

CEP PRESENTS

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EFFECTS OF THE PRE-ACCESSION ASSISTANCE (IPA) ON STRENGTHENING OF ADMINISTRATIVE CAPACITIES IN THE WESTERN BALKANS

A Meta-audit of the European Court of Auditors

The European Court of Auditors recently published a special report on the impact of EU pre-accession assistance on strengthening the administrative capacity of the countries of the Western Balkans (WB). The focus of the analysis is on projects in the areas of rule of law and public administration reform, whose implementation success is reflected by the assessment of the state of administrative capacity. This is

The general conclusion is that the pre-accession assistance positively contributed to the strengthening of the administrative capacity of the beneficiary countries, and that support to rule of law and public administration reform through the IPA projects has proven to be partially sustainable.

¹ Such type of report, which constitutes an "audit of audit" (aka. Meta-audit) of the recently completed projects funded from the Instrument for Pre-Accession Assistance of the European Union in the period 2007-13 (IPA I), supreme audit institution of the EU is obliged to submit at the request of one or more EU institutions, with the objective of improving financial management of EU funds and the reporting to its citizens on expenditure. Findings of the report are based on a sample of 12% of the contracted funds of the total funds for projects in the field of rule of law and public administration reform.

also the first time that an EU institution, by being directly responsible for the audit of EU funds, is dealing with this subject. This speaks in favour of a more comprehensive approach by the EU when it comes to the monitoring of the implementation of PAR and the rule of law in the WB countries, and the importance it attaches to the strengthening of the administrative capacity of these countries.¹

IPA funds are better used when they are managed by the European Commission

The first part of the report deals with the assessment of the IPA funds management by the European Commission, which in most cases was responsible for the entire process from programming to contracting and monitoring of expenditures.² It was found that the payment of contracted funds was aggravated by the weak

² In a centralised implementation system, the main contractor is the Commission, which selects the contracting parties and beneficiaries, performs tender procedure, concludes contracts with selected institutions, and proceeds with the payment of the funds. In the case of a decentralised implementation, the beneficiary country acts as the contractor, while also conducting activities related to contracting and payment. In this system, the role of the Commission comes down to evaluation upon the project implementation.

administrative capacities of WB countries, especially those that have moved to a decentralised implementation system (DIS). Based on a comparative review of all WB countries, we can conclude that Serbia has shown the highest absorption capacity, with the effect of around 80% of used funds. This result coincides with the period of the Commission's centralised implementation system, since Serbia has introduced DIS for the projects agreed upon in 2014. Through numerous examples, the report showed the deficiencies and problems of the beneficiary countries in establishing DIS.

However, the report also expressed criticism about the way the goals in the field of rule of law were set by the Commission, claiming they were not sufficiently concrete and measurable, making monitoring of the progress through implemented IPA projects difficult. In addition, the Commission did not sufficiently consider the needs and political contexts of the IPA beneficiary countries in the preparation of the planning documents. The report also criticised the Commission in relation to its unequal and inconsistent application of the prescribed conditions for IPA management, which is not laudable in the context of the EU's general approach to the candidates, as it insists on "strict but fair" conditionality. Criticisms notwithstanding, the work of the Commission was overall commended with regards to monitoring the implementation of the projects, implementation of the recommendations derived from the evaluations, and coordination of donor assistance.

Results achieved through IPA I are partially sustainable

Part II of the report is an expression of the effort of the Court to answer the following questions regarding the administrative capacity of the WB countries: whether the Commission has succeeded in an attempt to achieve the intended outputs; whether the results of IPA I are sustainable at an outcome level; and to what extent the political-level dialogue in these countries puts emphasis on strengthening the

administrative capacity. The approach taken to answer these questions, similar to that of the first part of the report, is structured to provide a general picture with illustrative examples for each country when necessary.

By cross-assessing both sectors, the Court came to a conclusion that the planned outputs were achieved. However, it was found that there exists much more room for improvement in response to another question about the sustainability of the IPA. In the area of rule of law, a general assessment found that only around half of the projects were sustainable (15 out of 29 projects that were audited in this area were deemed unsustainable). This issue stems from two reasons. The first reason is a lack of various resources and will for change in the IPA beneficiary countries: insufficient commitment of resources, poor coordination and a lack of political will expressed for qualitative reforms were compounded by insufficient human and material resources for individual institutions, resulting in limitations in administrative capacity.

The second reason was found once again in the Commission's approach, in the lack of clearer conditionality before approval of the contract. An example of a sector where these conditions could be clearer and potentially defer payment of IPA funds is the judiciary reform. It should be noted, however, that the differences in progress towards the EU in IPA beneficiary countries resulted in uneven progress, therefore in countries like Serbia and Montenegro that have already opened accession negotiations with the EU, more sustainable results in terms of better preparedness for judicial reform could be noticed, according to the report.

Unlike the area of rule of law, projects in the PAR sector are generally assessed as sustainable (more than half of projects, 14 out of 23, were estimated to be sustainable). This result was achieved despite adverse conditions in these countries such as, for example, the politicisation of the public service. As in the case with projects in the field of rule of law,

the foundation for deficient sustainability of the projects lies in the lack of political will for reform and insufficiently strict conditions applied by the Commission.

IPA I Is Not Sufficiently Used as a Learning Tool

Potentially the most interesting aspect of the report, however, is the one in which the Court considers that the opportunity has slipped for the Commission to encourage beneficiary countries to use IPA related structures as a tool for learning, which would affect the strengthening of the remaining parts of administrations in the beneficiary countries. Though the Court stated that this was not the initial IPA objective, it certainly represents a missed opportunity. Thus, from the perspective of strengthening of administrative capacity, the benefits derived from IPA remain limited to those parts of the administration that are directly related to the financed PAR projects.

Although this particular assessment is to a certain extent secondary compared to the stated causes of the partial success of IPA I projects, it does indicate that the Court took a more systemic perspective during the preparation of this report. It also highlights the essential role that audit can play in providing incentives for better performance of administration and better policy making systems. Especially if the audit is not limited to its narrower, core approach involving financial and compliance checks, but is instead allowed to focus also on a wider (or rather performance-based) approach examining the *effectiveness* of projects and their sustainability, which this report essentially represents - a meta-audit on the effectiveness of IPA I in the WB countries. Such audits tend to, like policy evaluations, raise questions and assess the causes of problems, focus on the results achieved, including unachieved potentials of

policies, regardless of the intended results. In its regional study on the practices of performance audits and policy evaluations in the three WB countries, European Policy Centre particularly focused on the potential that connection between these two different but very convergent processes brings, as well as on the value of systematic (meta) audits in the context of the public administration reforms in the region.³

Lack of Political Support Leads to Partial Results

Finally, a political dialogue between member states and candidate countries, led at the intergovernmental or joint parliamentary level, had a limited impact on the success of the implementation of IPA projects in the field of rule of law. It was noted that the effect of political dialogue is greater in the countries in which the process of accession negotiations has already begun, and in those countries with closer prospect of the EU membership. On the other hand, the political dialogue regarding public administration reform has seen a significant improvement, according to the general assessment of the Court, during the Stabