not only were staff trained, but ECLO even actively recruited and financed the staff of the Regional Development Agencies.
- *System and Tools*: Direct 'hard' support was provided to the municipalities through the Municipal Infrastructure Project (Public Buildings, Roads and Bridges and Water and Sanitation) and, through a grant scheme, for social or urban marketing projects.

The portfolio can be roughly divided in four themes:

- Support to building a Regional Development Structure;
- Support to local governments and local government administration;
- Support to Small and Medium Enterprise (SME) development and Private Sector Development (PSD); and
- Support to Trade Development.

Support to the Regional Development Structure was organised in the framework of the EU Regional Economic Development (EURED) programme, the official partner for ECLO was the MLGA. ECLO divided in 2007 the whole country in five regions: North, South, West, East and Centre (including Pristina). In each of these regions a RDA was established, with most of the constituent municipalities as founding members. The RDAs were supported over the evaluation period with grant contracts¹⁰ whereas one large TA contract was meant to provide support with the development of relevant skills and strategy development. Furthermore the EURED grant scheme was launched for NGOS (both open to national NGOs as foreign NGOs with a Kosovar partner) for projects at regional level with a socio-economic objective (e.g. tourism development, SME or rural development). The RDAs managed this scheme. Nineteen projects were ultimately approved, the IPA contribution ranging between EUR 150,000 and EUR 500,000. In some cases the management of these projects has been designated to an RDA.

One of the objectives of the support to the RDAs - to enable the RDAs to (continue) playing a leading role as coordinator and driver of economic development activities in their respective economic regions - is partly achieved. They have gained a role as co-ordinator of a number of activities in the region, some of them in co-operation with other IPA-funded initiatives such as the SME days organised in conjunction with the SME Agency in the Ministry of Trade and Industry. The regional strategies have all been accepted by the respective Boards of Partners (i.e. the constituting municipal governments), other partnerships with other donor-funded initiatives have been developed (including UNDP, Cross-Border Cooperation) and, in addition to the EURED grant scheme, the RDAs also managed the rural grant scheme operated by the Ministry of Agriculture.

¹⁰ Each of the five RDAs benefitted from two contracts, one for the period June 2009 – June 2010 and a subsequent one for the period June 2010- June 2012, only for RDA centre there was a 'financing gap', the second contract covering the period February 2011 – June 2012.

The RDAs also contributed to the objective of the EURED Grant Scheme 'the consolidation of the five economic regions', through improving co-operation between the different municipalities. The TA project supporting EURED however did not succeed in establishing an overall national institutional framework for regional development in Kosovo. In addition, the RDAs and EURED face serious sustainability issues and systemic problems, which will be elaborated on below.

Support to local governments and support to regional development overlapped institutionally. The municipalities are the official partners of the RDAs, and the economic regions are in fact merely conglomerates of municipalities. ECLO directed its institutional support to local governments also through the MLGA, with two TA projects, one supporting the MLGA directly in its role, the other strengthening the capacity of local governments to effectively and transparently manage their role towards the citizens.

The project supporting the local governments has actively contributed to improvement of transparency, the planning capacities (in total seven municipalities established a development strategy with support of the project) and inter-municipal co-operation. Ultimately the project also managed to reach out to newly created municipalities.

The TA project assisting the MLGA supported the drafting of new legislation (including the law on inter-municipal cooperation and the law on territorial organisation of local self-government), on handing over ownership of assets from the MLGA to the local governments and in training staff and creating job profiles for the staff of the MLGA.

The municipalities are also supported by the 'Municipal Social and Economic Infrastructure' project (one service and three works contracts), funding the building of Municipal Buildings (works contract 1), Roads and Bridges (works contract 2) and Water and Sanitation works (works contract 3). In December 2009 in total 47 projects were approved. Works under works contract 1 face delay and two even were cancelled (reasons will be given below), but despite this satisfaction in the municipalities with this 'hard' support is high. In the first round (2009 financing), applications of two municipalities were rejected because they had not signed the EURED co-operation agreement. In a later round all municipalities were covered. The TA project in the MLGA supporting local governments also supported the municipalities in filing the applications.

Finally, financing of the development of a Master Plan for the resort of Brezovica can be grouped under the Regional Development projects, although it was formally channelled through MTI, which in turn delegated the management of the follow-up to a private international consulting firm. Although the EU Office does not intend to finance the implementation of the master plan, it has been officially adopted for further development by USAID and the establishment of a Master Plan can therefore be considered as potentially successful.

The MTI was beneficiary of most of the SME and PSD projects, three of them grouped under the 2008 *Economic Environment for all Kosovar Communities*: support to SMEs through the SME Support Agency (SMESA), support to the Patent Office and support to SCAAK. A fourth project was support to 2009 *Trade Development*. Success of these projects is somewhat mixed. SMESA was merely supported in developing an SME strategy, but it is not ready yet for its role as national coordinator of the implementation of the European Small Business Act. The MTI itself is still not satisfied with the capacities of SMESA.

The support to the Patent Office, in which for intellectual property rights the MCYS is also a partner, has been successful in strengthening the Patent Office in the MTI, although the project partners faced problems. A legal framework was established, staff in the Office but also in the Customs

Service were trained and an awareness campaign was organised. The component in the MCYS has been less successful; here the human capacities (one person) were clearly not sufficient to absorb the outputs of the project.

Support to SCAAK also included support to the Privatisation Agency (PAK), the successor of the Trust Agency. It found a largely incompliant bankruptcy legislation applied by PAK, without any creditors' or investors' protection. The project managed to draft compliant legislation and to assist SCAAK and PAK in adopting best practices.

The last of the projects grouped under 'Economic Environment for all Kosovar Communities' was a contribution of ECLO to the EBRD 'Turn Around Management' (TAM) Programme. EBRD manages TAM in all pre-accession and ex-Soviet Union countries. In the framework of TAM senior managers are assigned to private medium sized (50 to 250 employees) enterprises, with the objective to assist in restructuring and vitalising the enterprises. In Kosovo over 30 enterprises were so assisted with financial support from IPA. In the large majority of the projects support was considered effective by the beneficiaries and in only two cases was the support was cancelled during implementation.

The Trade Department of the MTI was beneficiary of the 2009 *TA to Further Development of Kosovo's Trade Policy*. This project is still on-going. Part of the objectives are to optimise the effect for Kosovo of the CEFTA of which Kosovo became a member in 2007. The project reports mention especially a lack of staff sufficiently trained in statistics to be able to perform impact assessments. The first impact assessment done under the project was considered to be too theoretical by the beneficiaries. Nevertheless, successes entail the official approval and establishment of the Trade Department, a new Trade Policy and a database for Kosovo's membership of CEFTA.

The IPA support is aligned here with that of a large number of other donors, most noticeably USAID, GTZ and UNDP. For the support through the MTI a donor co-ordination group has been established, chaired by the MEI. From funds from the 'Support to the MLGA' project ECLO arranged the purchase of software for donor coordination.

Also in this sector the involvement of the Kosovo public institutions in programming has been very limited, but the chairmanship by the MEI of donor coordination for support to MTI is a sign of increasing involvement.

For a small number of projects ROM scores were available:

Table 3.1 ROM scores for effectiveness in the Socio-Economic Development Sector

IPA Year	Project title	ROM score
2007	Econ. Env. For all Comm. – Support to Patent Office	C
2007	Econ. Env. For all Comm. – TAM	B
2007	Econ. Env. For all Comm. – Support to SMEs	C – B – B
2008	Mun. Social and Economic Infrastructure – Service Contract	B – B
2008	Mun. Social and Economic Infrastructure – Works Lot 1	C – C
2008	Mun. Social and Economic Infrastructure – Works Lot 2	B
2008	Mun. Social and Economic Infrastructure – Works Lot 3	B – B

The scores for most projects coincide with the observations of the evaluation, although for the SME project, considering the present capacity of the SMESA, the evaluation would have awarded a lower score.

Like in the 'Public Finance' sector, the specific objectives of the different projects have been achieved partly, although the fragmented nature of the sample makes it more difficult to come up with a general conclusion. For the MTI and the MLGA relevant and working systems were provided, but e.g. in the field of trade development and SME support human resource strengthening has been negatively influenced by the lack of adequate manpower. RDAs have been strengthened and have also contributed to improved municipal co-operation, but they remain institutionally weak (more to be said about this in the sustainability section). Municipalities have otherwise been provided with systems and hard infrastructure, although the latter part is still under implementation, but management at the local level remains weak.

3.2.3 Effectiveness in the Human Rights Sector

Interventions in this sector carried still very much the character of reconstruction and direct human aid, although there was definitely an element of capacity building:

- *Institutional Structures* were strengthened, although all Kosovar institutions through which the support was channelled were already in existence. These are the Ministry of Community and Return (MCR), the MCYS, the Reconstruction Implementation Committee (RIC) and the Office of Good Governance within the Office of the Prime Minister (OPM). These projects have supported the Kosovar authorities in realising the aims of the 'National Strategy for Communities and Returns 2009-2013;'
- *Human Resources* were directly supported, e.g. through facilitating minorities in participation in formal education and improved access to health care. Staff of municipal governments benefitted from training (e.g. in monitoring) and gained knowledge through participation in some projects;
- *Systems and tools* were provided to returnees, e.g. housing and assets for self-employment.

The emphasis in this sector is on civil society, direct support to individuals, repairing the physical and social effects of the conflict and thus creating the conditions for a harmonious multi-ethnic society. Capacity Building and Public Administration, the main focus of most other IPA Component I interventions, is less pronounced.

Interventions can be roughly divided into the following themes:

- Support aimed at facilitating return and resettlement of IDPs; these projects are channelled through the MCR;
- Support for the reconstructions of damaged or destroyed Cultural Heritage (mainly Orthodox-Catholic religious sites), with the MCYS and RIC as partner;
- Support aimed at improving the position and participation in society of ethnic minorities: Roma, Ashkali and Egyptian (RAE), with the Office of Good Governance (designated as responsible for the RAE strategy) as partner.

The different projects focusing on returnees consist of the so-called 'Return and Reintegration in Kosovo (RRK)' projects I and II (implemented respectively by the UNDP and the Danish Refugee Council - DRC). The Community Stabilisation Programme (CSP) implemented by the Internal Organisation for Migration (IOM) followed up improving the livelihood of the returned IDPs by providing (self-) employment options through the enabling of a number of private and social projects. The latter objective had also been pursued by the RRK projects, in combination with facilitation of return through 'go-and-see' visits and construction of dwellings. The projects furthermore actively sought to strengthen municipal governments in the management of return.

All projects largely achieved or exceeded their numerical targets for the returnees, i.e. 391 houses constructed or repaired, 16 infrastructure projects completed; over 400 returnees were trained and 174 supported with grants and 170 businesses by returnees were supported in their establishment by providing simple productive assets such as agricultural tools. Over 70 community development projects were started. RRK also had a so called Balancing Component for vulnerable local Albanian population, under which houses were built and some community development projects were realised. In the 36 participating municipalities Steering Committees were established and local government staff was trained in monitoring.

Not surprisingly the projects met with problems, e.g. the issue of land allocation for returnees who were either landless before their departure or could not prove the ownership was never fully resolved. Some municipalities were no official land-owners. Several municipalities were only open to the return of IDPs who had lived in the same municipality before the conflict. Some cases of abuse were detected, i.e. people who had no genuine wish to return but nevertheless tried to obtain a grant, but where possible this 'dead weight' was corrected for. Women and representatives of the RAE community had special attention, but especially the latter suffered under the mentioned land allocation problem.

Apart from the MCR, the Ministries of Labour and Social Welfare and of Education were actively also involved in the programme. Although the MCR was not fully satisfied with the quality of the capacity building efforts under RRK I, the combined effort can be considered as having been effective. A good synergy between RRK II and the CSP contributed to this.

A small IPA 2009 project implemented by the NGO 'Project in Ethnic Relations (PER)' focused on improving confidence of local Serbian leaders and improving Albanian-Serbian relations. The project succeeded in initiating a Albanian-Serbian dialogue through organising about ten round-table meetings involving some 200 Serbian and Albanian participants. For PER this is an extension of an activity they had started with financial support from USAID.

Support for the Reconstruction of Cultural Heritage in this evaluation period consist of an IPA 2007 and an IPA 2008 project, building on the results of an earlier (CARDS 2004) project, all realised by the Council of Europe (CoE). Their aim was to enable the RIC, a temporary structure, to continue its reconstruction activities, to increase local ownership of the cultural heritage management and, basically, to contribute to a stable multi-ethnic society. The objectives of this project in terms of reconstructing sites (eight) and developing the Orthodox Church in Peje/Pec into a touristic site have been achieved. Curriculum development at schools and universities in Kosovo, creating awareness for the cultural diversity of the country turned out to be a more cumbersome process, but significant progress has been made. Several school visits to the sites were organised. Capacity building at the MCYS met with a certain 'resistance to change' in the Ministry. Guidelines answering to the highest international standards for reconstruction and governance of historical sites were developed, but the Ministry did not yet adopt these.

The project co-operated with different parties, such as the Serbian Orthodox Church (also a member of RIC) and the Greek ambassador, appointed as co-ordinator of the reconstruction process.

Different projects supported the RAE communities in the framework of the EU Support for the Implementation of the RAE Strategy (SIMRAES). With the NGO Scottish Mercy Corps under IPA 2007 in the framework of the EU - Mitrovica Support Initiative the closing of the lead contaminated refugee camps in Cesmin Lug and Osterode and the resettlement of about 140 RAE families to newly constructed dwellings in Roma Mahalla was realised. Overall, the project managed to

achieve the objectives, also in terms of improvement of health, awareness of the risk of lead poisoning (through the establishment of three health centres) and income creation, although the business creation target could not be achieved. This project was also a continuation of a project financed by USAID.

The Kosovo Foundation for Open Society (KFOS- previously known as the Soros Foundation), in co-operation with the Kosovo Education Centre, is still implementing an IPA 2009 project which through the establishment of 'after-school' learning centres endeavours to improve participation and utilisation by the RAE community of the educational system. This participation was at the start of the programme very low, especially in higher education. The project has been able to establish very good relations with the RAE communities, with the participating municipalities and with the MCYS. The project has already exceeded its target in terms of participation by RAE children in the learning centres (1,900 versus the target of 1,100). Other parts of the project focus on culture and media. The cultural component resulted in the organisation of two RAE festivals, a series of events promoting RAE culture and most importantly, training of eight RAE young journalists out of which five were employed in a distinguished media house. Cooperation with journalists resulted in TV documentaries and articles being published and broadcasted in the mainstream media.

It is evident that the ECLO here has tried to identify and support existing but relevant activities to (further) support, some of them previously supported with EU-CARDS funds but many by other donor funds such as USAID.

The following table presents the ROM scores for effectiveness.

Table 3.2 ROM scores for effectiveness in the Human Rights Sector

IPA Year	Project title	ROM Score
2007	Return and Reintegration in Kosovo (RRK I)	B - C
2008	Return and Reintegration in Kosovo (RRK II)	B
2009	Community Stabilisation Programme	B
2008	Support to the Promotion of Cultural Diversity in Kosovo	B - C
2007	Support to implementation of the Mitrovica – RAE strategy	B - B
2009	Support to the Implementation of the RAE strategy	B - B

The above seems to coincide largely with the observations of this evaluation. Altogether, IPA funds have contributed to a range of successful interventions in this sensitive field, where effects were clearly visible for the direct beneficiaries. In the area of cultural heritage the envisaged strengthening of the responsible institution, the MCYS, has been less effective, but the results on the cultural heritage itself (achieved as a result of a combined effort with other donors) is tangible..

3.2.4 Conclusions on effectiveness

Summarising, with reference to the judgment criteria:

- The assistance was partly effective with the planned outputs delivered, normally at the appropriate quality level. Generally, outputs were useful for the beneficiary organisations, although in the Public Finance sector IPA failed to deliver some envisaged and highly necessary IT systems. Especially in the sectors Public Finance and Socio-Economic Development manpower shortages in the Kosovar institutions have restricted results in Human Resource strengthening
- Beneficiaries have been hardly involved in programming. In one case a project was not implemented as a result of a difference of opinion with another donor.

- Although the accent in the Human Rights sector was less pronounced on capacity building for Public Administration, this element was also present. The focus here was on laying the foundations for a stable multi-ethnic society, at the same time also sustainably improving the living conditions of certain vulnerable groups. Effects on the direct beneficiaries are positive and visible. Also reconstruction of both individual and cultural property was supported.
- ECLO has maintained proper supervision structures, including risk management.

3.3 Efficiency

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

Assessing efficiency relates to the timeliness of the delivery of the outputs and their cost, i.e. it addresses whether outputs were delivered on time and at a reasonable and expected cost. In the context of this evaluation, efficiency focuses on the achievement of value for money for both outputs and objectives. To assess this, the following factors need to be determined:

- whether the assistance has been, or is likely to be, delivered within the originally planned budget and time-frame; and
- whether the planning process took adequate consideration of other ways of delivering outputs or objectives and whether assistance could have been delivered in a more cost effective manner to achieve the same outputs or objectives.

3.3.1 Efficiency in Public Finance and Financial Management

As can be seen from the table below, the majority of projects in this sector were TA projects. The one planned supply project was not implemented.

Table 3.3 Project Implementation Modality in the Public Finance sector

IPA Year	Project title	Modality
2007	Meeting EU standards in public procurement	TA
2008	PIP - Improving the quality of public investments in Kosovo and preparing the grounds for EU funds	TA
2008	Support to the Office of the Auditor General of Kosovo to meet EU standards	Twinning
2008	Improving Public Management, Control and Accountability in Kosovo (PIFC)	TA
2008	Strengthening customs and taxation	TA
2009	Taxation IT (not implemented)	Supply
2009	Support to the Agency for Co-ordination of Development and European Integration (ACDEI) ⁸	Twinning
2009	EU Scholarship Scheme – Round VI (Young Cell Scheme YCS)	TA

Although no separate formal capacity assessment was done, the fact that the majority of projects were regular TA projects reflect the early stage of the beneficiaries in the accession effort (i.e. Twinning contracts are normally more demanding for the beneficiary and suggest a clearer and more pronounced accession agenda). The Twinning partners for ACDEI were a consulting company and a public administration training institute, the project was therefore in nature very similar to a regular TA contract.

All of the projects studied in the sample were contracted using competitive tender procedures, either for TA contracts or using the common procedures for Twinning.

Most contracts were awarded between a year and a half year before the end of the contracting period, dictated by the N+2 rule (see Annex 7); the 2009 projects even more than a year before. There is therefore no implementation backlog. This can be explained by the centralised programming and implementation procedures (see below for more elaboration).

No cases were observed where tenders had to be re-launched, and start dates follow normally the contract signing closely (significantly less than the allowed three months). Two projects ended significantly later than planned, but for one of these (the Young Cell Scheme) this is caused by an addendum to the contract, allowing the contractor to take over a next round of the scholarship system. Only in one case (Public Procurement) can this be characterised as a delay in execution: the project faced serious problems because of poor co-operation between the beneficiary and other PISG, the initial non-acceptance of the proposed redrafted law and weakened capacity of the beneficiary.

Time horizons of the projects are in general realistic, with some exceptions: the mentioned 2007 *Public Procurement*, but also the PIFC project noted that the actual tasks were significantly larger than reflected in the TOR.

The budgets of the projects have generally been realistic. The Young Cell Scheme was amended to be able to cover the next round and the budget therefore was increased from MEUR 1.7 to MEUR 3.0. Time extensions, if any, were budget neutral. Exceptions are 2007 *Public Procurement* where training days were under-utilised and the earlier mentioned IT systems in the CPA which could not be improved because of a lack of funds.

ECLO maintained strict financial management procedures following PRAG¹¹ and the procedures from the Twinning Manual.

ECLO has furthermore tried to build on results achieved by other donors or previous EU-funded projects (CARDS). The support to the Customs Department builds on significant support achieved from TAIEX and under CARDS. For IPA 2012 this Department will now receive support under a Twinning contract. The Young Cells Scheme operated under the auspices of MEI is now going through its eighth round.

Donor coordination structures exist, the EU office has even one staff member exclusively dealing with this. An example is the IT system the CPA will receive through World Bank finance, which will solidify the results achieved under the 2007 *Public Procurement*. Nevertheless, unintended duplication or coordination efforts occur. The aid management platform supposed to be established with the support of the twinning project for ACDEI appeared to have been set up already with support from a previous, DFID-funded project - a fact which should have been seen in the programming. GLZ is executing a large project for the MEI and the EU twinning partners complained about the risk of duplication of efforts with this project. Despite of the intense ECLO presence in supervision of the projects, a case was encountered of duplication through poor co-ordination between two IPA projects - between the projects for the OAG and the project dealing with PIFC in the MEF.

It appears therefore that in terms of programming, contracting, donor coordination the IPA interventions have, with few exceptions been delivered efficiently. The ROM system rated the efficiency of the 'support to the OAG' as good (B), which again appears to be in line with the findings of this evaluation.

3.3.2 Efficiency in the Socio-Economic Development Sector

The following table shows the modalities selected for the IPA interventions in this sector. Twinning as a modality is absent; this appears logical considering the maturity of the different local institutions and the sometimes technical nature of the interventions.

¹¹ The Practical Guide to contract procedures for EU external actions.

Table 3.4 Project Implementation Modality in the Socio-Economic Development sector

IPA Year	Project title	Modality
2007	SME support through the Ministry of Trade and Industry (MIT)	TA
2007	EU Support for business development through Turn-Around Management (EU-TAM)	Contribution Agreement with EBRD
2007	Insolvency Capacity Building	TA
2007	Support to the Patent Office	TA
2007	Master Plan for (holiday and ski-resort) Brezovica	TA
2007	Support to Local Government - EULOG	TA
2007	Support to the MLGA	TA
2008	Municipal Social and Economic Infrastructure (MSEI) – Service Contract	TA
2008	MSEI: Lot 1, 2, 3	3 Works Contracts
2008	Regional Development Structure and Instruments –RDAs June 2010 – June 2012	5 Operational Grants
2009	EURED - Support to Regional Economic Development	TA
2008	EURED - Call for Proposals	Grant Scheme
2009	EURED - Operational Support to five RDAs –June 2009 -June 2010	5 Operational Grants
2009	Further Development of Kosovo's Trade Policy	TA

Also here all of the projects studied in the sample were contracted using competitive tender procedures, with the logical exception of the contribution agreement. PRAG rules were followed where necessary.

The fragmentation of the project portfolio mentioned in Chapter 2 is very evident in this sector. The five project fiches contained thirteen projects, which were executed through 23 contracts and a grant scheme. This influences efficiency, in that it called for significant management efforts from the side of ECLO to keep this wide portfolio on track. This is aggravated by the tendency of the ECLO to micro-manage the projects. Especially in the projects executed through the MLGA the ECLO rather narrowly prescribed the strategy. This has influenced progress, e.g. the gap in the support to the RDA Centre between June 2010 and February 2011 was caused by the fact that the ECLO insisted on a change of staff (for ethnic reasons), with which the Board of Partners did not agree. As a result, after February 2011 an almost entire new RDA staff took over, and previous capacity building efforts for the previous staff had to be written off. In the entire project portfolio instances of change in Team Leader and other experts, on instigation of ECLO, were common.¹² The project providing support to SCAAK complained about slow decision making by the ECLO.¹³ The Trade Policy Support project was also influenced by a change of staff.

Both the MLGA and the MTI could not provide initially appropriate working space to the experts, a situation which improved later.

Under the MSEI project, different building activities in the Northern part of the country faced delays caused by social unrest (blockage of roads by Serbian minority at the start of 2012) and because of

¹² This also occurred in the Public Finance and Financial Management sector, but less pronounced.

¹³ Quote from a progress report: 'By the time this report is considered by senior management at ECLO, a period of five months will have elapsed since the project started, In other words, 27% of the project time will have elapsed. we have used up a total of 11% of human resources (compared with an expected 27%) and 1.67% of the budget for incidental expenditure.'

severe weather conditions in the winter 2011/12. The contractor for Lot 2 is an Albanian construction company, who faced problems implementing activities in a Northern municipality, inhabited by Serbs. Finally, works under Lot 1 were delayed because of doubtful performance by the building contractor: reportedly, irregularities occurred with the sub-contracting of local contractors including non-payment, who subsequently ceased working.

Annex 7 shows start dates of the projects, as well as expected and actual end dates. An initial backlog in programming for IPA year 2007 (as evidenced by the relatively late start of the projects, shortly before the deadline dictated by the N+2 rule) does not appear in later years. Also delays in completion were more common for the 2007 projects. The TAM project was extended because of its apparent success. The postponement of the final date of the MSEI project reflects the problems described above. IPA 2008 funds were used to continue funding projects started under IPA 2009 (the Operational Grants for the RDAs).

Also here the ECLO built on earlier achieved results: the MSEI project under IPA 2008 built on two earlier projects funded under CARDS.

Under the regional development projects the ECLO actively pursued co-financing with local sources: although the contribution of the municipalities to the costs of the RDAs was between 5% and 7% of the total costs, it demonstrated their commitment. With the EURED grant scheme the contributions of IPA ranged between 65% and 90% of actual costs. The contribution of ECLO to the EBRD managed TAM programme (EUR 2,500,000, 95% of total project costs) appeared high, considering also the availability of alternative senior experts services for local SMEs, such as the British BESO or the Dutch PUM, which work at significantly lower costs using volunteers.

Finally, the ROM system scores the efficiency of the projects as follows:

Table 3.4 ROM scores for efficiency in the Socio-Economic Development Sector

IPA Year	Project title	ROM Score
2007	Econ. Env. For all Comm. – Support to Patent Office	C
2007	Econ. Env. For all Comm. – TAM	B
2007	Econ. Env. For all Comm. – Support to SMEs	C – B – B
2008	Mun. Social and Economic Infrastructure – Service Contract	B – B
2008	Mun. Social and Economic Infrastructure – Works Lot 1	C – D
2008	Mun. Social and Economic Infrastructure – Works Lot 2	B
2008	Mun. Social and Economic Infrastructure – Works Lot 3	B – B

The low efficiency of Lot 1 of MSEI was also observed by this evaluation. For these specific projects the ROM scores appear to coincide with the findings of the evaluation, but the entire IPA effort, including projects not covered by the ROM system, has suffered, in terms of efficiency, from the tendency of ECLO to micro-manage a widely scattered portfolio.

3.3.3 Efficiency in the Human Rights Sector

All projects in this sector were realised through contribution agreements and subsequent grants, three with International Organisations (IOM, CoE, UNDP), the remainder with NGOs such as the DRC, PER, KFOS and the Mercy Corps. This appeared to be generally an efficient modus operandi: the implementing organisations had gained experience or, as in the case of PER and the 'Confidence Building Measures' could create synergy with on-going interventions funded by USAID. The NGOs were generally committed, made an optimal use of local staff (i.e. with only few exceptions all staff involved were local experts) and had therefore a lower cost structure.

Only the co-operation with the International Organisations CoE and UNDP may have been less efficient. Especially RRK I (UNDP) was from the start less efficient, the UNDP staff being not fully devoted to the project and drawn to other UNDP activities. UNDP also did not stick to the ECLO reporting requirements and a four months delay in submission of the Inception Report resulted in an overall delay in implementation and completion. The co-operation with the CoE also met at times with difficulties, both with ECLO and, because of a very formal approach to the international recognition status of Kosovo by the CoE, with the local partner MCYS. This explains for the discrepancy for some of the projects between the expected and the actual end date of the projects (see Annex 7).

Some other projects were given a no-cost extension to continue a successful operation rather than due to poor co-operation or delays. This is most noticeably the case for the SIMRAES initiative.

In several projects co-funding was applied, for example in the cultural heritage projects grants (small donations ranging between EUR 4,000 and EUR 8,000) were received from the French, Greek and US embassies. The local contribution to the RRK projects, or rather to the realisation of the 'National Strategy for Communities and Returns 2009-2013' is sizeable: under RRK I 10% of the action was financed by funds from the MCR, for RRK II and for the CSP this was 5%.

Observations on efficiency of this evaluation appear to be confirmed by the ROM scores, although these cover only a part of the sample. It appears that the modus operandi, especially co-operation with dedicated NGOs and looking for local co-finance, has turned out to be efficient.

Table 3.5 ROM scores for efficiency in the Human Rights Sector

IPA Year	Project title	ROM Score
2007	Return and Reintegration in Kosovo (RRK I)	C – C
2008	Return and Reintegration in Kosovo (RRK II)	B
2009	Community Stabilisation Programme	B
2008	Support to the Promotion of Cultural Diversity in Kosovo	B – B
2007	Support to implementation of the Mitrovica – RAE strategy	A – B
2009	Support to the Implementation of the RAE strategy	B – B

3.3.4 Conclusions on efficiency

Summarising, with reference to the judgment criteria:

- Generally, appropriate service providers or twinning partners have been selected, with the exception of some projects in the Socio-Economic Development sector, where project performance took away from the efficiency of the effort.
- Extensions occurred most often in the Socio-Economic Development Sector. Budget and time-horizons were normally realistic.
- Procedures for programming are transparent, but the tendency of ECLO to 'micro-manage' the projects demanded excessive time inputs. In the Socio-Economic Development sector micro-management, including the insistence on change of project staff by ECLO, has been detrimental to the efficiency of a number of projects.
- Working through contribution agreements with NGOs in the Human Rights sector appeared to be an efficient approach, benefitting from and building on experience gained previously by them. Co-operation with International Organisations was less efficient.
- ECLO has done a good effort in building upon results of previous EU-funded efforts. Coordination structures with other donors exist and also here synergy is sought, although in at least one case inputs were lost on duplication of efforts with another donor.

- Where possible a good mix of financial sources (including non-EU sources.) was applied, in the EURED projects as well as in the Return projects in the Human Rights sector, local contribution was evident.

3.4 Sustainability

EQ5 Are the identified impacts sustainable?

EQ6 Are there any elements which could hamper the impact and/or sustainability of the assistance?

3.4.1 Sustainability in Public Finance and Financial Management

The understaffing as well as lack of experience of staff in the MEF and also in the other central budget organisations is a serious threat to sustainability of the IPA efforts to improve Public Finance. Having seen a large staff turnover over the past, if not at least a critical mass of the present staff will remain in place and come to use the systems developed the effect of many efforts will be lost.

Positive examples of sustainable results are shown by the MEI and the Customs Department. The latter has seen little staff turnover, and the staff is motivated to learn and apply the knowledge obtained from the IPA intervention (evidence is provided in the impact section). Also the MEI, which is gaining status and will soon also become involved, after programming, in monitoring and supervision of the IPA portfolio, so far managed to maintain a critical mass of the staff.

Although prospects for sustainability of the outputs of the 2007 *Public Procurement* looked bleak throughout the project, as described in the effectiveness section, the situation improved towards the end, with the final adoption by the Assembly of a largely acquis-compliant procurement law.

The Young Cell scheme has been effective in delivering a number of well trained and internationally oriented graduates for the Kosovar Public Service, but sustainability is threatened by the fact that the graduates are only bound for three years to employment in the Public Service. Most leave after this period, the Public Administration not being able to provide them with a competitive salary and other job conditions.

The ROM system assessed the sustainability of the 'Support to the OAG' as good (B), which finding is not fully supported by this evaluation: both capacity problems within the office as the anticipated change of the person of the Auditor General next year may make a score C ('problems') more appropriate. .

3.4.2 Sustainability in the Socio-Economic Development Sector

In the SME and PSD projects, realised in partnership with the MTI, as everywhere in the public sector actual absorption and utilisation of the human resource efforts may be negatively affected by high staff turnover. The SMESA faces some additional problems: management of MTI is itself not satisfied with SMESA's capacities, and hopes to improve the general quality level by merging SMESA with the Investment Promotion Agency (IPAK). At this stage it is not known whether this expected quality improvement will occur after the merger.

Sustainability of the TAM supported private companies is at the moment not at risk: all beneficiaries are still active in the market. A recent evaluation¹⁴ indicates that productivity in the companies assisted has grown by 25% in average, and sales by 40%. Three have received financing from EBRD and about six more have received loans from commercial banks. Three companies have

¹⁴ In a sample of twelve beneficiary companies

received ISO quality certification. Sustainability of the support given to the development of the Brezovica holiday resort looks secured, through the adoption of the further stages by USAID, but it is too early to assess the full sustainability. There is ample competition for ski resorts in the region, although Brezovica is attractive especially for tourists from Albania.

Also the TA provided to MLGA and to the municipal governments is likely to have been sustainable, at least in terms of local government administration. There appears to be, however, a large problem connected with the sustainability of EURED. The RDAs face a financial and institutional sustainability problem. They are not recognised under the Kosovar law as a legal entity, neither as a public body nor as a NGO but fully exist as EU-funded projects. This implies that staff funded from the present EU budget may only be used for designated tasks described in the grant contract, and that for every additional activity new staff would have to be hired (although the EU office now tries to promote the RDAs also towards other projects and other donors). This is not a workable business model. At the moment the EU office tries to set up, with support of the RDAs, an umbrella organisation for the RDAs, to channel further IPA funding through, but the evaluation does not consider that yet as a sufficient solution.

The ROM system scores sustainability as follows:

Table 3.6 ROM scores for sustainability in the Socio-Economic Development Sector

IPA Year	Project title	ROM score
2007	Econ. Env. For all Comm. – Support to Patent Office	C
2007	Econ. Env. For all Comm. – TAM	B
2007	Econ. Env. For all Comm. – Support to SMEs	D – C – B
2008	Mun. Social and Economic Infrastructure – Service Contract	B – B
2008	Mun. Social and Economic Infrastructure – Works Lot 1	B – B
2008	Mun. Social and Economic Infrastructure – Works Lot 2	B
2008	Mun. Social and Economic Infrastructure – Works Lot 3	B – B

The ROM monitor appears to have a more optimistic opinion on the sustainability of SMESA, compared to the evaluation. Unfortunately the ROM system did not cover the different EURED projects, where the evaluation observed severe sustainability issues.

3.4.3 Sustainability in the Human Rights Sector

Sustainability of the RKK projects and the CSP seems only partly assured, the participating municipalities have the skills to manage return, although not yet the funds. Funding to assist the actual return effort will most likely still be necessary for the coming years, although it is difficult to say for how long and for how many.

Within the responsible ministries, most noticeably the MCR and the MCYS, capacity has been strengthened to manage return as well as reconstruction of cultural heritage. In the MCR it appears that these efforts have been sustainable, the Ministry has a committed a (be it small) staff with relevant knowledge and skills. Sustainability for Cultural Heritage is more doubtful. RIC was never meant to be a permanent body, which is logical since reconstruction has a definite time horizon. The standards introduced by the CoE in the MCYS however have not yet been adopted. The Ministry appears to struggle with staff limitations, and there is no structure in place for maintenance of the restored monuments.

Like with the IDPs, external funding will remain necessary to continue and build on the actions for the RAE.

Table 3.7 ROM scores for sustainability in the Human Rights Sector

IPA Year	Project title	ROM Score
2007	Return and Reintegration in Kosovo (RRK I)	B – B
2008	Return and Reintegration in Kosovo (RRK II)	B
2009	Community Stabilisation Programme	B
2008	Support to the Promotion of Cultural Diversity in Kosovo	B – C
2007	Support to implementation of the Mitrovica – RAE strategy	B – B
2009	Support to the Implementation of the RAE strategy	B – B

As seen from the table above, also the ROM system identified ‘problems’ (C) for the sustainability of the Cultural Heritage efforts. Also otherwise, the scores appear to be consistent with the observations of the evaluation.

3.4.4 *Conclusions on sustainability*

Summarising, with reference to the judgment criteria:

- Long term institutional capacity building results may not be sustainable in some PISG, mainly because of high staff turnover. Also the sustainability of the Young Cell scheme is limited;
- Exceptions to the above are the Customs Department, the MEI, the MRC and the CPA;
- Sustainability of the EURED efforts, i.e. the five RDAs, is doubtful because of a lack of institutional embedding (no secured finance and no legal identity);
- More funding will remain necessary for further restoration of cultural heritage, as well as for support to returnees and minorities.

4 Analysis of the impact of IPA assistance

4.1 Introduction

EQ3 Are the outputs and immediate results delivered by the IPA translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities linked to the accession preparation? Are/can impacts be sufficiently identified/quantified?

The focus in this chapter is on the contribution of the suite of IPA-funded projects studied to the changes in the sector identified. For the context we refer to Chapter 2 and Annex 1, in which the overall progress made was described, set off against the objectives as formulated in the European Partnership (EP). The critical influence of IPA support for these observed changes, i.e. the impact of IPA, i.e. the impact, is obviously also influenced by the extent to which IPA interventions managed to produce the expected results, and whether these results are sustainable, which was described in Chapter 3. In this chapter therefore the two analyses come together.

Chapter 2 concluded with the finding that progress was undeniable, however much remains to be done. The more so, since the targets set for the accession effort were (yet) rather modest. Also economic development is limited, with an economy still very dependent on remittances and at present influenced by the recession. Any IPA impact therefore has to be seen against this restricted background.

In first instance we will verify whether the expected effects of the IPA projects were logically linked to the EP objectives. Continuing, we will describe the observed impact of the IPA interventions on these wider objectives. Finally, it will be verified whether the IPA projects have not produced other indirect effects, expected or unexpected, positive or negative.

4.2 Does IPA assistance address priority issues?

This section is closely related to relevance, an evaluation criteria which does not stand focal in this evaluation since it was sufficiently covered in the 2011 CPiE. In order to have impact, it is however required that the different interventions are aiming at the fields in which this impact is desired.

It therefore has to be verified whether of the projects in the sample clearly fit in the European Partnership (EP) and the EP Action Plan. The projects in the Public Finance and Socio-Economic Development Sectors focus on institution building, but this is less self-evident for the other sectors.

Capacity building of public administration fits into the wider objectives of the IPA, but it would appear that also the Human Rights projects are in line with the policy documents, the Multi-Indicative Planning Document (MIPD) for 2007 to 2009 stating in this respect: '*While UNMIK and Kosovo's provisional institutions of self government have made good progress in setting up an administrative system, starting almost from scratch in 1999, it is recognised that due to its specific history, Kosovo needs to further develop in order to establish a multi-ethnic, democratic society firmly anchored in the rule of law. EC assistance will focus on achieving this aim.*' On Socio-Economic Development the MIPD continues: '*Sustainable stability can only be achieved if Kosovo's economy develops and offers opportunities to all communities. Support to economic growth will be another key objective for EC assistance.*' Support in the Human Rights Sector is furthermore policy-relevant when comparing with the following statement in the MIPD: '*A good neighbourly relation*

between communities with different cultural, ethnic or religious backgrounds is the key for stability and peace’.

Compliance with the MIPD and with the European Partnership (EP) is a pre-condition for impact.¹⁵ The table in Annex 8 shows the projects in the sample and the relevant priorities as outlined in the EP. Projects are clustered around themes, such as ‘regional development’ or ‘return’, and follow-up projects are shown together with the initial projects, since they share the same objective.

The projects aiming at facilitating the accession process through the ACDEI or MEI are treated separately and not shown in the table, i.e. the ‘Support to the Agency for Co-ordination of Development and European Integration (ACDEI)’ and the ‘Young Cells Scheme.’ Specific support to enable a (future) better management of the IPA interventions by local authorities is relevant, as witnessed by the following quote from the MIPD: ‘*A precondition for efficient assistance is coordination. This will require increased efforts of Kosovo’s institutions to articulate a link between their development needs and EC assistance, efficient donor coordination and improved cooperation within the PISG. Kosovo’s IPA coordinator will be responsible for the coherence and complementarity of IPA assistance internally and with other donors.*’ The EP also calls for strengthening the participating in EU higher education. In general, the Young Cells scheme is justified by the severe human resource limitations Kosovo is experiencing, as a result of the suppression of the Albanian population and exclusion from education of the same group under the Milosevic regime. This puts Kosovo also compared to other (potential) accession candidates in a unfavourable position.

The objectives of the large majority of projects are directly linked to priorities as stated in the EP, key (KP), long-term (LTP) or medium- term priority (MTP). The first two categories are actually in the majority. Only for the regional development projects no directly linked priority is mentioned in the EP. They appear justified by the above mentioned objective stated in the MIPD, related to socio-economic development, although indeed the relevance of a specific regional approach to development for a country the size of Kosovo can be questioned.

All projects pay attention to cross-cutting criteria, i.e. position of women and inclusion of minorities.

4.3 Impact in Public Finance and Financial Management

Generally, legislation is now compliant with the *acquis*, and the critical effect on this by IPA is significant. Reference is here made to the matrices in Annex 1. However, important issues remain related to implementation:

- *Institutional structures*: Some of the concepts transferred under IPA face resistance from groups within the Kosovar Public Administration. Corruption is still unfortunately a common phenomenon, it is therefore not surprising that concepts like ‘public procurement’ and ‘internal audit’ have yet to comprehensively gain traction.
- *Human Resources*: Despite the training effort under the IPA projects, human resource capacity in all ministries or agencies is still insufficient for a full implementation of the legislation, in both quantitative and in qualitative terms. The effect of the training effort is partly taken away by large staff turnover and departments are normally understaffed (an element on which IPA cannot exert much influence). In isolated cases the available staff lacks the background even for a full absorption of the training.
- Both the adoption of new structures and human resource strengthening faced problems at the level of local government. Staff capacity is insufficient; resistance to new concepts is strong. In

¹⁵ The MIPD and EP are mutually compliant as the former is developed from the latter.

addition, in the Northern part of Kosovo where Belgrade is still financing a parallel government structure, the coverage of the Kosovar central ministries is weak.

- *Systems and tools*, including IT, although improvements were made under IPA, are still insufficient to enable a full implementation of the different outcomes of the IPA projects.

Concerning the introduction of structures, illustration for the above is provided by the procurement bodies in the central budget organisations, which are still vulnerable to pressure from the political level to influence procurement decisions. Many budget organisations refuse to co-operate with the Public Procurement Regulatory Commission (PPRC) and there is (see also Chapter 2) no influence by the PPRC on the procurement practices of the Serbian local governments in the North. Although a Public Investment programme (PIP) system has been installed in the Ministry of Finance (MoF), it is still, especially by municipalities and other central budget organisations, insufficiently used as a tool for prioritising and identifying the best public investments, it is now no more than an obligatory form to be filled in, as was also shown in the sectoral analysis in Chapter 2 and Annex 1. Even though the project for the Auditor General was well received, problems remain in the Office of the Auditor General (OAG): there is a lack of practice especially with performance audits (by the end of 2011 only two of these had been performed) and lack of budgetary provision for the OAG threaten its functioning in line with audit institutions in the EU.

Limitations on Human Resources strengthening are illustrated by the Public Procurement Regulatory Commission (PPRC), which especially weakened in 2009 as a result of the new Procurement Law, and the Central Procurement Agency (CPA) which still have insufficient staff. The working has improved though.¹⁶ Both the Central Harmonisation Unit for Financial Management and Control (CHU/FMC) in the Treasury and the Central Harmonisation Unit for Internal Audit (CHU/IA) in the MOF face problems with staff capacity for the absorption of the outputs of the PIFC project. The ROM system assesses the prospect for impact of the only project in this sector covered by ROM, 'Support to the Office of the Auditor-General,' as good (B), more optimistic than the opinion of this evaluation.

The sectoral analysis clearly showed the prevailing lack of capacity, quantitatively and qualitatively, in the Public Administration. The Young Cells are in terms of human resources a case in itself, as a full utilisation of these young people would help in making the step from output to impact of other IPA outputs in the Public Administration. As was described above when discussing sustainability, this is not yet the case. Not only do Young Cells leave because of the lower salaries, but also several mentioned 'boring job conditions' or even a lack of suitable activities as reason to leave. One Young Cell interviewed mentioned that she was not even employed in the Ministry for which her profile was most suitable, despite of the understaffing and lack of skills in this Ministry.¹⁷ According to an Evaluation Report of the Young Cell scheme of October 2012¹⁸ 47% of the Young Cells initially hired were still employed in the Public Service, however in this ration the number of Young Cells who had not yet completed the obligatory three-year period was still included. Some 10% of the first rounds never returned to Kosovo. The prevailing management culture stands in the way of a full and sustainable employment of the Young Cells. Top management or political leaders in Kosovo likewise are not sufficiently active in overcoming this resistance to change.

In chapter 3 under the section dealing with effectiveness, it was described how the envisaged strengthening of the Procurement Agency (CPA) and the tax department with new IT systems did not materialise. These two cases are the single cases where missing impact can be univocally attributed to IPA performance (or rather non-performance).

¹⁶ Initially it suffered (quote from the contractor's second bi-annual report) from a 'systemic failure to dispense justice.'

¹⁷ Which was not a Ministry in the sample of this evaluation.

¹⁸ 'Evaluation of EU IPA projects covering support under the Young Cell Scheme', Sotirag Guga, IBF International Consulting for IPA, October 2012

There are positive exceptions to the above. The sectoral analysis describes the progress made in the Kosovo Customs Service (KCS) and the contribution IPA here has been very significant. The impact of the IPA 2008 project here are difficult to separate from the effects of the previous EU funded efforts, delivered under Multi-Beneficiary Programmes (MBP) and TAIEX. The IT system delivered under IPA 2008 is fully operational, border management has improved as witnessed by faster border-crossing procedures (although obviously problems at the Serbian border pertain). There is a good co-operation with other countries. The KCS will now become beneficiary of a full-fledged IPA Twinning Project.

Also MEI has improved its capacity. The EP Action Plan (EPAP) has been made more pragmatic, as witnessed by a rationalisation of the number of actions prepared. MEI is more and more involved in programming of IPA, and is since 2012 chairing donor coordination meetings in different technical fields. A monitoring and evaluation unit is being set up, anticipating a stronger role also in management of on-going IPA support. A web-based Aid Management Platform is actively applied, although it is now a bit outdated. Apparently over half of its 50 person staff is made up of Young Cells. Unfortunately, the impact on EU funds management is still largely restricted to MEI: communication with and between other departments through the Sector Programme Officer offices is poor.

Both in the MoF and in the MEI extensive other donor programmes have been and are in place. In the case of MoF, TA was provided by the World Bank, GIZ and USAID, also for the tax department. World Bank finance may still secure the strengthening of the IT systems for the tax department and for CPA, where IPA failed to deliver. In the case of MEI, the impact of IPA may even be overshadowed by the impact of an earlier large DFID project and a still on-going GIZ project. The first actually delivered the basis for the mentioned Aid Management Platform, whereas the IPA Twinning Project built on this, using the same expert earlier employed for this by DFID. GIZ has now decided to redirect its support away from IPA management related issues, considering that in January 2013 a new IPA Twinning project started for MEI.

4.4 Impact in the Socio-Economic Development Sector

It is more difficult to show a general finding on impact of IPA support in this sector, the main reason being the scattered nature of the support, over a large number of actions and beneficiaries.

To an extent the beneficiaries in the Public Administration suffered from the same problems as those in the Public Finance section, especially understaffing. The most striking example may be the restricted impact of the IPA support for Intellectual Property Rights: in the Ministry of Culture, Youth and Sports (MCYS) there is only one person now dealing with this issue. The Ministry of Trade and Industry (MTI) and the Ministry of Local Government Administration (MLGA) are however younger ministries and the above described resistance to change is less evident.

The present fragmentation of policy implementation within the Kosovar Public Administration poses a risk of losing impact for all capacity building efforts in the Public Administration in this sector. In the absence of a Ministry of Regional Development, the MLGA has been designated by ECLC as the official partner for projects in the area of regional development, although economic development is not its realm which is covered by the Ministry of Economic Development, to the Ministry of Agriculture and to the MTI. The office of the Prime Minister has recently also created a department for Regional Development, and the MEI (anticipating a future role in Structural Funds policy) is considering setting up a department for Regional Development as well.

The IPA support to the regional development structure, organised around EURED, may not yet have a significant impact. There are some systemic reasons for this. Chapter 2 already mentioned

the lack of a regional development strategy and a local regional structure, The Regional Development Strategy as promoted by ECLO is not supported by local structures, and deviates as well from common approaches within the EU. According to the EU NUTS¹⁹ classification applied in EU regional policies, Kosovo would in terms of number of inhabitants classify as a NUTS2 region ('a basic region for the application of a regional policy'), and none of the municipal areas, except for the capital Pristina, would even classify as NUTS3 ('small regions for specific diagnoses') level. Within the EU, regional policies are basically implemented within regions at NUTS2 level, and by regional governments at that level. The economic regions created by ECLO are in terms of population at NUTS3 level, they do not coincide with any administrative division, do not even have specific regional characteristics or a regional identity and, most importantly, they have no regional government. There is therefore the risk that the RDAs will mainly be used to promote the individual interests of some municipalities (especially since the Board of the RDAs is still exclusively made up of municipalities and other organisations such as Chambers of Commerce have been left out), or, at best, be responsible for a delegated role in national development rather than genuine regional development. The fact that under the EURED TA programme the national framework for regional development was not addressed has not helped to resolve this issue. The latter presents a causal relation between IPA project performance and impact, in this case unfortunately a negative relation.

The sustainability problems faced by the RDAs were described above, at present the RDAs are merely IPA projects – if this issue is not resolved all impact of the support to the RDAs will be lost.

A positive effect worth mentioning: with two exceptions, both in the region of the RDA North, all municipalities have joined the EURED programme, whereas from the beginning a number of municipalities were hesitant for different reasons: ethnic reasons, fear of losing autonomy, dissatisfaction of not having been designated as the seat of the RDA. The inclusion now of all these municipalities can be considered a success and an example of improved inter-municipal cooperation. Part of this impact can also be explained by the IPA support to the MLGA.

Impact of the Municipal and Social Economic Infrastructure project cannot yet be observed, since the majority of the projects, meant to improve access to public services at the local level, are not yet completed. It is likewise impossible to say what the impact of the support to the Brezovica project will have been – at this stage the plan has not yet entered the implementation phase.

One of the proposed impact indicators of the IPA support to PSD and SMEs, including trade promotion, was Kosovo's scoring on the World Bank's 'Ease of Doing Business' list. This scoring improved significantly in the last year: in 2013 Kosovo figures on place 98, from place 117 in 2011 and 2012. Previously its position worsened: in 2009 Kosovo occupied place 107, in 2010 place 113. It is to be hoped therefore that the year 2012 witnessed a turn in this deterioration. Despite of this improvement, the influence on this of several IPA projects in the sample for the MTI is limited. The SME Support Agency (SMESA) in the MTI is still very weak and has a restricted mandate, and as such will not have contributed to above mentioned improvement of the score. The government's commitment to SME development is visible, however the human and financial resources of SMESA are still considered largely insufficient to address the challenges. The SME strategy is there, but insufficient budget has been allocated for SMESA in order to start implementing this. The support to individual enterprises through the TAM programme will have had positive effects on most of the selected 30 enterprises, but the scale is too small to see an impact on the overall Business Enabling Environment.²⁰ Unlike most other IPA projects, this support did not address systems or structures. It is also still too early to observe an impact for the Trade project, which is still on-going.

¹⁹ Nomenclature of Territorial Units for Statistics.

²⁰ A sample of five beneficiaries selected by ROM all showed improvement of operation attributable to TAM.

The sectoral progress described in Chapter 2 and Annex 1 has benefited from IPA support in the areas of property rights. There is a clear impact of IPA support on the mentioned World Bank rating through the project on Industrial Property Rights within the MTI (in contradiction therefore to the Intellectual Property Rights which was not taken up by the MCYS). Beneficiaries in the MTI mentioned the fact that, although staff capacity still needs strengthening, the progress in terms of understanding the issue since the start of the EU-support (when this understanding in Kosovo was basically non-existent) has been enormous. Speed of handling patent applications and product registrations has increased drastically; cases of illegal copying have diminished (although this still remains a problem). Also the insolvency legislation introduced through the IPA support to SCAAK contributes to mentioned improvement in the World Bank list, although the speed of privatisation is still disappointing

Nevertheless, as also described in Chapter 2 and Annex 1, the scale of economic activities, including export and forward direct investments, in Kosovo is still small. Impact discussed, if at all, should be seen against this limited background.

Kosovo benefitted, as described in more detail in the sectoral analysis, here also from the support of several other donors, most notably the World Bank, USAID, GIZ and UNDP. Respondents in the MTI mentioned that especially the USAID BEEP project and the World Bank BETA project may have contributed more to mentioned improvement of Kosovo's ranking on the World Bank's 'Ease of Doing Business' list.

The following table gives the ROM scores for 'prospect for impact'. They appear to be higher than the conclusions in this evaluation, which may be explained by the fact that in the ROM system the *likelihood* of impact has to be assessed often at a relatively early stage of the project.

Table 4.1 ROM scores for impact in the Socio-Economic Development Sector

IPA Year	Project title	ROM score
2007	Econ. Env. For all Comm. – Support to Patent Office	C
2007	Econ. Env. For all Comm. – TAM	B
2007	Econ. Env. For all Comm. – Support to SMEs	C – B - B
2008	Mun. Social and Economic Infrastructure – Service Contract	B - B
2008	Mun. Social and Economic Infrastructure – Works Lot 1	B - B
2008	Mun. Social and Economic Infrastructure – Works Lot 2	B
2008	Mun. Social and Economic Infrastructure – Works Lot 3	B - B

Partly this is also explained by the fact that ROM did not cover EURED,. This evaluation sees some impact, for example related to industrial property rights, but generally it is small or in the case of EURED, absent.

4.5 Impact in the Human Rights Sector

As stated earlier, IPA interventions in this sector are less directed at EU accession, although some public structures are strengthened. Instead, through the repair of damage done by the war on some groups, a main human right issue is addressed, without which accession cannot be an option: equal rights and opportunities of all Kosovar citizens, irrespective of religion or ethnic background. There is therefore a more indirect relation to *acquis* and ultimately accession.

Participating public organisations were (in the first place) the Ministry of Community and Return (MCR), the Office for Good Governance and the MCYS. Like all Public Institutions they face staffing problems, but especially the MCR has been open to change and improvement. The different IPA

projects, especially Return and Reintegration in Kosovo (RRK) II, managed to strengthen the Ministry with relevant skills. The 'National Strategy for Communities and Returns 2009-2013' has been adopted by the Parliament, as well as its Implementation Action Plan (since 2011), and several IPA interventions have contributed to the implementation. This has significantly contributed to the sectoral progress described in Chapter 2. This positive impact is less evident for the MCYS. The standards introduced by the IPA project for maintenance and management of historical and religious sites in the MCYS have not yet been adopted and therefore there is no structure in place for maintenance of the restored monuments.

At the level of the municipalities different IPA projects (RRK, the Community Stabilisation Programme) tried to install both an institutional capacity to manage return, and openness to inclusion of minorities. Especially the management capacity for return has improved, although the problems with land allocation demonstrate that this process is not yet completed, especially where it concerns the rights of the RAE. The project on ethnic relations, trying to promote confidence for minority (Serbian) leaders, did not manage to establish a permanent Forum for Dialogue.

Impact on the position of ethnic groups and individuals: returned Serbs, RAE, to a limited extent vulnerable Albanians through the Balancing Component of RRK, is still modest, but that is fully caused by the limited size of the projects versus the enormous scale of the problem. For example, in relation to the total population of IDPs the number of assisted returnees (about 400 through the projects in this sample) is small: an estimated number of over 200,000 individuals became internally displaced as a result of the conflict. It has to be understood however that in this group there is a sizeable group who have found a new life in a new country (often the neighbouring countries Serbia, Montenegro or the Former Yugoslav Republic of Macedonia) and, also considering the poor economic prospects of Kosovo, have no intention to return. The actual target for the returnees therefore is not known. Impact should also be seen in the enhanced capacity of Kosovar authorities (central and local) to manage the return and reintegration, and the openness of the Kosovar society to the returnees.

A positive effect on the position of RAE, as described in Chapter 2, was the IPA supported closure of the camps and the resettlement in Roma Mahalla, which presents an impact through a drastic improvement of the livelihood of some 140 families. The SIMRAES effort, so far very successful, has still a way to go before participation of RAE in formal education and formal employment is proportional to that of the other population. However, in the municipalities where SIMRAES is active the school drop-out rate is already falling.

The ROM scores on prospect for impact appear in this case to confirm the findings of this evaluation.

Table 4.2 ROM scores for impact in the Human Rights Sector

IPA Year	Project title	ROM Score
2007	Return and Reintegration in Kosovo (RRK I)	B - B
2008	Return and Reintegration in Kosovo (RRK II)	B
2009	Community Stabilisation Programme	B
2008	Support to the Promotion of Cultural Diversity in Kosovo	B - C
2007	Support to implementation of the Mitrovica – RAE strategy	A - A
2009	Support to the Implementation of the RAE strategy	B - B

4.6 Additional impact

EQ4 Are there any additional impacts (both positive and negative)?

An alternative definition of impact is 'the total of all effects: direct and indirect, expected and unexpected, positive and negative'. In this section the existence of unexpected, positive or negative impacts caused by the IPA interventions is investigated.

All IPA projects, irrespective of their sector, have one side-effect in common: they provide employment, direct and indirect (i.e. the latter through catering services, transport etc) for a part of the Kosovar population. This is both good and bad, obviously good at the short term but bad at the long term since it destabilises the labour market and makes Kosovo even more dependent on external decisions by donors and international organisations. This effect is common for all countries receiving international assistance, but seen the size of the international effort it is very visible in Kosovo. It is now feared that, with the gradual withdrawal of the international presence (EULEX, UNMIK) the already high unemployment rate will increase.²¹

4.6.1 Additional impact in Public Finance and Financial Management

It was mentioned that it is difficult to retain the Young Cells in the Public Sector. They stay however (mainly) in Kosovo, and better trained people in the private sector improve the investment climate. Part of this may represent 'dead weight', as they may be employed by private international employers who could have paid for the education themselves, but overall the effect will be positive.

All projects pay attention to cross-cutting criteria minorities and women, although in the Public Administration the minorities are underrepresented.

4.6.2 Additional impact in the Socio-Economic Development Sector

Several actions are here directed at the private sector, i.e. on the SME sector (TAM, SMESA), through trade and through privatisation of previously Socially-Owned Enterprises. This is expected to generate employment in the private sector, but at this stage unemployment in Kosovo is still excessively high: 45% in 2012, the highest in the Western Balkans, and not improving. A negative side-effect of TAM has been the laying-off of workers in some of the restructured enterprises.

Although the projects themselves are still mainly in the building phase, the Municipal Infrastructure Project has raised commitment for EU accession in the beneficiary communities. It has also increased work and job opportunities through the involvement of local sub-contractors. Here also a negative side-effect can be observed: the poor performance of the Contractor in Lot 1, especially his refusal to pay local contractors, has brought some of the latter problems.

4.6.3 Additional impact in the Human Rights Sector

In the actions directed at improving conditions for returnees and minorities (RAE) the direct effects are difficult to separate from the indirect. In some cases self-employment opportunities created under the RRK or CSP have also created job opportunities for others.²² It also improves living conditions for non-direct beneficiaries, e.g. a local radio station catering to the needs for information

²¹ http://www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/audio_story/2012/02/09/audio_story-05

²² The evaluation observed a beneficiary of the CSP, who had started a plastic waste recycling business, employing already some ten workers, at the same time positively contributing to the environment through the collection of plastic waste.

and entertainment of the local population, set up by a beneficiary of the CSP. Stability in itself improves the living conditions not only of the direct beneficiaries of RRK and CSP but also of their neighbours. The effects of improved learning skills for RAE are multiple: improved knowledge, avoidance of petty crime, improvement of hygiene and health of the families of the beneficiaries etc. An improved inclusion of RAE with higher skills in the Kosovar community will generally improve its economy, but only on the long term when other economic problems have been solved (i.e. at present there is a risk that RAE with improved labour skills will only join the already large group of unemployed).

A possible negative but unavoidable side-effect of the RRK and CSP projects, aiming at selected individuals, may be the created inequality with non-beneficiaries in similar conditions. The Balancing Component under RRK could only partially repair this effect.

The activities directed at cultural heritage have created interesting touristic sites, which are now already visited by local people (scholars, students).

4.7 Conclusions on impact

Summarising, with reference to the judgment criteria:

Virtually all projects are policy relevant, as witnessed by a comparison with the priorities stated in the EP. A question could be put to the relevance of a specific regional approach to development for a country the size of Kosovo.

Within the Public Administration, impact is most visible on specialised units and in more technical fields, such as the KCS and in the MEI. Although relevant and high quality knowledge and systems have been transferred, full adoption and implementation within the horizontal and older ministries is, with some exceptions, still hindered by understaffing, high staff turnover and an antiquated management culture. The latter also makes an optimal utilisation of the Young Cells scheme impossible. Also lack of technical tools, such as IT systems, stand in the way of a full implementation of the lessons learned under IPA.

Fragmentation of tasks between existing and new government departments, for example in Regional Development and SME support, in the nascent Kosovar Public Administration, may be a threat to impact of the IPA projects. The IPA efforts aiming at setting up a regional development structure face both systemic problems (incompliance with both national structures as well as EU good practices) and sustainability issues and at the moment impact prospects are doubtful. Kosovo has improved lately its ranking on the World Bank's 'ease of Doing Business' list, and some IPA interventions, e.g. in the field of industrial property rights and insolvency legislation, will have contributed to this. Contribution of other projects, such as SMESA or the support through TAM, is small.

Impact is visible in the Human Rights sector, where IPA has enabled impact on the community of returnees and RAE through successfully contributing to actions undertaken by a multitude of NGOs and International Organisations. The scale of the problem outweighs however the size of the different interventions.

With the exception of Regional Development, several other large and small donors are active in the sectors under review. This makes it difficult to separate the impact of IPA from that of e.g. USAID or World Bank funded interventions.

Side-effects, mainly positive, could already be observed in the Human Rights sector and to a lesser extent in the other sectors. Although conditions have been created for the emergence of such

effects in the future, in most cases it is still too early to observe tangible side-effects brought about by the IPA effort.

5 Key conclusions and recommendations

5.1 Thematic and programme level conclusions

IPA support has delivered the foreseen outputs at the expected level of quality, with only few exceptions primarily related to non-delivery of planned IT systems in the Public Finance sector. Generally, outputs were useful for the beneficiary organisations. Effectiveness is however restricted through a limited effect in terms of strengthening human resources.

IPA support in the sectors 'Public Finance and Financial Management' and 'Socio-Economic Development' are focused on capacity building, with the exception of the 'Municipal Infrastructure project' which finances construction of public buildings, infrastructure and utilities. On the other hand, most interventions in the Human Rights Sector can still be characterised as reconstruction and relief, and, although an element of capacity building exists, most efforts will only indirectly contribute to adoption of the Acquis. The focus here was on laying the foundations for a stable multi-ethnic society and, at the same time, also sustainably improving the living conditions of certain vulnerable groups.

Involvement of local organs (ACDEI/MEI, beneficiary institutions) in programming, let alone supervision of implementation, has been very limited due to both capacity issues and the centralised nature of management. The portfolio was intensively managed by ECLO (later EU office), perhaps overly so in the Socio-Economic Development Sector. In the Human Rights Sector ECLO has very successfully supported and built on initiatives from NGOs and other international organisations, which appeared both effective and efficient.

Generally appropriate service providers or twinning partners have been selected. In the Socio-Economic Development sector however project performance in several projects took away from the efficiency of the effort. Especially in the Socio-Economic Development sector financing was scattered over a large number of actions and beneficiaries, which, combined with the above mentioned micro-management, was not conducive for efficiency.

ECLO has done a good effort in building upon results of previous EU-funded efforts. Coordination structures with other donors exist. Where possible a good mix of financial sources (including non-EU sources) was applied. In the EURED projects, as well as in some projects in the Human Rights sector, local contribution was evident.

There are serious sustainability issues. Within regional development the institutions created (RDAs) are not sustainable. Logically, efforts for vulnerable groups in the society, such as the returnees and the RAE, will need external finance for some time to come, despite the laudable results obtained so far.

Virtually all projects are policy relevant, as witnessed by a comparison with the priorities stated in the EP. A question could be put to the relevance of a specific regional approach to development for a country the size of Kosovo.

Despite the generally useful outputs, impact is restricted by the capacity of the Kosovo public administration, which is still insufficient in size (understaffed) and structure to fully absorb and embrace the outputs. The prevailing inefficient management culture makes an optimal utilisation of Human Resources strengthening impossible. Also lack of technical tools, such as IT systems, stand

in the way of a full implementation of the lessons learned under IPA. In addition to this, also fragmentation of tasks and responsibilities in the emerging Kosovo Public Administration is a threat to sustainability and impact.

Within the Public Administration, impact is most visible on specialised units and in rather technical fields, such as the KCS and in the MEI.

The IPAs efforts aiming at setting up a regional development structure face also systemic problems and at the moment likely impact is low. Kosovo has recently improved its ranking on the World Bank's 'ease of Doing Business' list but contribution to this by several IPA projects in the socio-economic development sector, such as SMESA or the support through TAM, is small. On the other hand, a positive influence on this improved ranking by IPA efforts in industrial property rights and insolvency legislation is undeniable.

Impact is visible in the Human Rights sector. The scale of the problem outweighs however the size of the different interventions.

In most sectors several other large and small donors are active. IPA has also sought active cooperation and built upon the work of these other donors. In the support to MEI, the IPA efforts have been overshadowed by those of bilateral donors.

5.2 Associated recommendations for each conclusion

5.2.1 Improving efficiency and effectiveness

EQ 7 Are there potential actions which would improve the efficiency and effectiveness of the on-going assistance?

Intensive involvement by the EU office in internal management of IPA projects, referred to as ***micro-management***, ***should be avoided in the future***. In the past, this was understandable, but at present this practice is not efficient, demands an excessive input from the side of the EU office, is demotivating for contractors and beneficiaries and is detrimental for ownership by the beneficiaries.

Instead the MEI should be supported and invited to be prepared for more involvement in programming to ensure relevance of interventions as well as supervision (including in particular monitoring) of the IPA efforts, again without become micro-managers, even if Decentralised Management is not yet formally an option. A more active role of MEI in donor coordination is welcome as it will likely avoid potential divergences between the numerous international partners in Kosovo.

The above requires that MEI may need more support. ***The EC should take a leading role in the support to MEI, over bilateral donors***. MEI will become (and is already) the first partner of the EU office in the management of the EU accession effort, where the EU office holds a general responsibility which should not be delegated to member states. The new Twinning project started for MEI appears in this light to be a good initiative. This support should aim at improved supervision capacity for MEI and ***donor coordination***.

When launching Twinning contracts, ***it should be verified that the Twinning partners are real 'practitioners' in the EU reality***, not general consultants or theory trainers 'disguised' as mandated bodies. Twinning partners should be in a position to become advocates for Kosovo's case within the EU. Although this recommendation is based on only one observation, it may become more relevant now Twinning will become more applied in Kosovo.

In light of the move towards a more sectoral based approach to programme design and management, project design should **be more focused on a primary task**. Currently some projects covered three to five different actions, involving different beneficiaries and different implementers. Projects should be more uniquely focused on a specific objective in one beneficiary organisation.

5.2.2 Possible improvements for impact and sustainability

EQ8 Are there actions which would improve the prospects for impact and sustainability of the on-going assistance?

It was observed that different factors stand between the successful realisation of results through IPA efforts and the realisation of actual impact. Understaffing may remain a problem for some time to come, although **the Kosovar government could be invited and challenged to improve working conditions for young people trained under EU assistance** (e.g. the Young Cells). One of the impeding factors is an antiquated management culture within some departments of the Kosovar Public administration. Prior to new capacity building efforts, **management and organisation analysis could be launched in the different PISG, and more attention should be given to improvement of management culture in the new projects**. For example, management culture should be one of the points of attention of future Twinning, i.e. in terms of transparency, delegation of responsibilities, communication between departments etc. It could be argued that this is an internal Kosovar matter, and that also within the EU different management cultures prevail. On the other hand, IPA is an accession-driven instrument, and it could be demanded from the Kosovar side that organisation and management practices enable a full utilisation of the different outputs of the combined IPA effort.

The present **fragmentation of responsibilities** in the nascent Kosovar public administration in terms of economic and regional development, e.g. the OPM, MLGA and MEI all dealing with regional development, is a process which needs some time to crystallise. In the meantime, for the IPA projects **the EU office should, in close cooperation with the MEI, select project beneficiaries which maximise the possibility of sustainability of results** and building up what has been achieved earlier, rather than trying to spread out the effort over multiple players.

Clarity should be reached on an Institutional Framework for Regional Development. The Kosovar government should be invited to appoint a logical responsible organ for the latter, e.g. the Ministry of Economic Development or the MTI.

Some 'out-of-the-box' thinking is required **to ensure sustainability for the RDAs**. They should stop being more IPA projects, and become established as genuine Kosovar agencies (e.g. foundations). In the absence of regional governments, the ownership structure (board) should be widened, i.e. opened for Chambers of Commerce and/or other entrepreneurs' associations, representative organs of minority groups etc. The EU office could support the reformed RDAs through a contribution agreement for specific tasks, without tying specific personnel to these tasks.

Continue support for RAE and returnees, working through NGOs and specialised institutions. The scale of the problem is enormous, and other donors (NGOs such as the Open Society Foundation, bilateral donors) could be invited to pool resources, to achieve financial leverage.

Support a maintenance and management structure for cultural heritage, if possible through a structured dialogue with the Orthodox church. The MCYS is paying insufficient attention to this, expecting this to be fully covered by e.g. the (Serbian) Orthodox Church. This cultural heritage is however both a liability, i.e. a responsibility in terms of maintenance, and an asset for the entire Kosovar community, in terms of national identity, but also as an asset for attracting national and international tourism.

Annexes

Annex 1 Sector studies

Elaboration of the sectoral objectives and baseline

The assessment of impact of IPA assistance for the 2007 – 2009 programming years is carried out in the broader perspective of sectoral performance. The large number and variety of projects overall induced the need to focus the detailed analysis to a selected sample of sectors. The sectors included in the evaluation for Kosovo are the Public Finance & Financial Management components of Public Administration Reform; Socioeconomic Development; and Human Rights.

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Overall sector objectives are set out in strategic planning documents. These include European integration related programming documents (the European Partnership, MIFF and EC Progress reports), as well as MIPDs. National sector strategies, policy documents and action plans may contain further sector objectives that are not strictly related to EU integration. In this analysis medium term priorities as set out in the European Partnership of 2006 represent the sector objectives. The baseline is the situation at the time of programming and is developed primarily from the EC Progress Reports and secondly with other documents from the same time period, including SIGMA (OECD) assessments for the Public Finance sector, as well as other documents. Measurement of the performance of the sector is done from the baseline and against the planned objectives.

Sectoral analysis has been made according to the following factors:

Institutional Structures considers the changes to the structures of the institutions in the sector (state and NGOs) driven by the introduction of new policy. It can be disaggregated into a number of sub components, including organizational reform (such as restructuring or decentralization) and the legal framework (scope of responsibilities between ministries, introduction of commercial service delivery, creation of regulatory agencies)

Human Resources covers the changed behaviour and working methods of the individuals working within institutional structures and can consist of staffing (adequacy of numbers, limiting turnover), resources (existence of Human Resource (HR) policies and career paths, risk of brain drain) and competencies (completeness of required competencies, effectiveness of training).

Systems and Tools consists of the delivery of those elements of technical or managerial infrastructure needed by institutional structures and human resources to effect change. It includes Information and communication technology, infrastructural investment, management information systems or monitoring systems.

Public Finance: Overview of Indicators

Table Analysis of the public finance and financial management sector

006/2007 EP Objectives (actual)	Baseline in 2007 (defined from Progress Report 2006)	Indicators of progress by 2010/11 (defined from EP Objectives)	Achievement of Progress	Contribution of the IPA		
				None	Some	High
Continued approximation of tax and customs legislation to the EU acquis and further increase the administrative capacity to enforce legislation and to fight against corruption, cross-border crime and fiscal evasion	Customs in controlled by UNMIK. New customs code will become operational in 2007; most areas are in alignment with the acquis. Tax collection is weak, at around 20% of GDP and there is a large grey economy.	Effective national customs control is achieved in the Serb dominated area of Kosovo.	<ul style="list-style-type: none"> Kosovo Customs Service has taken over administration from UNMIK, however its access and exercise of powers remain limited in the Northern crossing areas. 		x	
		Tax collection increases substantially through reform of collection and control	<ul style="list-style-type: none"> Tax and customs legislation broadly in line with the acquis Above 60% of budget revenues are collected by the customs (customs duties and excise taxes) Tax collection has increased significantly, although it remains low and the size of informal economy still considerable IT systems obsolete 		x	
		The results of the EU tax blueprints have been implemented, and customs code in place and operational	<ul style="list-style-type: none"> Customs Code came into effect in 2008 and is broadly in line with the EU acquis Capacities within the KCS have increased, although more needs to be done on risk management, valuation methods, etc. 			x
Ensure that public procurement rules are effectively implemented by contracting authorities and entities at all levels, including through developing operational tools, providing training and strengthening the administrative capacity	Public Procurement Law is subject to lengthy revisions. The existing solutions are experiencing substantial implementation difficulties	<p>A new law, in line with EU standards, is adopted and implemented.</p> <p>Training and capacity building is provided for all bodies required to use the legislation</p>	<ul style="list-style-type: none"> Public Procurement Law fully in line with EU standards. Administrative capacity within the Public procurement management authorities (PPRC and CPA) has increased, however it remains weak at the level of contracting authorities Electronic procurement system needs to be developed 			x

006/2007 EP Objectives (actual)	Baseline in 2007 (defined from Progress Report 2006)	Indicators of progress by 2010/11 (defined from EP Objectives)	Achievement of Progress	Contribution of the IPA		
				None	Some	High
Under the coordination of the Ministry of Finance, develop and implement the principles of decentralised managerial accountability and functionally independent internal audit in accordance with international standards and EU best practice through coherent legislation and adequate administrative capacity.	A basic legal framework for PIFC exists and implementation manuals and training are in place.	All legal frameworks are in place.	<ul style="list-style-type: none"> Legal framework for public internal financial control and internal audit is in place and broadly in line with EU requirements 		x	
	A new Internal Audit Law has been drafted but is not fully in line with international standards. A draft law on public financial management exists. However, use of audit as a management tool remains limited	Internal audit has become a functional tool for all budgetary units of the national administration.	<ul style="list-style-type: none"> Internal audit structures have been established in the majority of budget institutions at the central and local level, with the exception of some municipalities with predominant Serb population. Internal audit of the many independent institutions needs to be carried out in a more efficient way – rationalisation methods may need to be developed Budget institutions need to be more familiar with modern technical concepts of financial control and internal audit 		x	
Strengthen the operational capacity as well as the financial and operational independence of the Supreme Audit Institution. Follow up and implement the recommendations of the latter.	External audit remains a reserved power but an audit office that meets INTOSAI standards is being introduced	The new audit office is in place New Audit office undertaking a programme of audits of state institutions in a timely manner	<ul style="list-style-type: none"> Office of Auditor General undertakes audit programmes in a regular fashion. Capacity in performance audits is insufficient and still needs to be reinforced 		x	
		New Audit office is recognised as an effective and independent institution.	<ul style="list-style-type: none"> The Office of the Auditor general is recognized as an independent and effective institutions. There are concerns on the ability of the OAG to preserve this status following the imminent appointment of the new Auditor general 		x	
Enhance European Integration structures with the aim to upgrade the institutional authority and powers to effectively lead the process of EU integration	AEI and other structures within the PISG have been considerably strengthened but continues to rely on external assistance, particularly on legislation	APAP implementation is on schedule. National authorities take the lead on programming and management of EU assistance	<ul style="list-style-type: none"> MEI is increasingly being engaged in programming of IPA assistance MEI is acting more pro-actively in aid coordination (management). Capacities need to be strengthened in the area of programming, as well as coordination within the government and with international partners 		x	

Progress in Public Finance and Financial Management

Institutional Structures

The lead institution in the area of Public Finance and Financial Management Sector in Kosovo is the Ministry of Finance (formerly Ministry of Economy and Finance), which is in charge of overall public expenditure management and control, including administration of the Kosovo Consolidated Budget, preparation and monitoring of Medium Term Expenditure Framework (MTEF) and annual budgets; management of the Treasury system, as well as financial management and control (including Public Internal Financial Control). A Central Harmonization Unit (CHU) for Internal Audit and a CHU for Financial Management and Control (within the Treasury Department) have been established within the Ministry of Finance.

The Ministry of Finance is also in charge of defining Kosovo's economic development policy (in cooperation with the Prime Minister's Office) as well as its fiscal policies. The Kosovo Customs Service (KCS) and the Kosovo Tax Administration (KTA) are two executive agencies in charge of revenue collection. KCS and KTA are autonomous agencies that report to the Ministry of Finance. The Director General of each of the two executive agencies is proposed by the Minister of Finance and appointed by the Prime Minister. The Kosovo Customs Service was governed by UNMIK until 2008, when it was finally handed over to the Kosovar authorities. It has received extensive EU support since its establishment in 1999 and is now an increasingly consolidated institution. Access of the KCS and its authority over the Northern area that is predominantly inhabited by Serbs remains limited till today, despite improvements in the course of 2012 following agreements between the Serbian and Kosovar Governments on mutual recognition of custom stamps and other related issues.

The Office of the Auditor General (OAG) is an independent body in charge of performing external audit in the public sector in Kosovo. OAG report to the Parliament and has a good reputation in Kosovo due to its competence and perceived independence. The OAG is chaired by a Swedish citizen appointed by UNMIK, whose mandate has been extended until 2014. The Parliament is expected to appoint a Kosovo national Auditor General during 2013 or 2014. OAG carries out financial and compliance audits and is working to improve its competence in the area of performance audits.

The Kosovo Central Bank is an independent institution that reports to Parliament. Kosovo uses Euro as its trade currency; therefore Kosovo may not exercise its own domestic monetary policy and must rely primarily on its fiscal policy to preserve macroeconomic stability. The main objective of the Central Bank of Kosovo is to preserve stability of financial markets, mainly through its financial supervision authorities for financial institutions.

The lead institution in the area of public procurement is the Public Procurement Regulatory Commission (PPRC), which is an independent body in charge of overseeing contracting procedures for public procurements in the more than 160 contracting authorities in the republic of Kosovo, including budgetary organisations at the central and local level; independent institutions as well as public companies. The Procurement Review Body (PRB) is an independent administrative institutions that serves as a first-instance appeal body for all procurement procedures carried out by contracting authorities. Both the PPRC and the PRB are independent bodies, whose Directors are appointed by Parliament based on proposals by the government. There is also a Central Procurement Agency (previously Public Procurement Agency) that reports to the Ministry of

Finance and is in charge of carrying out centralised procurement on behalf of state entities, however its activity remains limited. The Central Procurement Agency now only plays the role of a central purchasing contracting authority and following recent PPL amendments no longer has regulatory functions, which were in contradiction with its mandate as a contracting authority and pre-authorizer of some procurement activities carried out by line institutions. The role of the PPRC as an advisor has been strengthened in the new framework and it plays primarily the role of providing general guidance, overseeing the system as well as maintaining the electronic procurement website where all procurement notices are established. The role of the Procurement Review Body has also been streamlined and it acts as the sole review body for procurement activities in the country. The Ministry of Finance oversees concessions and public private partnerships.

The lead institution in the area of European Integration is the Ministry of European Integration - MEI (formerly until 2010 Agency for Coordination Development and European Integration – ACDEI). MEI has the mission to lead the process of European Integration, ensure compatibility of national policies and laws with the EU systems, and conduct negotiations in the framework of EPAP and now in the framework of Stabilisation and Association Agreement. MEI is also in charge of donor coordination.

Human Resources

The public finance management system has evolved significantly throughout the period. At the start of the programming period in 2006, Kosovo had just adopted its first Medium Term Expenditure Framework, consolidating all budget and off-budget expenditures and resources and indicating public investment projects. This was an important step forward, however as the EC Progress Report points out in 2006, serious weaknesses were observed in compliance with the policy and budgetary commitments. The MTEF has been improved systematically, with an enhanced framework prepared in 2008, which set policy priorities and was also used as a basis for attracting international assistance for Kosovo's International Donor Conference held in Brussels in the summer of 2008. Efforts are being made to consolidate the MTEF and establish a clearer link between the budget and policy priorities, through the active cooperation of the Ministry of Finance, Office for Strategic Planning in the Prime Minister's Office as well as the Ministry of European Integration.

Despite progress made over the last years, administrative capacities in the Kosovo public finance sector still need to be strengthened. The Ministry of Finance is a relatively strong institution, however it needs to coordinate and oversee budget planning and execution in the numerous Kosovo budget organisations, including ministries, municipalities and independent bodies, where capacity is weak. The EU has provided consistent support to the public finance sector and to the Ministry of Finance as the main beneficiary, having supported the process of MTEF drafting since the early stages; supporting the Budget Development Management System as well as Public Investment Programme (PIP) system through CARDS and subsequently IPA funds. These areas are crucial for increased capacity in the areas of strategic budget planning and allocations and to create capacity for future management of EU funds. Basic capacities for budget management within the Ministry of Finance have strengthened also due to EU support; however as SIGMA reports in 2012, policy and budget planning capacities in line ministries and other budget organisations remain weak. More needs to be done on streamlining budget processes and financial diligence across the system; in order for Kosovo authorities to focus later on result oriented budgeting tools.

As regards financial management and control, also the capacity of the CHUs needs to be significantly strengthened. The level of understanding of modern technical financial management

concepts and requirement is still low in the majority of budget organisations. According to SIGMA, there is lack of qualified staff across the majority of public administration, as well as weak oversight by the Ministry of Finance. Internal audit structures have been established in most budget organisations, although compliance is still low in municipalities dominated by Serb communities. Further efforts will be needed to fully implement the system and strengthen financial diligence; especially to strengthen capacities of the budgetary institutions at the central and local level. With regards to external audit, the Office of the Auditor General has developed its technical capacity and aims to improve capacities in the area of performance audit. It has benefitted from wide donor support, including the Twinning project supported by IPA. However, sustainability of achieved results will need to be reassessed following the change in the current – international community appointed – management.

The Customs Service has been a relatively strong institution since the start of the programming period. Transferral of powers from UNMIK to the national authorities was carried out smoothly and customs continued to perform well. KSC continues to collect the largest share of budget revenues (over 60%). The EC reports that administrative and operational capacities have been improved, and new capacities established in the area of risk management, copyright infringement, etc.

There has been limited progress in the area of taxation: in 2007 the EC Progress Report highlighted that collection of domestic taxes accounted for only a quarter of total tax collections, with the rest being collected at the border. Taxpayer's compliance was also a major concern, whereas there was a need to develop management information systems. Unfortunately, these remain serious challenges till today. Kosovo still heavily relies on indirect taxes (86%)²³, whereas tax evasion is widespread. However, there have been improvements in the area of business registration through one-stop shops, taxpayers' register as well as electronic tax filings.

Significant wage increases in 2011 have also improved the prospects for staff retention in these institutions. Newer departments within the KCS and KTA remain understaffed, for instance the tax investigation unit. Overall, there has been significant progress in the area of customs, although the limited access to the northern area remains a challenge, as there is uncertainty on the quantity and origin of products entering the markets.

In the public procurement sector, capacities need to be strengthened for procurement staff at contracting authorities in the budgetary institutions and publically owned companies. PPRC also remains understaffed and its policymaking and monitoring capacities need to be further strengthened.

Significant progress in strengthening capacities was achieved at MEI – formerly the Agency for Coordination Development and European Integration (ACDEI), which was an executive government agency under the direct responsibility of the Prime Minister. Its responsibilities included coordination and monitoring of EPAP implementation; coordination of EU assistance to Kosovo, etc. However, its skills as well as authority were very limited. Senior Programming Officers (SPO) for EU integration were just being appointed in line institutions. Overall, ACDEI's coordination and managing role was very weak. Similarly, donor coordination activities were also very limited, with activities often overlapping or contradicting each other.

Progress is quite visible in this area. ACDEI has been transformed into the Ministry of European Integration, having a much more influential role in the Government. Coordinating officers (SPOs) have been appointed for all line ministries. MEI is increasingly actively managing the process of European integration, especially as regards negotiations with Brussels and coordination of IPA

²³ EC Analytical Report 2012

programming cycles. Their role in IPA programming remains limited, however there is improvement as opposed to previous years. Capacities within the Ministry have strongly developed – more than half of the ministry staff has been beneficiaries of the EU scholarship – Young Cell scheme. The Ministry has recently been reorganized in order to increase organizational efficiency. It has also started playing a rather more active role in donor coordination – Sector Working Groups were established under the guidance of MEI and a high-level donor coordination conference was organised in early 2012.

Kosovo's education system has suffered from the long conflicts and as a result there was limited availability of professionals and graduates following the 1999 – 2000 conflict. There was a need to continue to develop civil service expertise, both general and specialised, in EU affairs. EC assistance has been supporting scholarships for Master programmes in EU universities for students and civil servants who are then contractually obliged to return to the civil service for at least three years. The scheme was deemed successful and the EC extended financing for several rounds. Despite initial doubts on whether Western graduates would return to the civil system, a recent evaluation of the “young cell” scheme indicated that the majority of beneficiaries spent on average more than the obligatory three years in the civil service. However, it is worth mentioning that capacities within the public administration still need to be significantly strengthened.

Systems and Tools

The basis for public finance management and economic strategic planning in Kosovo is the Medium Term Expenditure Framework (MTEF), the preparation of which is coordinated by the Department for macro-economic and fiscal analysis within the Ministry of Finance. The MTEF is a good base for financial strategic planning in the country, although it needs to be further improved and present further data on fiscal policy and projections, as well as public debt. The Ministry of Finance cooperates with the Strategic Planning Office within the Prime Minister's Office and the Ministry of European Integration in order to harmonise strategic planning with medium term budget forecasts. Work is still at an early stage, however for the first time the 2012 – 2014 MTEF has introduced narrative references to sectoral objectives. The MTEF process will need to be strengthened and a clearer link be established between budget ceilings and sectoral appropriations with the government's priorities.

The Ministry of Finance has been the direct beneficiary of projects focusing on the establishment of systems and automation of processes, such as the information system for budget development (BDMS) supported by CARDS as well as the Public Investment Programme (PIP) that focused on the setup of the information systems (CARDS) and the establishment of linkages between sector strategies and investment priorities (IPA). However, interventions in the budget and capital planning sector will need to be streamlined in the wider context of public finance sector reform in Kosovo. In particular, the consolidation of MTEF as a policy planning tool as well as strengthening capacities of line ministries and other budget institutions in budget planning and execution, as well as increasing their managerial accountability are prerequisites to the proper functioning of the PIP system.

IPA support has directly contributed to the establishment of the legal and regulatory framework in the area of public financial management. A new Customs Code that is generally in line with the acquis was adopted in 2008; amendments to legislation on VAT, Tax procedures, etc. were also made through IPA and other donor support. However, both the customs and taxation administrations will need to upgrade their information systems in order to improve their interlinkability with EU systems in the context of further trade facilitation. An IPA 2008 Project that had been approved in the field of Taxation information systems was later cancelled due to failure to

reach an agreement on technical specifications for the system and related costs. The intermediate IT system that was installed at the time is already obsolete.

Also a Canadian grant was used for the purchase and upgrading (in 2009) of Tax IT systems. Since May 2012 VAT and Income Tax applications can be done on-line, according to sources in the Ministry 90% of tax payments are executed this way without problems. The latter is, again according to the Ministry, fully achieved by local resources. The legal framework is largely in line with the *acquis*, whereas capacities need to be further strengthened in areas such as customs valuation, copyright, etc. Progress in the area of taxation is not as significant - the tax structure may need to be reviewed (i.e. VAT registration threshold is too high by European standards), whereas administrative capacities remain weak. There have been some improvements in the area of taxpayer registration and electronic tax applications.

Progress has been made in the area of internal financial control and internal audit as well. Development of adequate financial control systems was indicated as one of the key priorities in the European Partnership for Kosovo. In 2006, the EC reported that the Public Internal Financial Control (PIFC) policy paper and a new law on internal audit (IA) had just been drafted. By 2012, the system has been set up. The PIFC policy paper has been newly updated since 2005 and a new Law on Public Financial Management and Accountability (Kosovo's organic Budget Law) was adopted in 2008, which among other introduced the concepts of financial control and establish the Central Harmonization Unit (CHU) for financial management and control within the Ministry of Finance/Treasury Department.

Preparations are relatively more advanced in the Internal Audit area, where the CHU for Internal Audit is more consolidated and internal audit structures have been established across the majority of budgetary institutions, with the exception of some Serb municipalities. As regards External Audit, authority has been handed over to the Kosovar institutions through the adoption of the law on external audit in 2008. Since then, the Office of the Auditor General has been consolidated, the regulatory framework including internal rules and procedures is in place and OAG performs regular compliance audits. It still needs to develop competence in the area of performance audits. OAG is currently chaired by an UNMIK appointed Director, whose term is expected to end in 2013 following extensions. It will be important for the new Auditor General that will be elected to maintain independence from political pressures.

The legal framework in the area of public procurement has been developed with EU assistance and is fully in line with the *acquis*, following repeated amendments in the last two years. In 2006, public procurement was a highly problematic area. It was regulated by a 2004 law that contained provisions based on UNCITRAL model law inconsistent with EU policy; and was difficult to manage due to a highly bureaucratic system that induced lack of transparency. At the time, the Public Procurement Regulatory Commission had advisory and guidance role; whereas the Public Procurement Agency served both as a central procurer for the government as well as exercised some regulatory and control functions for other contracting authorities. The 2008 amendment to the public procurement law also established the Procurement Review Body.

The regulatory framework for procurement was too complicated and at times inconsistent with the *acquis*, having been developed at different times based on various international experiences. The new law was developed and submitted to Parliament in 2010, but the final version contained significant deviations from the version proposed by the Government that would bring the procurement system in line with EU policy. As a result, the public procurement law has to be resubmitted to the Assembly in the summer of 2011, also following repeated pressure by the EU authorities.

Similarly, EU support has been significant in the area of policy making and drafting legislation for internal audit and financial management (PIFC policy paper, legal acts) as well as external audit (audit procedures, manuals, etc.). These are largely in line with EU requirements and implementation capacities will need to be strengthened.

MEI also manages a web-based aid management platform, which was developed with assistance by DFID. It still needs to be updated on a more regular basis and information may need to be better customizable, however MEI is recently taking a more proactive role in collection of information and leading the strategic planning process for future development cooperation. The development of a National Development Plan would be highly beneficial in this regard.

Role of international community

There are a number of donors and international partners that have supported Kosovo in the area of public finance and financial management and control. EU is the largest contributor, through several CARDS and later IPA projects, which helped formulate the MTEF and budget formulation in general, drafting of the Public Investment Programme, etc. The United States Agency for International Development is also an important contributor to the sector, with interventions in the budgeting, planning, budget execution, treasury operations as well as accounting. GIZ has assisted the Budget and Finance Committee of the Assembly of Kosovo. IMF has played a significant role in assisting the Government and the Ministry of Finance for the formulation of the country's economic policy vision; as well as oversees the development of the public finance system. World Bank is also active in the sector, with technical assistance for public expenditures, especially in the areas of financial control and treasury operations. The World Bank will continue to support the sector through its Public Sector Modernisation Project, particularly with respect to public investments monitoring, implementing a public financial management reform action plan; as well as reform of the civil service. However, as stated by SIGMA in 2012, reforms in this sector are driven by the international community rather than the Kosovar administration itself.

The taxation and customs authorities of Kosovo have been closely supported by EU interventions, including direct CARDS and IPA projects, as well as multi-beneficiary programmes. Amendments to legislation on VAT, Tax procedures, etc. were also made through IPA and other donor support. The EU has been one of the main contributors to the customs and taxation sector, including through CARDS, IPA as well as CAFAO and TACTA programmes. Other donors that have been active in the area of Customs and Taxation include the USAID with support to the Tax Administration (capacity building, legislative review, etc.); SIDA with reforming land and property tax systems. and GIZ.

In the area of management of the EU integration process EU is not the only active donor. A GIZ project is currently supporting the Ministry of European Integration in its responsibilities for the coordination and monitoring of EPAP implementation as well as soon in the negotiations for the SAA. GIZ also helped the process of restructuring for MEI, in view of its new, higher responsibilities. Previously a DFID project has assisted with donor coordination and establishment of the aid management platform. Soon a new IPA twinning project will also assist MEI.

Socioeconomic Development; Overview of Indicators

Table Analysis of the socioeconomic development sector

006/2007 (actual)	EP	Objectives	Baseline in 2007 (defined from Progress Report 2006)	Indicators of progress by 2010/11 (defined from EP Objectives)	Achievement of Progress	Contribution of the IPA		
						None	Some	High
Continue to promote conditions for investment, trade & growth. Finalise the privatisation process			Exports remain extremely low due to lack of capacity and competitiveness. 300 of an estimated 600 SOE have been privatised.	Bankrupt SOEs have been closed; the remainder sold	<ul style="list-style-type: none"> The Kosovo Privatisation Agency is still dealing with the privatisation of slightly less than half of the inherited portfolio of SOEs Legal framework on insolvency and bankruptcy procedures strengthened which may speed up the process of liquidation of enterprises 		x	
				Competitiveness of Kosovar enterprises improved	<ul style="list-style-type: none"> Kosovar enterprises relatively small and face a number of structural difficulties, including weak rule of law, unfair competition and poor infrastructure or unstable electricity supply Labour force is unskilled and access to credit difficult 	x		
				Exports & FDI increase substantially due to trade promotion and enhanced business conditions for Kosovar enterprises	<ul style="list-style-type: none"> Significant improvement in the business environment in Kosovo following streamlining and shortening registration procedures for business setup; establishment of one-stop-shop windows; reduction of customs procedures, removal of several licenses etc. However exports and FDI still remain low as structural economic problems remain unsolved; including the narrow base of production (mainly agriculture and extracting industries); reliance on the services sector and demand boost from public investments. Onset of financial crisis also detrimental. 		x	
				SME promotion agency established and providing counselling and grants to local enterprises Increase in the number	<ul style="list-style-type: none"> SME promotion agency established but not active with counselling and grants. Ministry of Trade and Industry not satisfied with its performance. To be merged with Investment Promotion Agency. SME strategy developed, information and awareness events organised 		x	

006/2007 (actual)	EP	Objectives	Baseline in 2007 (defined from Progress Report 2006)	Indicators of progress by 2010/11 (defined from EP Objectives)	Achievement of Progress	Contribution of the IPA		
						None	Some	High
				of established firms in the target agri business sector				
		Adopt a medium term strategy for SMEs, including the establishment of a SME support agency and investment promotion agency. Continue implementation of the European Charter for Small Enterprises	The Investment Promotion Agency of Kosovo is in its infancy and requires ongoing support		<ul style="list-style-type: none"> Investment Promotion Agency currently under restructuring, expected to be merged with SME promotion agency Investment and SME promotion tools have not yielded the expected results 		x	
		Develop legislative and policy framework for trade and trade related policies, ensuring EU and WTO compatibility	Administrative capacity in the Ministry of Trade and Industry remains limited for legal drafting, policy development and promotion capacity		<ul style="list-style-type: none"> Administrative capacity within the MTI has been reinforced with Young Cell graduates Received TA and trainings on trade policy in view of eventual trade negotiations for SAA 		x	
		Ensure provision of public services to all people and a fully functioning government and municipalities	Re-organisation of municipalities has led to the creation of new boundaries and a wide range of performance between them.	Partnerships are established between old and new municipalities leading to evidence of sharing capital equipment, staff and experiences.	<ul style="list-style-type: none"> Five Regional Development Agencies established, 'owned' by municipalities. RDAs, still basically IPA project units, however lack institutional sustainability and have a restricted mandate. New municipalities virtually all joined and agreed on the EU Regional Economic Development (EURED) strategy, five regional development plans endorsed by (almost) all municipalities. 		x	
		Improve the quality and availability of basic services in all communities and promote the decentralisation process	Local authorities have a range of new legal functions and the co-ordination and control of this responsibility transfer is not consistent. Partnerships could help this. Infrastructure and associated management skills is poor	The Ministry of local self-government enables municipalities to discharge their full responsibilities under the decentralisation legislation, including in the development of policy and enforcement.	<ul style="list-style-type: none"> Ministry of Local Self Government facilitated decentralisation process and supports municipalities in the performance of their core duties 		x	

006/2007 (actual)	EP	Objectives	Baseline in 2007 (defined from Progress Report 2006)	Indicators of progress by 2010/11 (defined from EP Objectives)	Achievement of Progress	Contribution of the IPA		
						None	Some	High
				Local authorities benefiting from the assistance are able to subsequently manage infrastructure maintenance and investment tasks unaided	<ul style="list-style-type: none"> • Municipalities exercise a wide range of functions and have benefitted from an adequate share of public resources to finance own functions • Capital investment funding remains inadequate due to poor conditions of inherited infrastructure and more support is due from the central government level • Investments in environmental and social infrastructure increase chances for private sector growth and social inclusion 		x	

Progress in Socio-Economic Development

Institutional structures

Institutional structures in the area of socio-economic development are numerous and their scope is broad.

Private Sector Development

The lead institution in the area of economic development and trade policy is the Ministry of Industry and Trade (MTI), which is in charge of development of trade policy; trade agreement negotiations as well as overall coordination with other institutions. The Department of Trade at the MTI will be the main counterpart that is expected to deal with eventual negotiations for trade policy in a Stabilisation and Association Agreement. It will be in charge of coordinating analytical work, in cooperation with other respective institutions, based on policy directions and negotiation positions as approved by the Trade Policy Inter-ministerial Council. The Ministry of Trade and Industry is currently undergoing a structural reform, also partly supported by IPA projects as well as other partners, in order to prepare for the management of the trade policy dialogue.

The main strategic documents that govern Kosovo's policy in the area of economic development are:

- Kosovo Trade Policy
- Kosovo SME Development Strategy 2012 – 2016
- Industry Strategy 2010 – 2013
- Strategy on Intellectual Property 2010 - 2014
- Innovation Strategy (under way)

Other agencies in the industry and trade area include the Agency for Support to Small and Medium Enterprises, as well as the Investment Promotion Agency, which are both executive bodies subordinate to the MTI. The government has recently announced its intention to merge these two agencies into one single body in order to increase their efficiency.

The Ministry For Economic Development is a new ministry that was recently established. Its scope of work includes market liberalisation policies and reduction of administrative barriers, management of state owned enterprises; as well as management of some of the regulated sectors, such as energy, mining, telecommunication as well as information technology. The Ministry of Agriculture and Rural Development also plays an important role, being in charge of inspections for food and phytosanitary products. Agriculture is also one of the main sectors of economy.

Privatisation

The process of privatisation of state owned and socially owned enterprises is still under way in Kosovo. The Kosovo Privatisation Agency (a successor of the Kosovo Trust Agency) is an independent public body that has the right to enter into contractual agreements with third parties, incur liabilities, etc. So far since 2002 the Kosovo Privatisation Agency has privatised more than half of the inherited portfolio of socially owned enterprises. Privatisation of some state owned enterprises in strategic sectors is currently underway, with negotiations on-going for the electricity distribution company; the national post service, etc.

Intellectual Property Rights

The Industrial Property Office is an autonomous agency within the MTI that has been established primarily through EU support in 2006. The Copyright and Related Rights Office has been established under the Ministry of Culture since 2010 and has recently undertaken a public awareness campaign on protection of copyright and related rights. The Kosovo Customs Service

has also established a separate intellectual property rights unit since 2011 and have included the issue in their strategic plan.

Economic Infrastructure

Infrastructure is an important component of an enabling economic environment, influencing direct investment, access to markets and competitiveness. Kosovo's infrastructure is rather poor, as a result of the effects of war, inadequate maintenance as well as low payment collections on utilities. In particular roads and bridges have been damaged during the war, and a large portion of the transport budget has been used to finance infrastructure improvements, particularly roadway reconstruction. The government of Kosovo has dedicated an increasing share of the budget to investments and restructuring of basic infrastructure in order to support a growing economy. It is in this supported by the IPA, through the financing of construction of municipal public building, roads and bridges and water and sanitation infrastructure.

Local economic development

Municipal governments play an important role in the provision of public services as well as have a role in local economic development and social services. The Ministry of Local Governance Administration (MLGA) is the lead institution in charge of supporting the process of decentralisation, as well as supporting municipalities in the exercise of their own and delegated functions. The MLGA is also the official liaison office between the five newly established Regional Development Agencies (RDAs) and the EU office, a main donor of the RDAs. Officially these RDAs are governed by the municipalities constituting the five economic regions (Centre, East, North, South and West). These regions are however fully virtually established by ECLO in 2007, and have no official government (Kosovo only has a central and a municipality government level) and do not coincide with any other administrative structure (e.g. police). The Regional Development Strategy (EURED) also largely developed by ECLO is structured around these regions, and as such EURED and the regional structure have been instrumental in boosting municipal cooperation.

Human resources

Recent restructuring within the MTI has enhanced capacities and expertise within the Department of Trade. MTI has continued to recruit staff with adequate qualifications and experience, mainly through transfers from other ministries, all of whom were part of the EU Young Cell Scheme scholarship. Administrative capacities will however need to be further strengthened in view of the eventual SAA negotiations on trade related areas and across other departments of MTI as well. MTI is currently seeking to institutionalize negotiating structures. This has included the establishment of the Trade Policy Council, as well as the Trade Policy Working Group and five sectoral subgroups at a more operational level.

MTI staff has received continuous training, including through the EU technical assistance. Most important trainings provided were focused on: EU trade policy, EU trade agreements, international trade policy, trade analysis and statistical analysis of trade indicators. Capacities have been developed in the area of intellectual property rights as well, through numerous trainings for practitioners within the MTI and Ministry of Culture, as well as for Customs officials, judges and prosecutors. Public awareness campaigns against piracy have also been carried out in order to increase public opinion sensitivity on IPR issues. Capacity for trade analysis, policy implementation and control was limited across all trade related ministries. Today, capacities within the MTI have strengthened and the country has a trade policy. However trade analysis skill and in particular trade statistics are very weak and need to be further strengthened.

Administrative capacity at the local level, i.e. in the municipalities, is relatively weaker than at the central level. Some of the municipalities were newly established following the decentralisation reform and had therefore no previous institutional experience. The MLGA developed a Concept Document on Municipal Capacity Building in June 2011, Capacity Building Action Plan in June 2011 as well as a Strategic Plan on Municipal Capacity Building, also in June 2011, as well as a Framework on Professional Competence on Human Resources and Municipal Administration and a Manual on Training Administration. A number of training programmes have been prepared and delivered for municipal staff including, among other through IPA project support.

Systems and tools

One of the main strategic goals for the government of Kosovo has been the improvement of business environment and reduction of administrative barriers. Kosovo is heavily reliant on remittances and foreign investment is relatively low, hence an improved business environment is a critical determinant for private sector development and prospects for sustainable growth.

There has been some progress in the development of Kosovo's trade policy and private sector. Main developments in this area include the drafting of the Trade Policy, which was missing until recently. Kosovo became a member of CEFTA in 2006 (UNMIK signed the agreement on behalf of Kosovo), as well as started negotiations for Free Trade Agreements (FTAs with several countries, but there was no coherent and comprehensive trade policy formulated. With regard to private sector development, an SME Development Strategy was adopted in 2012, adopting elements of the European Small Business Act. However, private sector growth in Kosovo remains fragile. Kosovo's economy is too much reliant on foreign remittances. In addition, domestic demand is boosted by the relatively large international community. Overall, progress in the area of SME development and trade policy has been limited. Kosovo has formulated its main strategic framework in these areas but needs to take concrete measures to facilitate SME access to finance, as well as promote foreign investment and increase competitiveness.

Significant progress has been made through EU and other donor support to improve the legal and regulatory framework, in order to promote private sector-led growth. A structure is in place for streamlined business registration, including one-stop shop facilities. Tax rates are low, with personal income tax rates at 0-10%, VAT at 16%, and corporate income tax at maximum 10%. Business registration procedures were streamlined and take a maximum of three days; administrative and customs procedures have been reduced from eight to three and two days for imports and export respectively. These new policies caused Kosovo's ranking in the World Bank Doing Business Report to improve by 19 positions in 2013 as opposed to 2012 results. Kosovo figures in 2013 on place 98, from place 117 in 2011 and 2012. However previously its position worsened: in 2009 Kosovo occupied place 107, in 2010 place 113. It is to be hoped therefore that the year 2012 witnessed a permanent turn in this deterioration. One of the objectives specified in the strategy for support for private sector growth is also linked with policies to facilitate SME access to finance, including increased information and creation of the loan registry, reduction of borrowing costs, etc. However, no concrete measures have been taken in this direction yet. Several donors have contributed to the sector. USAID Business Environment Enabling Project (BEEP) and the World Bank Business Environment technical assistance (BETA) Project are among the biggest contributors, together with EU. The European Bank for Reconstruction and Development also has implemented projects in support of private sector development, in particular for the financial sector.

Kosovo has also achieved significant progress in terms of approximation with European standards in areas related to that of trade, including in the areas of accreditation, standardisation and metrology, where the legal framework is largely in line with the acquis.

So far since 2002 the Kosovo Privatisation Agency has privatised more than half of the inherited portfolio of socially owned enterprises. However, progress in the recent years has been extremely limited: in 2007 300 of the 600 Socially Owned Enterprises (SOE) had been privatised, which were typically the commercially most viable ones. By 2012 according to the EC 2012 Progress Report only 306 SOEs have been completely or partially privatised. In the meantime, legislation on insolvency and bankruptcy procedures was developed in order to assist with the liquidation of SOEs and their assets and also speed up the process.

Progress has been made in the area of Intellectual Property Right as well: The EC Progress Report in 2006 states that intellectual property was not respected at all in Kosovo and mechanism to ensure its protection were lacking overall. In 2012 it is reported that laws on copyright and related rights, patents and trademarks are in place and are broadly in line the *acquis*. Provisions on infringement of copyrights were inserted in the Criminal Code. More needs to be done to enforce IPR, through increased public awareness and a stronger fight against IPR infringements.

The European Commission's study on Kosovo published with the 2009 Progress Report highlights the need to address infrastructure weaknesses and low skill levels in order to make the economy more competitive. The majority of the investment budget is spent on road infrastructure, whereas there is high concern in the area of environmental infrastructure – specifically water supply and water sewerage systems, as well as social infrastructure.

Role of International Community

Private sector development and trade policy has been assisted by several donors. The most prominent in this field are USAID, in particular with the Business Environment Enabling Project as well as the Growth and Fiscal Stability Initiative; as well as the World Bank with the Business Environment Technical Assistance Project in addition to other interventions supporting private sector growth, in particular energy. Other donors have also contributed, including DANIDA, SDC, ADA, UNDP, etc.

The European Union has supported the development of municipal infrastructure and development of the decentralized system of governance and municipal management capacities. A variety of donors are present in the field, given its high political sensitivity. USAID, EU, UNDP, Swiss Development Cooperation (SDC) and other organisations have supported the decentralisation process and strengthening capacities at the local level. Many donors have also supported “hard” interventions in the municipal infrastructure, including the Austrian Development Agency in the water sector; GIZ with support for the land cadastre and modernisation of local services; SDC and USAID in the water and sanitation sector; USAID with the Effective Municipalities Initiative, etc. Other donors, such as DANIDA, UNDP, Norway, Sweden, etc. have also supported several local economic development initiatives.

Human Rights: Overview of Indicators

Table Analysis in the Human Rights Sector

006/2007 EP Objectives (actual)	Baseline in 2007 (defined from Progress Report 2006)	Indicators of progress by 2010/11 (defined from EP Objectives)	Achievement of Progress	Contribution of the IPA		
				None	Some	High
<p>Ensure the viable existence of minority communities and their non-discriminatory participation in society, taking concrete measures to ensure their safety and freedom of movement, as well as the equitable provision of and access to public services.</p> <p>Regularise informal settlements.</p> <p>Strengthen institutional structures</p>	<p>200.000 people have been internally displaced since 1999. 15,615 returned voluntarily since 1999.</p> <p>Most municipalities have language units but resources and inter institutional collaboration remain an issue</p>	<p>Ostorode and Cesmin Lug camps closed</p>	<ul style="list-style-type: none"> Osterode and Cesmin Lug camps closed through IPA support 			x
		<p>At least 80% of displaced persons have a source of income and a rehabilitated dwelling</p>	<ul style="list-style-type: none"> Return and reintegration policies incorporate support for future economic integration of returned families, such as income generation packages, vocational trainings, advice and investments for start-ups, etc. 181 houses have been built for returned families, land ownership rights remain an issue in some cases however. 61 community development projects in 28 communes 			x
<p>Create a climate for reconciliation, inter-ethnic tolerance and sustainable multi-ethnicity which is conducive to the return of displaced persons. Ensure the respect, security, freedom of movement and participation of all communities.</p> <p>Explicitly condemn all manifestations of anti-minority sentiment. Vigorously prosecute all inter-ethnic crime</p>	<p>Updated return policies and procedures were produced in 2006. The Ministry of communities and returns has made efforts but does not fulfil its role effectively</p>	<p>MCR implements its own policies and acts as the leader of the return process, actively co-ordinating donors in the sector.</p> <p>Kosovo Serb participation in small scale projects involving Kosovo institutions</p> <p>Increase in employment/business registrations in target communities</p>	<ul style="list-style-type: none"> Ministry for Communities and Return actively steers the return process and allocates considerable amounts of its budget Continued interest by potential interested targets Evidence of success stories in return communities 			x

006/2007 EP Objectives (actual)	Baseline in 2007 (defined from Progress Report 2006)	Indicators of progress by 2010/11 (defined from EP Objectives)	Achievement of Progress	Contribution of the IPA		
				None	Some	High
		Increase in return to targeted areas Reduction in net outflow of minorities from Kosovo				
Develop an integrated conservation policy for cultural heritage. Actively engage in increasing the general awareness of and respect for cultural heritage	Orthodox sites damaged in 2004 riots have been repaired. Special zoning made around World Heritage site Decan/Decani	National level policy developed for cultural heritage. Zero damage reported to Serbian Orthodox sites/churches	<ul style="list-style-type: none"> Orthodox sites repaired and management taken over by Ministry of Culture (with the exception of two Orthodox Churches) No more cases of damage to cultural heritage sites 			x

Progress in Human Rights

Institutional Structures

The Office of the Prime Minister (OPM) is in charge of promoting the principles of human rights and fundamental freedoms by ensuring that these principles and values are reflected in the Kosovo legislation and implemented accordingly. The Office for Good Governance, Human Rights and Equal Opportunities within the OPM, is the main entity in charge of preparing strategies for the protection of human rights and minorities, as well as monitoring the implementation of international conventions and national strategies.

The Ministry for Return and Communities (MRC) is in charge of monitoring the process of return of internally and externally displaced Kosovo people. It deals mainly with the return of displaced minorities and cooperates closely with the Ministry for Social Affairs as well as municipalities, as well as with the Office for Good Governance (OGG) at OPM.

A number of other institutions are in charge of ensuring respect for and protection of human rights, including the Ministry of Justice (access to justice, fair trial, detention, etc.); the Ministry for Social Affairs (gender equality, children's rights, sexual minorities and other minorities rights, etc.). The Ombudsperson of Kosovo is a key independent body in charge of ensuring and overseeing protection of human rights. Violation of human rights may also be brought to the Constitutional Court of Kosovo. The Kosovo Assembly has a specialised Committee on Human Rights, Gender Equality, Missing Persons and Petitions, which reviews legislation from a human rights perspective. The EC reports in 2012 that "over the past three years, Kosovo has established several structures at central and municipal level to assist with the protection, promotion and enforcement of human and fundamental rights."

In terms of cultural rights and protection of cultural heritage, the Ministry of Culture, Youth and Sports is the lead institution in charge. The Reconstruction Implementation Commission is an ad hoc management mechanism established involving Kosovo and Serb institutions to implement reconstruction projects accomplished its mission to reconstruct all damaged cultural heritage sites (mainly Serb Orthodox churches).

Human resources

According to the Government of Kosovo, OGG/OPM in cooperation with international mechanisms operating in Kosovo has provided trainings to the Municipal Human Rights Units on the importance of practical implementation of European Convention for Human Rights and Fundamental Freedoms, Convention against Torture and Convention on Civil and Political Rights. Moreover the Kosovo Judicial Institute provides continuous legal training and education to judges, prosecutors, future Lawyers and advocates, including training modules on the Convention for the Protection of Human Rights and Fundamental Freedoms. Three training sessions took place during 2011 on topics related to: Right to Liberty and Security (art.5 ECHR); Right to Fair Trial (art.6 ECHR); Right of respect for private and family life (art.8 ECHR). Inclusion of these topics and their inclusion to training modules are highlighted in increasing practical skills of judges and prosecutors in applying provisions of the ECHR and case-studies from European Court of Human Rights.

Systems and tools

Kosovo is not a member of the United Nations or the Council of Europe. However, it has ratified several international agreements and instruments on protection of human rights, including the

Universal Declaration of Human Rights, the European Convention for the Protection of Human Rights and Fundamental Freedoms, and its Protocols; International Covenant on Civil and Political Rights and its Protocols; Council of Europe Framework Convention for the Protection of National Minorities; Convention on the Elimination of All Forms of Racial Discrimination; Convention on the Elimination of All Forms of Discrimination Against Women; Convention on the Rights of the Child; Convention against Torture and Other Cruel, Inhumane or Degrading Treatment or Punishment. The abovementioned instruments have been embedded in the national legislation as well, while the judicial system and Constitutional Court in particular often use case law from the European Court for Human Rights in their interpretations. Respect for and protection of human rights, and minority rights in particular, has been incorporated into the practice of Kosovo institutions are pursued through several strategies and action plans developed by the government.

Kosovo has made progress in the protection of minorities, although more needs to be achieved. In particular, Roma, Ashkali, and Egyptians (RAE) are the most vulnerable minorities that suffer from social exclusion. Unemployment and poor living conditions are a common challenge for these groups. The closure of the Cesmin Lug Roma displacement Camp in 2010 was a positive step. Families living in the Osterode camp were also evacuated, with the exclusion of three families that refused to leave. Furthermore, education levels are very low. School enrolment rates for RAE community have increased but they still remain low. Several ethnic incidents between Serbs and Albanians have also been recorded, although the number is decreasing annually. Participation of minorities in the public administration also remains low.

The Kosovo Government and the Ministry for Communities and Return continue to perform well for the return and resettlement of internally displaced people (IDP) and people displaced abroad. The number of voluntary returnees is however decreasing, as people start to settle down in the receiving communities. Deportations to Kosovo from Western Europe continue, (mainly RAE community) and according to the Human Rights Watch 2013 report, these receive limited assistance provided upon return. HRW reports that between January and September 2012 the UNHCR registered 1,717 forced returns to Kosovo, including 546 deportations of minorities, mostly from Sweden (235) and Germany (196): 327 Roma, 105 Ashkali, 2 Egyptians, 21 Serbs, 8 Albanians, 32 Bosniaks, 44 Gorani, 7 Turks, to Serb majority areas.

More needs to be done to implement the national strategies on communities and return; as well as the national strategy on RAE integration. Several international partners, donors and NGOs have been active in this field, in particular UNHCR which has closely coordinated with the Kosovo authorities for the identification of potential returnees and their relocation. OSCE, UNDP and other organisations also have implemented projects in the area of human rights. Charity organisations such as Mercy Corps International, Danish Refugee Camp, Kosovo Open Society Foundation, Civil Rights Defenders have also played an active role in the implementation and financing of different projects in support of minority groups and civil society development.

In terms of cultural rights and protection of cultural heritage, the EC Progress Report in 2012 reports that Kosovo authorities have successfully taken over from KFOR the security of most of the cultural and religious sites of the Serbian Orthodox Church; only two sites – the Pejë/Peć Patriarchate and the Manastiri i Deçanit/Visoki Dečani Monastery – are still protected by KFOR. The Ministry of Culture has shown commitment to the process of reconstruction, also contributing financially in the amount of more than 7 million euros to the actual works. The Reconstruction Implementation Commission – an ad hoc management mechanism established involving Kosovo and Serb institutions to implement reconstruction projects accomplished its mission to reconstruct all damaged cultural heritage sites (mainly Serb Orthodox churches) and was dissolved in 2010. Works in the cultural heritage area have been largely implemented through support of the Council

of Europe. Other international partners have also made important contributions, including the Greek ambassador playing a significant facilitating role in discussions; UNESCO, Swedish NGO Cultural Heritage Without Borders; Italian Cooperation, etc. More efforts need to be made to ensure on-going dialogue between the Serbian Orthodox Church and Kosovo authorities, as well as to ensure fair mechanisms for the maintenance of cultural heritage sites.

Annex 2 List of interviews

Name	Position	Institution
Abdullahu, Fejzullah		International Organisation for Migration (EU-CSP)
Ajazi, Agron	Project Manager	International Organisation for Migration (EU-RRKIII)
Asin, Melvin	Dept. Head of Operations	EU Office
Bicaj, Luan	Team Leader	International Organisation for Migration (EU-RRKIII)
Bonifassi, Pierre	Adviser to MEI	GIZ
Canolli, Florim	Director	Ministry of European Integration
Como, Odoardo	Evaluation Unit Repr.	DG-ELARG
Dukaj, Isa	Director	Ministry of Trade and Industry
Duli, Ilaz, Mr Sc.	President	Public Procurement Regulatory Commission
Duraku-Nura, Albina	Task Manager	EU Office
Gargallo Gonzalez, Emilia	Task Manager	EU Office
Gashi, Adea	Senior Officer	Ministry of European Integration
Govori, Merita	Task Manager	EU Office
Hagmüller, Gaby	Team Leader	EU Office
Halili, Ruzhdi	Head of Office	Office of the Prime Minister
Hyseni, Almir	Executive Director	Regional Development Agency East
Kamberaj, Besim	Director	Ministry of Local Government Administration
Kelmendi, Burbuqe	Project Officer, Twinning Coordinator	EU Office
Lipovica, Irfan	Acting Director	Ministry of Trade and Industry
Musa-Krasniqi, Arta	Project Officer	EU Office
Mellish, Philip	Donor Coordination Manager	EU Office
Maxhuni, Vedat	Director	Ministry of Communities and Return
Muja, Fjolla	Int. Liaison Adviser	Ministry of Finance
Nahi, Edona	Project Manager	Regional Development Agency Centre
Neziri, Hasan	Executive Director	Regional Development Agency Centre
Niksic, Muamer	Project Manager	Kosovo Open Society Foundation (EU-SIMRAES)
Osmani, Arton	Project Officer	EU Office
Poterqoj, Vedat	Senior Legal Officer	Public Procurement Regulatory Commission
Phelan, Andrew	Programme Manager	International Organisation for Migration (EU-CSP)
Poder, Sirje	Team Leader	EU Office
Raifi, Fatos	Executive Director	Regional Development Agency North

Rexhaj, Azem	Head of PIU	Deloitte (USAID Contractor Brezovica Project)
Sadriu, Dardan	Project Officer	EU Office
Selimi, Samir	Task Manager	EU Office
Sharku, Nahit	Director	Ministry of Finance
Shasha, Demush	Secretary General, NIPAC	Ministry of European Integration
Stock, Christof	Head of Operations	EU Office
Tahiri, Aferdita	Task Manager	EU Office
Aliu, Vjollca	Director	Ministry of Culture, Youth and Sports
Ukaj, Valëza	Acting Director	Ministry of Culture, Youth and Sports
Dafina _____	Senior Officer	Ministry of Finance
Vasolli, Rexhep	Director	Ministry of Finance
Votsoglou, Angeliki	Task Manager	EU Office
Several respondents did not produce business cards to the evaluation team, most notably junior staff of the beneficiary organisations visited and the Serbian and Ashkali beneficiaries of the RRK, SIMRAES and CSP programmes.		

Annex 3 List of documents referenced

General Information:

Civil Rights Defenders – Human Rights in Kosovo, October 2012
European Partnership with Serbia and Kosovo under UNSCR 1244
European Partnership Action Plan 2006
European Partnership Action Plan 2008
European Partnership Action Plan 2012
Fact Sheet on Kosovo, MTI
Human Rights Watch, World Report 2013
Invest in Kosovo, IPAK
Kosovo Human Development Report, UNDP 2012
Kosovo Progress Report 2007
Kosovo Progress Report 2008
Kosovo Progress Report 2009
Kosovo Progress Report 2010
Kosovo Progress Report 2011
Kosovo Progress Report 2012
Kosovo Small and Medium Enterprises Strategy, 2012 – 2016 (MTI)
Kosovo Trade Policy
MEI – History of EU Kosovo relations
MEI – 2011 Annual Report on Donor Activities
Multi-Indicative Planning Document Kosovo 2007-2009
Multi-Indicative Planning Document Kosovo 2008-2010
Multi-Indicative Planning Document Kosovo 2010-2011
Objektiv (publication on implementation of the return strategy), Ministry for Communities and Return
Public Procurement Reforms in Kosovo, Mr Sc Ilaz Duli, Prishtina July 2011
Regional Development Strategy for the Economic Region East 2010-2013, RDA East
Strategy for Communities and Return 2009-2013, Ministry for Communities and Return
Strategy for the integration of Roma, Ashkali and Egyptian Communities in the Republic of Kosovo, 2009-2015
Strategy on Intellectual Property Rights, 2010-2014, Pristina, May 2010
Strategy on Public Administration Reform, 2010-2013
World Bank Country Partnership Strategy 2012 - 2015

Specific Project Information:

Meeting EU standards in Public Procurement:

- Contract
- Inception Report
- 5th Bi-Annual Report
- 7th Quarterly Report
- 9th Quarterly Report + Annexes
- 11th Quarterly Report + Annexes
- Final Report
- Minutes Meeting PSC (4)

Public Finance Administration:

PIFC – ToR
PIFC – Contract
PIFC – Inception Report
PIFC – Quarterly Report May – Aug 2010
PIFC – Final Report
PIFC – Meetings SC (2)
OAG – Twinning Contract + Work Plan
OAG - Quarterly Report 7
OAG - Mission Reports (12)
OAG - Minutes Meeting SC (2)
OAG - ROM report (PS, MR, BCS)
EU – PIP ToR
EU – PIP Contract
EU – PIP Inception Report
EU – PIP Quarterly Report May-July 2011
EU – PIP 5th Bi-Annual Report
EU - PIP SCM minutes (2)

Strengthening Customs and Taxation:

ToR
Contract
Inception Report
ICT Strategy
Quarterly Report 6
Final Report

Support to the Agency for European Integration:

YCS-ToR
YCS – Contract
YCS – Inception Report
YCS -Interim Report 2
YCS - Interim Report 11
YCS - SCM Minutes (6)
'Evaluation of EU IPA projects covering support under the Young Cell Scheme', Sotirag Guga, IBF
International Consulting for IPA, October 2012 '
ACDEI Twinning Contract
ACDEI Twinning Workplan + Logframe
ACDEI Quarterly Report Dec 2009

Economic Environment for all Kosovo Communities:

Brezovica – Master Plan ToR
Brezovica – Master Plan
Insolvency Capacity Building ToR
Insolvency Capacity Building Inception Report
Insolvency Capacity Building Fact Sheet
Insolvency Capacity Building Quarterly Report May 2009
EBRD TAM Description of Actions
EBRD TAM Budget
EBRD TAM Fact Sheet
EBRD TAM Inception Report
EBRD TAM Progress Report 1, 2, 3 and 4
EBRD TAM SCM Minutes 1, 2, 3 and 4
EU-TAM ROM Report 20 May 2011

Patent Office EUAPO – ToR
 Patent Office EUAPO – Inception Report
 Patent Office EUAPO – Quarterly Report 1
 Patent Office EUAPO – ROM MR
 SME Support - ToR
 SME Support - Inception Report
 SME Support – Fact Sheet
 SME Support – Progress Report 1
 SME Support - ROM Reports 2010, 2011, 2012
 SME Support – SCM minutes April 2011
Supporting local government and decentralisation
 MLGA – Contract
 MLGA – ToR
 MLGA – Progress Report II
 MLGA – Progress Report IV
 MLGA – Final Report
 MLGA – Minutes PSC meeting II, IV
 MLGA – Activity Report
 EULOG – ToR
 EULOG – Contract
 EULOG – Inception Report
 EULOG Quarterly Report III&IV
 EULOG – SCM meeting Aug 2009, Nov 2009, Nov 2010
 EULOG – Final Report
 EULOG – Activity Report
 EULOG – Report on Potential Services
 EULOG – Budget Mun Mgt
 EULOG- Chris Vast's report
Regional Development Structures and Instruments:
 RDA Centre – Description Action Centre Dec 2010
 RDA Centre – Budget Centre 2011-2012
 RDA Centre – Interim Report Feb- Sep 2011
 RDA Centre – Narrative Final Report 2011
 RDA East – Description Action East Dec 2010
 RDA East – Budget East 2011-2012
 RDA East – Interim Report Final
 RDA East – Final Report Annex VI
 RDA North – Application for Operational Grant
 RDA North – Budget North
 RDA North – Interim Report Narrative
 RDA North – Narrative Final Report 2011
 RDA South – Description Action South Dec 2010
 RDA South – Budget South 2011-2012
 RDA South – Interim Report
 RDA South – Narrative Final Report + Annexes
 Invest in Southern Region Kosovo, RDA South
 RDA West – Description Action West Dec 2010
 RDA West – Budget West 2011-2012
 RDA West – Interim Report Feb- Sep 2011
 Grant Scheme – Guideline for Grant Applications
 Grant Scheme – Applications (19 Applications)

Grant Scheme – Fact Sheets

Municipal Infrastructure:

Service Contract

Work Contracts (3)

Minutes of Progress Meetings

Trade and Regional Development

Trade Project – ToR

Trade Project – Inception Report

Trade Project – Quarterly Report 2

Trade Project – Interim Report April 2012

Reg Dvt I – EURED- ToR

Reg Dvt I – EURED - Inception Report

Reg Dvt I –EURED - Progress Reports 1, 2, 3, 4

Reg Dvt I –EURED – Final Report

Reg Dvt I –ToR Preparatory Project

Reg Dvt I – Contracts for five RDAs

Reg Dvt 2 – Applications Grant Schemes

Return Cultural Heritage

Support to RIC – Contract

Support to RIC – Activity Report

Support to RIC – Final Report Financial

Support to RIC –Final Report Narrative

Support to RIC – Description of Action 1

Support to RIC – Monthly Report (12)

Support to RIC – Summary of Activities

RKK 1 – Inception Report

RKK 1 – Progress Reports (5)

RKK 1 – Final Report

RKK 1 – ROM reports (2)

RKK 1 – Minutes of PSC meeting (12)

RKK 1 – Description of Action

RRK 2 – Summary of actions by the DRC

RRK 3 – Project sheets

EU MRSI – Inception Report

EU MRSI – Progress Reports (4)

EU MRSI – ROM reports (2)

EU MRSI – Minutes of PSC meeting (5)

EU MRSI – Description of Action

Return

Inception Report

Progress Reports (6)

Minutes of PSC meetings (10)

Minutes of PSC meetings - extraordinary (2)

Description of the Action

ROM report

Preserving Cultural Heritage

Inception Report

Description of Action

Monthly Reports (25) + annexes

ROM reports (2)

Report 2010
Report 2011
Support to Communities
Description of the Action
Inception Report
Annual Report
Final Report
EU-CSP - Description of the Action
EU-CSP - Inception Report
EU-CSP - Annual Report
EU-CSP – ROM Report
EU-CSP – Minutes PAC Meeting (5)

Annex 4 Objectives of the projects in the sample

IPA projects in the sample and their objectives

Portfolio project title	Contracts / projects	Overall Objective	Purpose:
Public Finance and Financial Management			
2007 - Public procurement	Meeting EU standards in public procurement	Ensure the proper stewardship of public funds, transparency and effectiveness in public spending, through the improvement of the public procurement framework, which will enable Kosovo to effectively develop a transparent and well organised public governance framework.	to assist in the development of the public procurement system in Kosovo and ensure that the system is compatible and up to date with EU Standards and promotes efficiency and transparency in the use of public funds.
2008 - Public finance administration	PIP - Improving the quality of public investments in Kosovo and preparing the grounds for EU funds	Ensure proper stewardship of public funds, transparency and effectiveness in public spending through the improvement of the budget planning and formulation process	Improvement of the quality of planning and budgeting of public spending and public investments in preparation for EU funds
	Support to the Office of the Auditor General of Kosovo to meet EU standards	Ensure proper stewardship of public funds, ii) Transparency and effectiveness in public spending through the improvement of the public financial management system, and iii) Creation of an effective public governance framework in Kosovo.	To strengthen the capacity of the Supreme Audit Institution (which in Kosovo is the Office of the Auditor General) by developing its ability to carry out audits to EU and international standards.
	Improving Public Management, Control and Accountability in Kosovo (PIFC)	Ensure proper stewardship of public funds, transparency and effectiveness in public spending through the improvement of the public financial management system and creation of an effective public governance framework in Kosovo.	Create a stronger governance framework in Kosovo and to support the operation of the financial management and control systems and internal audit systems, by providing support to the Central Harmonisation Unit for FMC in the Treasury and the Central Harmonisation Unit for Internal Audit (CHU/IA) in the Ministry of Economy and Finance.
2008 - Strengthening customs and taxation	Strengthening customs and taxation	To establish an effective, efficient, fair and transparent system of revenue collection, by supporting the reform and development process undertaken by CSK and TAK,	Achieve actual implementation of correct, systematic and effective Customs controls, facilitation of legitimate flows and ensuring revenue collection and public

		whilst approximating EU standards laid down in the Customs and Fiscal Blueprints.	security. Strengthen the capacity of CSK to fight against fraud and corruption, in such a way to enjoy public confidence and improve compliance with EU standards. Achieve improvement of TAK's operational capacity to increase revenue collection and enhancement of taxpayer's voluntary compliance in providing taxpayers professional service, helping them understand and meet their tax responsibilities, and apply the tax law with integrity and fairness to all, in compliance with EU standards laid down in the Fiscal blueprints.
2009 - Support to the Agency for European Integration	(Twinning) Support to the Agency for Co-ordination of Development and European Integration (ACDEI)"	Assist the Kosovo administration in strengthening the EU Integration process and stimulate Kosovo institutions with establishing necessary structures for an effective management of EU financial assistance.	Support ACDEI, line institutions and the Parliament in building capacities for a more effective implementation of the European Partnership Action Plan (EPAP) and make them capable of gradually take over tasks and responsibilities linked to the coordination and management of EU support programmes.
	EU Scholarship Scheme – Round VI (Young Cell Scheme YCS)	Support the Government of Kosovo in building of a professional civil service at all levels for more efficient and effective implementation of EU Integration processes	To support the Kosovo public administration through the scholarship programme that aims at improving the professional capacity of civil service to meet the obligations arising from EU integration process
Socio-Economic Development			
2007- Economic environment for all Kosovo communities	SME support through the Ministry of Trade and Industry (MIT)	To support the revitalization of economy of Kosovo, by enhancing the business enabling environment and the competitiveness of the SME sector.	To strengthen the capacities of the main Beneficiary (Ministry of Trade and Industry), to effectively contribute to the growth of the SME Sector of Kosovo through streamlining national sound and comprehensive policy, strategy and legislative and regulatory frameworks, in full consistency with the European Charter for Enterprise To establish a sound public and private sector dialogue through effective coordination, consultation and information dissemination mechanisms among public and private sector institutions, sectoral business information dissemination mechanisms among public

			<p>and private sector institutions, sectoral business associations and SMEs in all project relevant areas, to enhance the effectiveness of envisaged support actions;</p> <p>To improve the competitiveness of Kosovo SMEs in order to increase the share of Kosovo products and services in local and international markets.</p> <p>In addition, this project is expected to contribute also to foster employment for minorities, women and youth.</p>
	<p>EU Support for business development through Turn-Around Management (EU-TAM), in conjunction with EBRD</p>	<p>To develop an enabling environment for private sector development and job creation for all communities in Kosovo.</p>	<p>Survival of the enterprise operating in the market economy.</p> <p>Improved market performance, enhanced competitiveness and expansion of markets.</p> <p>Incorporation and/or improvement of sound environmental practices in the enterprise's activities.</p> <p>Development of a wider network of customers, including where relevant, EU and international contacts with customers, suppliers, distributors, investors and foreign partners.</p> <p>Introduced quality management and certification (certification awarded, associated new business, associated internal organisational improvement, compliance with EU regulations).</p> <p>New jobs created across all of the selected enterprises; including in the rural economy sector; and in economically disadvantaged areas and at women entrepreneurs supported.</p> <p>Complementary private contributions from companies to Business Advisory Services (BAS) and private companies' investments complementary to TAM services.</p>
	<p>Insolvency Capacity Building</p>	<p>To support the revitalisation of the economy of Kosovo.</p>	<p>to provide technical support to the Society of Auditors and Accountants of Kosovo (SCAAK) to enable the development of the Insolvency Practitioners qualification,</p>

			<p>and regulation of professionals engaged in this sector.</p> <p>to support the development of skills of legal and accounting professionals engaged in business support services to facilitate the rescue and rehabilitation of companies and businesses in financial difficulty.</p> <p>to develop the financial legal framework in Kosovo to provide an Insolvency regime, including voluntary and involuntary arrangements, that reflects international best practices and is compatible with the relevant principles and requirements of the EU <i>acquis communautaire</i>.</p>
	Support to the Patent Office	To facilitate the trade regime between Kosovo, and both the EU and regional trading partners. This will be accomplished through supporting Kosovo's participation in International trade agreements and the measures that are necessary for their effective implementation.	<p>Development of the capacity of Kosovo Industrial Property Office including the Patent Office.</p> <p>Assistance in the development of the legal framework for the regulation of Intellectual Property Rights.</p> <p>Development of the system for enforcement of Intellectual Property Rights.</p>
	Master Plan for (holiday and ski-resort) Brezovica	To support the revitalisation of the economy in the area of Brezovica by designing a development plan of the whole area.	<p>To design a project programme, which will support the recovery of the Brezovica area in line with the current needs and the constraints of the Kosovo economy. In cooperation with the current management of Brezovica as well as with the Municipality of Shtërpçë/Štrpce, the expert will develop an integrated plan to recover Brezovica and make it an attracting investment option.</p> <p>More specifically the purpose of the project is to prepare the guidelines for a Call for Proposal aiming to develop an integrated plan to recover Brezovica and make it an attracting investment option.</p>
2007- Supporting local government and decentralisation	EULOG - Support to Local Government	Support municipalities of Kosovo to advance the reform and capacity building in the context of the ongoing decentralisation process, including the improvement of managerial competencies, service delivery and dialogue with citizens at local level, in line with European standards.	<p>To improve the performance and accountability of municipalities to deliver cost effective public services and to improve dialogue with citizens.</p> <p>To strengthen the inspection functions of the municipalities, assist the law implementation and improve the citizens' confidence in democratic</p>

			<p>institutions.</p> <p>Develop the integrated planning capabilities of the local governments via incentives designed in the “Municipal Infrastructure project” and in line with the Public Investment Programme.</p> <p>Encourage Inter-Municipal Cooperation;</p> <p>To ensure that minority rights, gender equality and the promotion of the participation of women are fully integrated in all actions taken and policies implemented.</p>
	Support to the Ministry of Local Government and Administration (MLGA)	The ongoing decentralization process and enhanced competencies of MLGA in management, coordination and municipal performance assessment in line with European standards have led to better economic well being and quality of life for all Kosovan citizens	The role of MLGA in the public administration of Kosovo for delivery by local government of more effective and citizen oriented services, has been strengthened.
2008 – Municipal Infrastructure	Municipal Social and Economic Infrastructure (MSEI) – Service Contract	To support the implementation of the status settlement and advance the reform and capacity building of local self-government in the context of the ongoing decentralisation process, through the improvement of MSEI.	<p>General: manage and oversee SMEI IV, after extension also V and VI.</p> <p>Assist the Contracting Authority (ECLC-) to set up the methodology and appropriate mechanism for the selection of municipal projects.</p> <p>Institutional development of Municipalities through the provision of assistance in drafting project proposals, in the preparation of the design and tender documents, monitoring/supervision of the implementation, handover and final acceptance of the facilities.</p> <p>To provide administrative support to the Steering Committee (SC) and assist in the definition of the criteria for the selection of projects.</p> <p>Day to day supervision of construction with the Municipalities technical staff to ensure good quality projects is delivered.</p> <p>Awareness raising and the visibility of the MSEI is ensured through appropriate information campaign to involve Municipalities and the general public.</p>

	MSEI – Work Contract Lot 1		Construction of Buildings
	MSEI – Work Contract Lot 2		Construction of Roads and Bridges
	MSEI – Work Contract Lot 3		Construction of Water and Sanitation
2008 - Regional Development structures and instruments	Regional Development Structure and Instruments – Operational Grants to RDA North, East, South and West June 2010 – June 2012, RDA Centre Feb 2011 – June 2012	To foster and coordinate development activities in the respective economic region and its municipalities.	To enable RDA {North, South, West, East, Centre} to continue playing a leading role as coordinator and driver of economic development activities in the economic region east. RDA South also mentions strengthening inter-municipal communication and ethnic inclusion. West: To continue to build capacity within the RDA West and all its stakeholders for strategy-led implementation utilising good partnership coordination and management, clear and transparent analysis, planning, monitoring and evaluation so following good cycle-management principles. This will stimulate sustainable economic growth and the creation of wealth and employment across the region
	EURED- EU Support for Regional Economic Development – Call for Proposals Grant Scheme	To contribute to the creation of the conditions for balanced and sustainable economic development across all the Economic regions of Kosovo.	Contribute to the consolidation of the five economic regions and the creation of a regional development framework which is in line with EU practice; and Support economic regeneration, job creation and human resource development in the Economic regions.
2009- Trade & Regional Development	TA to support Regional Economic Development	To develop an enabling environment for private sector development and job creation for all communities in Kosovo.	To enhance Kosovo's regional economic development activities and secure sustainability through the mainstreaming of environmental and social issues. Social sustainability will be addressed by promoting equality of opportunity for all - with a particular focus on minorities, women and vulnerable groups - in addition to the fostering of civil society and good governance. The EURED project seeks specifically to support the introduction of the Regional Economic Development (EURED) approach in the five economic areas in Kosovo (i.e. North, South, East, West and Centre); to facilitate local economic development, wealth creation

			<p>and employment generation;</p> <p>Kosovo in the strengthening of its economic regions and the expansion of a regional development framework in line with EU practices;</p> <p>the development of institutional capacity to manage the process of economic development;</p> <p>Economic regeneration, job creation and human infrastructure development in different regions.</p>
	Operational Support to the five RDAs – five Operational Grants June 2009 - June 2010	To foster the EU Regional Development Process (EURED) in Kosovo by supporting five RDA as key institutions in the five economic regions of the country.	The project will enable the RDA {North, South, East, West, Centre} which has been established in partnership with the constituting municipalities of the region to act and function as a coordinator and driver of development activities in the {respective] economic region and its municipalities.
	TA to Further Development of Kosovo's Trade Policy	To promote Kosovo's integration into the world economy and to develop and create the basis for a sustainable enabling environment for private sector development	To assist Kosovo to build the institutional structures to enter negotiations on an EU Trade Free Trade Agreement by supporting the Ministry of Trade and Industry to develop its institutional capacity to prepare negotiating positions and to implement agreed policy initiatives in line with international trade requirements and EU practices.
Human Rights			
2007 – Return / Cultural Heritage	RRK I Return and Reintegration in Kosovo (UNDP)	To contribute to a stable multi-ethnic society in Kosovo with equitable provision of government services (including social services and community development) to all citizens, without regard to ethnicity.	To support the sustainable return of refugees and internally displaced persons (IDPs) through the increased involvement of government and non-government actors at central and municipal level and the strengthening of administrative structures and accountability mechanisms
	EU-Mitrovica RAE Support Initiative - MRSI	The closure of the lead-contaminated Cesmin Lug and Osterode Camps for RAE IDPs	Economically productive, secure and healthy reintegration of upto 90 RAE families from Cesmin Lug and Osterode Camps to Roma Mahala or other locations
	Rehabilitation of Cultural Heritage in Kosovo (through supporting RIC)	The creation of a climate for inter-ethnic tolerance, sustainable multi-ethnicity and the promotion of human and minority rights (including in a gender perspective)	Capacity building for an increased ownership of the Kosovo Institutions in the implementation and rehabilitation of cultural heritage projects.

		conducive to the return and reintegration of refugees and IDPs to Kosovo.	
2008 - Return	RRK II Return and Reintegration in Kosovo (DRC)	To contribute to a stable multi-ethnic society in Kosovo based on tolerance and promotion of human and minority rights enabling sustainable return and reintegration of minority IDPs and refugees to Kosovo.	To support dignified and sustainable return and reintegration of minority refugees and IDPs in Municipalities of Klinë/Klina, Ferizaj/Uroševac, Kastriot/Obilić and Rahovec/Orahovac through enhanced engagement of governmental and local stakeholders.
2008- Preserving cultural heritage	EU/CoE Support to the Promotion of Cultural Diversity in Kosovo (PCDK)	Ensure the long-term sustainability of Cultural Heritage sites in Kosovo	Increasing ownership of the Cultural Heritage (CH) rehabilitation process within the Kosovo Institutions, using CH as a tool for reconciliation and dialogue between communities and to start developing the economic potential of this particular sector in Kosovo..
2009- Support to Communities	Community Stabilisation Programme (CSP) in Kosovo	to support the improvement of the socio-economic situation of minorities and minority communities throughout Kosovo, thereby supporting the international community and the Ministry for Community and Returns (MCR) Governmental Strategy to strengthen and stabilize communities and promote sustainable return	to improve living conditions and to promote sustainable livelihoods in minority areas in Kosovo through the implementation of income generation and community development activities.
	Confidence Building Measures in Kosovo	To assist the Kosovo Serb leaders in building self-confidence and to help Kosovo's Serb and Albanian leaders to identify issues of mutual interest with the goal of improving the interethnic trust.	To assist the Kosovo Serb leaders in building self-confidence and to help Kosovo's Serb and Albanian leaders to identify issues of mutual interest with the goal of improving the interethnic trust. The aim of the program's activities is to increase the will of the Kosovo Serb community to (a) participate in the political process by debating the benefits of practical, as well as political participation, the decentralization of power, and encouraging them to re-examine their own self-interest, (b) to get the most of their relations with the institutions and Kosovo Albanian political leaders, and (c) generate ideas and make dialogue more acceptable and desirable, through addressing fears and misconceptions that Kosovo's two major communities have about each

			other.
	EU Support for the Implementation of the RAE strategy (SIMRAES)	To support the Kosovo Government in developing a democratic and multi-ethnic society by implementing the RAE Strategy and its Action Plan.	To improve the socio-economic well being of Roma, Ashkali and Egyptian (RAE) communities in Kosovo by facilitating access to education, by preserving and promoting RAE cultural heritage and by improving information in/on RAE and mainstream media.

Annex 5 The evaluation methodology

The country level interim evaluations (and the MBP evaluation) will consist of two constituent and complementary elements – the evaluation of individual projects in the sample and the creation of a wider sectoral assessment. The interim evaluations follow the formats and methodology of the Commission's Evaluation Guide and the Project Cycle Management (PCM) Guide of EuropeAid. Each project included within the evaluation is assessed against the indicators in the project and programme documentation for efficiency, effectiveness, impact and sustainability and the results used to answer the Evaluation Questions established in the ToR.

With the focus of the evaluation on the measurement of impact, a sectoral approach is being used which requires a further level of assessment. The objective is to review how a particular sector in a country has evolved over time and assess the influence that the IPA has had on the changes that have been observed. This is undertaken by creating a picture of the sector and assessing how it has changed by identifying the initial sectoral objectives of the national authorities, determining what the situation was when the IPA assistance was planned and then measuring progress against impact level indicators. The evaluation questions, around which the evaluation report itself is also framed, fit into this sector focussed approach by building on the data gathered for the sectoral impact analysis.

The evaluation starts with a sampling process to reduce the overall population to a more manageable size whilst retaining sufficient scope to provide a credible evidence base for the conclusions and recommendations. Sectoral assessment matrices are developed based on programming documents to develop an understanding of the intervention logic of the programmes and ensure there are sufficient SMART²⁴ indicators, particularly at the impact level. Project evaluation forms are used to gather data on performance based on the indicators given in the project documents and made available from primary research and secondary information sources.

Elaboration of the sectoral assessment methodology

Creating the sectors

In the 2007-09 programming period, the IPA was structured along 'priority axes' and therefore firstly, the sectors to be included in the evaluation should be defined by reallocating individual projects into the same sectors used in 2011 programming onwards. It should be noted that whilst the MIPD refers to grouping projects into sectors for the process of programming there is no common definition or consistent use of the term 'sector' in DG ELARG. For the purposes of this evaluation the term 'sector' is used to refer to groupings of projects along the same lines as in the MIPDs. For each sector in the sample the sectoral objectives and the baseline are identified from the Accession Partnership (s) and Progress Reports which underpin the assistance under review. From these sectoral objectives we can identify or define indicators of expected impact. The second stage is to describe the current status of these sectoral objectives and therefore understand what has changed. The third stage is to analyse how and whether IPA assistance contributed to the observed change in the sectoral objectives, or to what extent the changes can be attributed to IPA.

Defining the baseline

The European Partnership (EP) is a summary of the short and medium term objectives (described by the Copenhagen Criteria and the chapters of the *acquis*) agreed between the Commission and

²⁴ Specific, Measurable, Available, Relevant and Time bound – characteristics of good indicators.

the beneficiary applicant state. It forms the basis for the programming of EC assistance but clearly its objectives are of a significantly broader scope than can be funded from the resources available solely from the EU. It is supported by an Action Plan prepared by the beneficiary country detailing the timetable for completion of the objectives of the EP. The EP is prepared in the year preceding the financing memorandum and thus the IPA 2007 programme is based on the EP of 2006 and the IPA 2008 on the EP of 2007²⁵. For the purposes of the evaluation, the baseline is taken from the Progress Report and the sectoral policy objectives (and the indicators derived from them) from the medium term priorities of the EP – those which should be achieved within 3-4 years (ie, by 2010/2011).

Measuring progress

The current status of the sector will be defined using information from the most recent progress report, sector strategies and sector studies, complemented by interviews with key sectoral stakeholders. Where necessary we can also bring in the services of external specialists to bring further clarity to the analysis. The final stage is to establish whether the IPA made a contribution to these observed changes

Establishing contribution

The objectives identified in the planning stages will be cross referenced against specific projects funded in the sector and used to determine the extent to which there could have *potentially* been an impact realised by IPA assistance. The indicators defined from the programme documents (EP, project fiches) will then be used to measure the extent to which the IPA assistance has contributed to the changes observed. This can be supplemented by a review of documents, ROM reports and interviews with key stakeholders and other experts in order to establish whether specific changes can be attributed to the IPA assistance or to other factors, or whether IPA has contributed to internal processes of change. If there are no observable changes – i.e. there has been no impact – the reasons behind this can also be determined by the analysis.

Where documentary evidence is not available the contribution of the IPA to observed change will be made using a public administration capacity systems analysis methodology. This approach identifies the type of effects generated by the assistance and the contribution this has made to the sectoral changes observed. Where indicators are lacking or insufficient, it offers an objective and logical explanation of how and whether impact could have been achieved by IPA assistance.

Disregarding externalities for a moment, any sectoral change can be defined within one or a combination of three categories: Institutional Structures, Human Resources or Systems and Tools. These features of administrative reform need to be visualized along a time line of sectoral policy development, with investment provided at appropriate times to effect the achievement of impact. For example, there is little point in investing in Information and Communications Technology (ICT) until the institutional structures have been established; the development of Human Resources must be a constant process.

Institutional Structures considers the changes to the structures of the institutions in the sector (state and Non Government Organisations (NGOs)) driven by the introduction of new policy. As explained in the introduction to Annex 1, it can be disaggregated into a number of sub components.

Human Resources covers the changed behaviour and working methods of the individuals working within institutional structures, such as staffing, resources, including HR policies and career paths, risk of brain drain, and competencies.

Systems and Tools consists of the delivery of those elements of technical or managerial infrastructure needed by institutional structures and human resources to effect change e.g. IT, management information systems and monitoring systems.

²⁵ Due to the changing constitutional nature of some of the beneficiaries of the region over the programme time period, some consolidation of objectives from different reports has been necessary

The Evaluation Questions

The questions in this evaluation fall into two groups. Those addressing efficiency and effectiveness cover the project level environment and are essentially directly within the control of the implementing authorities and contractors. Those looking at impact and sustainability consider the affects the programmes will have on the wider environment and are both more difficult to objectively measure and less under the control of operational stakeholders.

- For the evaluation of questions covering efficiency and effectiveness we will be looking at systemic issues affecting the delivery of IPA assistance. The data for these evaluation questions will come from the analysis of project performance through the review of indicators and interviews with key stakeholders. Programme level evaluations do not consist of the sum of the performance of individual projects, but the analysis of individual projects does form the basis for the derivation of programme level conclusions.
- For the evaluation of questions covering impact and sustainability we will be looking at how the IPA assistance has contributed to changes observed at the sectoral level. The data for these evaluation questions will come from the analysis of how the sector as a whole has developed since the time of programming and disaggregates the specific impact of the IPA. This element of the research also looks at whether sectoral objectives not assisted by the IPA have been met and thus provides a counterfactual analysis. As well as measuring the expected versus actual impact indicators, interviews with key stakeholders will determine process and therefore lessons learned in achieving impact and sustainability.

Evaluation of Efficiency and Effectiveness

There are three evaluation questions covering aspects of efficiency and effectiveness:

Table 1 Assessment of efficiency and effectiveness

Assessment of efficiency and effectiveness	
EQ 1	To what extent are interventions financed under IPA efficient in terms of value for money when delivering outputs and immediate results?
EQ 2	To what extent are interventions financed under IPA effective in delivering outputs and immediate results?
EQ 7	Are there potential actions which would improve the efficiency and effectiveness of the ongoing assistance?

This element of the evaluation will consist of the measurement of the extent that outputs have been delivered, at an appropriate quality level, and objectives achieved; the timeliness of their delivery and their cost. Questions considering efficiency seek to understand whether outputs were delivered on time and at a reasonable and expected cost. Effectiveness looks at what use has been made of the outputs delivered, or are likely to be delivered. At the same time, realistic alternatives should be identified which are likely to be more effective and/or efficient than the observed solutions.

In the context of this evaluation, efficiency focuses on the achievement of value for money for both outputs and objectives. To assess this we need to determine:

- whether the assistance has been, or is likely to be, delivered within the originally planned budget and time-frame; and
- whether the planning process took adequate consideration of other ways of delivering outputs or objectives and whether assistance could have been delivered in a more cost effective manner to achieve the same outputs or objectives

In principle, the questions will be answered at the level of the sector concerned. This means that especially for impact and sustainability sector-specific indicators were developed. Capacity building and institutional strengthening has however also many common elements, which is why many

indicators, especially for efficiency and effectiveness, can also be presented at a more general level (as is done in this section).

When analysing efficiency, it should be furthermore kept in mind that the emphasis of the evaluation is on impact and sustainability of the combined IPA effort on the relevant sectors. The evaluation will therefore not go in detail on individual examples of bad or poor performance in specific interventions (if at all, this will be done to illustrate common phenomena), but instead endeavour to identify embedded strengths or weaknesses in the system (procedures, modus operandi) which influence efficiency and overall value for money in terms of ‘impact for money.’

indicators, especially for efficiency and effectiveness, can also be presented at a more general level (as is done in this section).

When analysing efficiency, it should be furthermore kept in mind that the emphasis of the evaluation is on impact and sustainability of the combined IPA effort on the relevant sectors. The evaluation will therefore not go in detail on individual examples of bad or poor performance in specific interventions (if at all, this will be done to illustrate common phenomena), but instead endeavour to identify embedded strengths or weaknesses in the system (procedures, modus operandi) which influence efficiency and overall value for money in terms of ‘impact for money.’

EQ I To what extent are interventions financed under IPA efficient in terms of value for money when delivering outputs and immediate results?

Judgement criteria:

The assistance has delivered the planned outputs and achieved project objectives in the most cost effective manner.

Planned outputs were normally delivered within the foreseen timespan

Procedures for programming and supervision are transparent and promote efficiency

Budget and timelines for the majority of interventions were realistic

IPA interventions normally do not result in excessive administrative burden for the beneficiary organisations

Generally a good mix of financial sources (incl. non-EU sources like IFIs etc.) was applied

Indicators/Descriptors	Data source
<ul style="list-style-type: none"> All contracts were subject to competitive tender 	Project fiches, EUD/CFCU
<ul style="list-style-type: none"> All tenders are contracted at least six months before the end of the commitment period thereby providing the Contracting Authority with sufficient time to cancel, redesign and re-tender if offers are unduly expensive 	Perseus reports, Implementation status report
<ul style="list-style-type: none"> The beneficiary authorities provided the minimum required levels of co-financing in a timely fashion 	Perseus reports
<ul style="list-style-type: none"> A comprehensive needs assessment, updated detailed design and commercial assessment by an appropriately qualified independent expert has been completed within one year of the launch of the tender 	ROM reports, CFCU Interviews
<ul style="list-style-type: none"> Administrative capacity assessments are used on all institution building projects to scale assistance to beneficiary absorption capacity 	ROM Reports, CFCU Interviews
<ul style="list-style-type: none"> The type of contract (works, supply, service, TA or Twinning) is appropriate for the objectives targeted 	Contracts / Project fiches
<ul style="list-style-type: none"> Delay and performance clauses and other appropriate penalties have been included in contracts and is there clear evidence that that they have been enforced where necessary 	Sample contracts Interviews with NAO/CFCU
<ul style="list-style-type: none"> For all infrastructure components, alternative sources of funding to IPA grant aid been considered at the planning stage (soft loan finance, government funds, municipal bonds, other EU financing). 	Project fiches Interviews with NIPAC/IFAs
<ul style="list-style-type: none"> Resources have been leveraged with other donors/beneficiary budgets where possible 	MIPD
<ul style="list-style-type: none"> Duplication of funding with other sources has been avoided 	NIPAC
<ul style="list-style-type: none"> An effective aid co-ordination structure is in place to ensure no overlap and collaborative financing 	NIPAC co-ordination

	meetings
• The costs, including indirect and ongoing costs, to achieve the planned objectives have been clearly considered in programme design	Project fiches
• There is good governance at all levels with sound financial management to ensure corruption is avoided	Management systems
• Timely approval procedures for institution building outputs	NAO/CFCU
• Timely preparation and mobilization of twinning contracts	ROM reports,
•	
• Generally, service providers deliver outputs within the foreseen timeframe	progress and final reports
• Generally, beneficiary organisations make the required resources (space, human resources, translation services, IT etc) available in time	ROM reports,
• Project outputs can be applied by beneficiary organisations without the need for unduly large investments or other costs.	NIPAC
• Project outputs are timely absorbed by beneficiary organizations	ROM reports, NIPAC

The evaluation question directed at effectiveness looks at the extent to which the outputs and objectives of the assistance have been successfully achieved (or are likely to be achieved) or if there were better ways of delivering outputs and objectives.

EQ II To what extent are interventions financed under IPA effective in delivering outputs and immediate results?

Judgement Criteria:

The assistance was effective with the planned outputs delivered, at the appropriate quality level
Normally, appropriate service providers or twinning partners have been selected
Procedures for programming and supervision are pro-active and promote quality and effectiveness
Generally, outputs were relevant for the beneficiary organisations
Generally, outputs have been taken up/used by the beneficiary organisations

Indicators/Descriptors	Data source
• The extent to which outputs have been delivered (or are on schedule to be delivered) as defined in programming and contract documents	ROM reports, CFCU / Perseus
• The beneficiaries were included in the design and definition of objectives	NIPAC
• Each project contains clear and convincing intervention logic with evidence and assumptions/conditionalities	NIPAC
• Regular management meetings are held between contractors and all stakeholders at least quarterly (process)	NIPAC / CFCU / EUD
• EUD Task Managers apply good management practices with at least quarterly internal management reviews of all projects (process)	EUD management
• The risks to the achievement of the objectives are identified at appropriate intervals during the project duration (process)	ROM reports NIPAC
• If risks were identified, generally appropriate action is taken by EUD or other relevant bodies	EUD, NIPAC, progress reports
• Objectives or outputs are amended to take into account changing circumstances	NIPAC
• Project outputs are generally at an appropriate quality level and relevant for the beneficiary organizations	EUD, NIPAC, interviews with BOs
• Project outputs are generally accepted and implemented by the beneficiary organisations	EUD, NIPAC, interviews with BOs

EQ VII Are there any potential actions which would improve the efficiency and effectiveness of ongoing assistance?

Judgement Criteria:

Is there a need for improvement in efficiency and/or effectiveness (answer delivered by EQ 1 and 2)?

For most interventions in the design phase a conscious selection has been made between different delivery methods, with a view to maximizing efficiency and/or effectiveness

Actions can be or cannot be defined that can improve the efficiency and effectiveness of the assistance

Indicators/Descriptors	Data source
<ul style="list-style-type: none"> Corrective actions to improve systemic impediments to efficiency and effectiveness 	document review, field research interviews or institutional capacity analysis provided in the framework of Structures, Human Resource Management and Tools
<ul style="list-style-type: none"> Extent to which beneficiaries/other actors involved identify possibilities for the improvement of efficiency 	Expert judgements (interviews, focus groups)
<ul style="list-style-type: none"> Extent to which the “environmental” preconditions are available (e.g. political support, project fits in wider sector strategy, HR strategy, etc.) 	Expert judgements (interviews, focus groups)

Evaluation of Impact and Sustainability

There are five evaluation questions covering impact and sustainability.

Table 2 Assessment of impact and sustainability

Assessment of impact and sustainability	
EQ 3	Are the outputs and immediate results delivered by the IPA translated into the desired/expected impacts, namely in terms of achieving the strategic objectives/priorities linked to the accession preparation? Are/can impacts be sufficiently identified/quantified?
EQ 4	Are there any additional impacts (both positive and negative)?
EQ 5	Are the identified impacts sustainable?
EQ 6	Are there any elements which could hamper the impact and/or sustainability of the assistance?
EQ 8	Are there actions which would improve the prospects for impact and sustainability of the on-going assistance?

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

Judgement Criteria:

The assistance provided under the IPA is making, or can be expected to make, a visible contribution to the institution building objectives of the NPAA

All interventions fit logically into the wider objectives of IPA.

Generally, outputs have been taken up by the beneficiary organisations

Generally, the objectives of the programme have been met

Indicators/Descriptors	Data source
<ul style="list-style-type: none"> Extent of progress on the fulfilment of the <i>acquis</i> and Copenhagen Criteria within the sector 	Project fiches, Perseus, Task Managers, annual reports on progress towards adoption of the <i>acquis</i>
<ul style="list-style-type: none"> The interventions contribute directly to the requirements of the <i>acquis</i> as laid down in NPAA and Action Plan 	ROM reports, Questionnaire
<ul style="list-style-type: none"> For earlier projects now in their later stages (FM 2007/2008) measurement of existing impact indicators must show at least some 	ROM reports, Questionnaire

progress towards target	
• Strategic programming documents (MIPD, national strategic plans) are clearly linked to the NPAA	MIPD, NPAA Strategies
• There exist realistic but sufficiently ambitious national strategic plans	NPAA strategies
• The suite of IPA funded project fits logically in the national strategic plans for institution building	Project fiches, Strategies
• Pre-conditions for impact have been defined during programming (such as staff reinforcement, premises, equipment)	Project fiches, EUD
• All conditionalities have been enforced prior to contracting	Interviews with EUD
• Measurement of individual sector performance indicators against sectoral objectives and the baseline (given in detail in annex 4)	EUD/NIPAC/document analysis
• Measurement mechanisms are in place to assess impact and implement corrective management actions as necessary	NIPAC
• Qualitative progress is measured on strengthening of Structures (legislation, co-operation, management)	ROM reports, Questionnaires, annual projects
• Qualitative progress is measured on strengthening Human Resources (competencies, staffing, resources)	ROM reports, Questionnaires
• Qualitative progress is measured on strengthening Systems and Tools (ICT, finance, M&E)	ROM reports, Questionnaires

EQ IV Are there any additional impact (both positive and negative)?

Judgement Criteria:

Unplanned impacts are identified in the interventions

There have been unplanned indirect positive effects of the interventions, which significantly augment the impact of IPA.

There have been unplanned indirect negative effects of the interventions, which significantly take away from the impact of IPA.

In hindsight, could these effects have been anticipated?

Indicators/Descriptors	Data source
• Mechanisms are in place to capture information on unplanned impacts and mitigate/promote them	NIPAC questionnaire +
• List unplanned impacts identified by the beneficiary authorities and management actions taken/planned	NIPAC questionnaire +
• Are these (unforeseen and/or indirect) effects of a significant size, to what extent do they augment the direct effects or take away from the latter (to be further specified in Annex 4)	NIPAC questionnaire +
• Does IPA in general contribute to the emergence of relations with relevant partner organisations within the EU (member states)	NIPAC questionnaire +

As with impact, sustainability can usually only be finally assessed once a project has been completed and thus the evaluation must focus on pre-conditions for sustainability. Much of the IPA consists of multi-annual interventions and the sustainability of earlier elements is sometimes a useful proxy for the sustainability of current actions.

EQ V Are the identified impacts sustainable?

Judgement criteria:

Long term institutional capacity building impacts will be sustained as they are a pre-requisite for membership of the European Union.

Beneficiary budget is sufficient to sustain the effects.

Beneficiary organisations are able to retain human resources necessary to implement the results of the IPA interventions

IPA enabled effects are logically embedded in beneficiary (new) structures.

Indicators/Descriptors	Data source
• For earlier projects in their later stages (FM 2007/2008) measurement of existing sustainability indicators show progress towards targets	ROM reports, Contractor interviews, Project

	reports, beneficiary interviews
<ul style="list-style-type: none"> • Identification of external factors such as staff turnover or political support that influence the sustainability of impact 	ROM reports, Contractor interviews
<ul style="list-style-type: none"> • For investment projects, beneficiaries must have sufficient budgets for consumables, replacement and additional equipment 	Beneficiary interviews
<ul style="list-style-type: none"> • For institution building projects, beneficiaries must have sufficient budget to effectively retain or recruit staff based on an administrative capacity plan approved by the budgetary authority 	Beneficiary interviews
<ul style="list-style-type: none"> • Conditional legislation (especially secondary legislation) should be in place before the end of the associated assistance 	Beneficiary interviews / NIPAC
<ul style="list-style-type: none"> • Existence of examples of the sustainability of any completed comparable interventions as a proxy for likely sustainability of assistance under evaluation 	NIPAC / EUD

Given the programme level nature of the interim evaluations, the identification of issues which could hamper the achievement of impact and sustainability should concentrate on common rather project specific issues

EQ VI Are there any elements which could hamper the impact and/or sustainability of the assistance?

Judgement Criteria:
 There are (no) systemic issues which reduce the impact or sustainability of assistance.
 There are (no) embedded defects in the system in the partner country and/or beneficiary organisations which prevent adoption of the outputs of IPA interventions, e.g. excessive lack of staff, brain drain or lack of political will (either government or parliament) to adopt the changes),

Indicators/Descriptors	Data source
<ul style="list-style-type: none"> • Problems identified affecting impact and sustainability of investment projects such as: poor needs assessment & specification, sufficiency for beneficiary needs and availability of additional financing (eg. To complete networks of laboratories for food testing), staffing of new facilities, funds for consumables & replacements, rapid obsolescence of equipment due to legislative or institutional change, operating budgets, user costs & cost recovery. • Common problems on institution building projects include: involvement of the beneficiary in project design, adequacy of staff and facilities, retention of trained employees (private sector pull), maintenance of reform momentum, loss of reform champions, 	Beneficiary interviews, NIPAC, EUD interviews, ROM reports

The lack of focus of those charged with operational management of the IPA offers a substantial opportunity for evaluation to identify and develop institutional corrective actions to improve the potential for impact and sustainability of the programme.

EQ VIII Are there any actions which would improve the prospects for impact and sustainability of the ongoing assistance?

Judgement Criteria:
 Actions can(not) be defined that can improve the impact and sustainability of the ongoing assistance.
 Such actions (if at all) are not so expensive or invasive that their introduction would take away from impact or sustainability.

Indicators/Descriptors	Data source I
<ul style="list-style-type: none"> • Corrective actions to improve impact and sustainability identified in the institutional capacity analysis will be provided in the framework of Structures, Human Resource Management and Tools 	Same as for EQ III – VI
<ul style="list-style-type: none"> • Other identified actions based on the findings on factors that influence the sustainability negatively 	

Annex 6 Training

The Training Programme

Day 1	Session	Description and Format
09:00 – 09:15	Welcome and introduction Hopes and Expectations	Establishing the hopes and expectations from the training which will be revisited at the conclusion of the training.
09:15 – 10:45	Introduction to monitoring and evaluation and their context	PowerPoint presentation <ul style="list-style-type: none"> Defining monitoring and link to evaluation and other functions in the management of programmes (control, audit, etc) What is evaluation Evaluation origins Main sources/guidelines Relevant M&E legislation Evaluation societies and culture
10:45 – 11:00	Coffee break	
11:00 – 12:30	Main monitoring tools – reports and on-the-spot checks	PowerPoint presentation <ul style="list-style-type: none"> Monitoring reports on programme level Monitoring reports on project level On-the-spot checks
12:30-13:30	Lunch	
13:30 – 14:45	Developing indicators	PowerPoint presentation <ul style="list-style-type: none"> SMART new concepts of indicators link to evaluation, other criteria for indicator quality examples of indicator systems
14:45 – 15:00	Coffee break	
15:00 – 16:30	Exercise on indicators	Developing a SMART indicator system

Day 2	Session	Description and Format
09:00 – 09:15	Review of Day 1	Summary of key concepts from Day 1 reinforced by questions and answers
09:15 – 10:45	Types of evaluations (1) and practical examples	PowerPoint presentation <ul style="list-style-type: none"> Ex-ante evaluation
10:45 – 11:00	Coffee break	
11:00 – 12:30	Types of evaluations (2) and practical examples	PowerPoint presentation <ul style="list-style-type: none"> Interim evaluation Thematic evaluation Ex-post evaluation
12:30-13:30	Lunch	
13:30 – 14:45	Main evaluation criteria and evaluation planning Enhancing programming and evaluation through developing LFAs	PowerPoint presentation <ul style="list-style-type: none"> Criteria and related real questions from ToRs Evaluation planning Theory and practice of LFA

14:45 – 15:00	Coffee break	
15:00 – 16:30	Exercise on LFA	Developing and evaluating LFAs (also testing the relevance of the indicators developed in Day 1)

The List of Trainees

Name	Institution
Krenare Bektashi	Ministry of European Integration
Adea Gashi	Ministry of European Integration
Ron Krasniqi	Ministry of Internal Affairs
Nertila Gojani	Ministry of European Integration
Feride Zeka	Ministry of European Integration
Fjorda Vasolli	Judiciary Council
Jehona Brovina	Ministry of European Integration
Mrika Pepa	Ministry of European Integration
Zanë Jusufi	Ministry of European Integration
Ardita Kunushevc	Ministry of Justice
Selviqe Elezaj	Ministry of Justice
Valon Avdiu	Ministry of European Integration
Lulzim Shamolli	Ministry of Agriculture and Rural Development
Floriana Rugova	Ministry of Justice
Arbër Zarioli	Prosecutor's Office
Arlinda Ahmeti	Ministry of European Integration
Erëza Abrashi	Ministry of European Integration

Participants' Assessment

Training in Monitoring and Evaluation – 14-15.02.2013

We would like to have your feedback regarding this training course, in order to help us improve our performance during future activities. Please evaluate the criteria mentioned below by putting a circle around the appropriate rating, according to the following scale:

1. Very poor 2. Poor 3. Sufficient 4. Good 5. Excellent

1. The structure of the training course (Design of the training programme, relevance and balance of the training topics, methodology, flexibility etc)	1	2	3	4	5
Scores			2	6	5
Comments					
I would have liked a slide about PCM					
The structure was really good, however in relation to relevance, the 'personal' experiences were more related to engineering infrastructure and did not relate to our working experience which are more social or purely based on capacity training					
2. The professionalism of the trainers	1	2	3	4	5
Scores				4	9
Comments					
All of them gave practical examples all the time					
3. The quality and suitability of the learning materials and support documentation (usefulness, clarity, presentation)	1	2	3	4	5
Scores			1	7	5
Comments					
Overall OK, but presentation text (slides) was a bit small					
I would suggest more focus on how to identify indicators that are not easy to be identified such as public administration capacity					
Day 2 was more productive because it went into detail about how different evaluations contribute to different perspectives. The mentioned examples were relevant and a good view point when performing our own evaluations in the future.					
4. Your overall rating of the training course	1	2	3	4	5
Scores			1	3	9
Comments					
The exercise given was adequate and made theory more comprehensive when implemented in practice					
Overall informative materials					
The lecturer was clear and his personal experience was useful					
5. Is there anything else you would like to add?					
Organisation of practice training					
Practical examples to process M&E to support IPA					
Perhaps the training needs to spread over a longer period i.e 4-5 days in order to better grasp the material and application in practice.					

Thank you for your co-operation!

Annex 7 Contracting, start and end dates of the projects in the sample

IPA Year	Project title	Contract Date	Start Date	Exp. End Date	Act. End Data
Public Finance and Financial Management					
2007	Meeting EU standards in public procurement	05/12/08	22/01/2009	22/01/2011	18/01/2012
2008	PIP - Improving the quality of public investments in Kosovo and preparing the grounds for EU funds	22/06/2009	27/07/2009	27/07/2012	27/07/2012
2008	Support to the Office of the Auditor General of Kosovo to meet EU standards	19/08/2009	01/09/2009	01/12/2011	01/12/2011
2008	Improving Public Management, Control and Accountability in Kosovo (PIFC)	26/06/2009	01/09/2009	31/08/2011	30/09/2009
2008	Strengthening customs and taxation	08/07/2009	01/09/2009	01/9/2011	01/09/2011
2009	Taxation IT	not implemented			
2009	Support to the Agency for Co-ordination of Development and European Integration (ACDEI)"	15/08/2009	01/09/2009	01/03/2012	01/03/2012
2009	EU Scholarship Scheme – Round VI (Young Cell Scheme YCS)	24/06/2009	01/08/2009	01/08/2011	On-going
Socio-Economic Development					
2007	SME support through the Ministry of Trade and Industry (MIT)	28/08/2009	01/10/2009	15/03/2012	15/10/2012
2007	Support for Bus. Dvt. through Turn-Around Management (EU-TAM)	28/09/2009	29/09/2009	28/09/2012	27/02/2013
2007	Insolvency Capacity Building		14/01/2009	15/03/2010	14/07/2010
2007	Support to the Patent Office	20/04/2009	12/05/2009	01/11/2010	11/05/2011
2007	Master Plan for (holiday and ski-resort) Brezovica	23/03/2009	30/03/2009	30/03/2011	11/02/2012
2007	Support to Local Government - EULOG	17/12/2008	15/01/2009	15/01/2011	15/01/2011
2007	Support to the MLGA	25/11/2008	16/04/2009	15/04/2011	16/07/2011
2008	Mun. Social and Economic Infrastr. (MSEI) – Service Contract	01/09/2009	15/9/2009	15/7/2012	15/10/2014
2008	MSEI: Lot 1, 2, 3	13/12/2010	01/03/2011	03/06/2013	03/09/2013
2008	Regional Development Structure and Instruments – RDAs	Same as start	15/06/2010 (RDA Centre 15/02/2011)	15/06/2012	15/06/2012
2009	EURED - Support to Regional Economic Development	15/07/2009	21/07/2009	15/12/2011	20/01/2012
2008	EURED - Call for Proposals	20/05/2010 (deadline for call for proposals)			
2009	EURED - Operational Support to five RDAs	15/06/2009	15/06/2009	15/06/2010	15/06/2010
2009	Further Development of Kosovo's Trade Policy	19/09/2011	17/10/2011	17/10/2013	17/10/2013
Human Rights					

2007	RRK I Return and Reintegration in Kosovo	22/07/2008	23/07/2008	23/04/2010	23/10/2010
2007	EU-Mitrovica RAE Support Initiative - MRSI	15/09/2009	01/02/2010	31/07/2012	01/08/2012
2007	Rehabilitation of Cultural Heritage in Kosovo (through supporting RIC)	15/03/08	15/03/08	15/04/09	14/10/09
2008	RRK II Return and Reintegration in Kosovo	31/07/2009	01/08/2009	01/08/2011	31/10/2011
2008	Support to the Promotion of Cultural Diversity	01/10/2009	15/10/2009	14/04/2012	14/09/2012
2009	Community Stabilisation Programme	26/05/2010	26/05/2010	26/05/2012	26/05/2012
2009	Confidence Building Measures (PER)	30/08/2010	30/08/2010	30/02/2012	30/06/2012
2009	Support for the Implementation of the RAE strategy (SIMRAES)	06/07/2010	01/09/2010	31/08/2012	28/02/2013

Annex 8 Projects in the sample and their wider objectives vs the relevant priorities stated in the European Partnership

Project title	Relevant Short Term Priorities stated in the EP vs Overall objective of the project
Public Finance and Financial Management	
Meeting EU standards in public procurement	<p>Overall Objective: Ensure the proper stewardship of public funds, transparency and effectiveness in public spending, through the improvement of the public procurement framework, which will enable Kosovo to effectively develop a transparent and well organised public governance framework.</p> <p>EP priorities STP: Adapt the public procurement framework by adopting the necessary implementing legislation to ensure compatibility with the acquis. Provide a public procurement institutional framework with the administrative capacity and independence to carry out its mission. MTP: Ensure that public procurement rules are implemented effectively by contracting authorities and entities at all levels, including through developing operational tools, providing training and strengthening the administrative capacity.</p>
PIP - Improving the quality of public investments and preparing the grounds for EU funds	<p>Overall Objective: Ensure proper stewardship of public funds, transparency and effectiveness in public spending through the improvement of the budget planning and formulation process</p> <p>EP priorities STP: Continue efforts to implement the public internal financial control strategy and relevant laws as a basis for fulfilling the medium-term priorities in this area.</p>
Support to the Office of the Auditor General of Kosovo to meet EU standards	<p>Overall Objective: Ensure proper stewardship of public funds, ii) Transparency and effectiveness in public spending through the improvement of the public financial management system, and iii) Creation of an effective public governance framework in Kosovo.</p> <p>EP priorities STP: Continue efforts to implement the public internal financial control strategy and relevant laws as a basis for fulfilling the medium-term priorities in this area. MTP: Strengthen the operational capacity as well as the financial and operational independence of the Supreme Audit Institution. Follow up and implement the recommendations of the latter.</p>
Improving Public Management, Control and Accountability in Kosovo (PIFC)	<p>Overall Objective: Ensure proper stewardship of public funds, transparency and effectiveness in public spending through the improvement of the public financial management system and creation of an effective public governance framework in Kosovo.</p> <p>EP priorities STP: Continue efforts to implement the public internal financial control strategy and relevant laws as a basis for fulfilling the medium-term priorities in this area. MTP: Under the coordination of the Ministry of Finance, develop and implement the principles of decentralised managerial accountability and functionally independent internal audit in accordance with international standards and EU best practice through coherent legislation and adequate administrative capacity.</p>

Project title	Relevant Short Term Priorities stated in the EP vs Overall objective of the project
Strengthening customs and taxation	<p>Overall Objective: To establish an effective, efficient, fair and transparent system of revenue collection, by supporting the reform and development process undertaken by Customs Service and Tax Administration of Kosovo, whilst approximating EU standards laid down in the Customs and Fiscal Blueprints.</p> <p>EP priorities STP: Further approximate customs legislation with the acquis and continue the efforts to enhance the capacity of the customs administration to combat corruption, counterfeiting and cross-border crime. Enhance the capacity of the criminal investigation unit.</p>
Socio-Economic Development	
SME support through the Ministry of Trade and Industry (MIT)	<p>Overall Objective: To support the revitalization of economy of Kosovo, by enhancing the business enabling environment and the competitiveness of the SME sector.</p> <p>EP priorities STP: Implement a medium-term strategy to support the development of SMEs, including the strengthening of the SME support agency and the strengthening of the investment promotion agency. Continue implementation of the European Charter for Small Enterprises.</p>
Support for business development through Turn-Around Management	<p>Overall Objective: To develop an enabling environment for private sector development and job creation for all communities in Kosovo.</p> <p>EP priorities STP: Implement a medium-term strategy to support the development of SMEs.</p>
Insolvency Capacity Building	<p>Overall Objective: To support the revitalisation of the economy of Kosovo.</p> <p>EP priorities STP: Significantly advance the privatisation of former socially-owned enterprises in accordance with the Trust Agency schedule.</p>
Support to the Patent Office	<p>Overall Objective: To facilitate the trade regime between Kosovo, and both the EU and regional trading partners. This will be accomplished through supporting Kosovo's participation in International trade agreements and the measures that are necessary for their effective implementation; development of the capacity of the Industrial Property Office including the Patent Office; assistance in the development of the legal framework for the regulation of Intellectual Property Rights. Development of the system for enforcement of Intellectual Property Rights.</p> <p>EP priorities STP: Provide the administrative and judicial capacity to implement the intellectual property law and to enforce intellectual property rights.</p>
TA to Further Development of Kosovo's Trade Policy	<p>Overall Objective: To promote Kosovo's integration into the world economy and to develop and create the basis for a sustainable enabling environment for private sector development.</p> <p>EP priorities STP: Implement the Central European Free Trade Agreement (CEFTA) and participate actively in all relevant regional initiatives, inter alia, under the auspices of the Stability Pact, including the process of its transition towards a more regionally owned cooperation framework.</p>
EULOG - Support to Local Government	<p>Overall Objective: Support municipalities of Kosovo to advance the reform and capacity building in the context of the ongoing decentralisation process, including the improvement of managerial competencies, service delivery and dialogue with citizens at local level, in line with European standards.</p> <p>EP priorities KP: Advance the reform of self-government and increase administrative capacity to facilitate decentralisation, taking into account the views and interest of all communities in Kosovo, adopt the legislative framework and allocate appropriate budgetary resources.</p>

Project title	Relevant Short Term Priorities stated in the EP vs Overall objective of the project
Support to the Ministry of Local Government and Administration (MLGA)	<p>Overall Objective: The ongoing decentralization process and enhanced competencies of MLGA in management, coordination and municipal performance assessment in line with European standards have led to better economic well being and quality of life for all Kosovan citizens</p> <p>EP priorities KP: Advance the reform of self-government and increase administrative capacity to facilitate decentralisation, taking into account the views and interest of all communities in Kosovo, adopt the legislative framework and allocate appropriate budgetary resources.</p>
Municipal Social and Economic Infrastructure (MSEI)	<p>Overall Objective: To support the implementation of the status settlement and advance the reform and capacity building of local self-government in the context of the ongoing decentralisation process, through the improvement of MSEI.</p> <p>EP priorities MTP: Improve the capacity of local administrations to provide services to their constituencies in an equitable and effective manner..</p>
Regional Development Structure and Instruments – Operational Grants RDAs	<p>Overall Objective: To foster the EU Regional Development Process (EURED) in Kosovo by supporting five RDA as key institutions in the five economic regions of the country. To foster and coordinate development activities in the respective economic region and its municipalities.</p> <p>EP priorities:</p>
EURED- Grant Scheme	<p>Overall Objective: To contribute to the creation of the conditions for balanced and sustainable economic development across all the Economic regions of Kosovo.</p> <p>EP priorities:</p>
TA to support Regional Economic Development	<p>Overall Objective: To develop an enabling environment for private sector development and job creation for all communities in Kosovo. The EURED project seeks to support the introduction of the EURED approach in the five economic areas in Kosovo.</p> <p>EP priorities:</p>
Master Plan for (holiday and ski-resort) Brezovica	<p>Overall Objective: To support the revitalisation of the economy in the area of Brezovica by designing a development plan of the whole area.</p> <p>EP priorities:</p>
Human Rights	
RRK Return and Reintegration in Kosovo	<p>Overall Objective: To contribute to a stable multi-ethnic society in Kosovo (RRK II -based on tolerance and promotion of human and minority rights) with equitable provision of government services (including social services and community development) to all citizens, without regard to ethnicity (RRK II- as well as enabling sustainable return and reintegration of minority IDPs and refugees to Kosovo)</p> <p>EP priorities MTP: Ensure the viable existence of minority communities and their non-discriminatory participation in society, taking concrete measures to ensure their safety and freedom of movement, as well as the equitable provision of and access to public services. Strengthen administrative structures and accountability mechanisms in the Ministry of Communities and Returns. Further develop and implement the joint strategic framework on communities and returns, and develop mechanisms at municipal level for facilitating the sustainable integration of returnees and existing minority communities. Facilitate and encourage the return of refugees and displaced persons from all communities.</p>

Project title	Relevant Short Term Priorities stated in the EP vs Overall objective of the project
CSP Community Stabilisation Programme	<p>Overall Objective: To support the improvement of the socio-economic situation of minorities and minority communities throughout Kosovo, thereby supporting the international community and the MCR - Governmental Strategy to strengthen and stabilize communities and promote sustainable return</p> <p>EP priorities KP: Create a climate for reconciliation, inter-ethnic tolerance and sustainable multi-ethnicity which is conducive to the return of displaced persons. Ensure the respect, security, freedom of movement and participation of all communities. Explicitly condemn all manifestations of anti-minority sentiment.</p>
Rehabilitation of Cultural Heritage - Support to the Promotion of Cultural Diversity	<p>Overall Objective: The creation of a climate for inter-ethnic tolerance, sustainable multi-ethnicity and the promotion of human and minority rights (including in a gender perspective) conducive to the return and reintegration of refugees and IDPs to Kosovo. Ensure the long-term sustainability of Cultural Heritage sites in Kosovo</p> <p>EP priorities KP: Ensure the full respect of religious freedom. Ensure the protection of cultural and religious heritage and take measures to prevent and prosecute attacks on sites. MTP: Develop an integrated conservation policy for cultural heritage. Actively engage in increasing the general awareness of and respect for cultural heritage.</p>
EU-Mitrovica RAE Support Initiative - MRSI	<p>Overall Objective: The closure of the lead-contaminated Cesmin Lug and Osterode Camps for RAE IDPs</p> <p>EP priorities STP: Regularise informal settlements. Find sustainable solutions for the housing and integration of Roma communities that are living in hazardous living conditions in camps and for internally displaced persons groups living in informal centres.</p>
Confidence Building Measures in Kosovo	<p>Overall Objective: To assist the Kosovo Serb leaders in building self-confidence and to help Kosovo's Serb and Albanian leaders to identify issues of mutual interest with the goal of improving the interethnic trust.</p> <p>EP priorities KP: Create a society free from discrimination of any kind and promote the integration of disadvantaged groups.</p>
EU Support for the Implementation of the RAE strategy (SIMRAES)	<p>Overall Objective: To support the Kosovo Government in developing a democratic and multi-ethnic society by implementing the RAE Strategy and its Action Plan.</p> <p>EP priorities KP: Create a society free from discrimination of any kind and promote the integration of disadvantaged groups.</p> <p>Ensure the viable existence of minority communities and their non-discriminatory participation in society, taking concrete measures to ensure their safety and freedom of movement, as well as the equitable provision of and access to public services.</p>



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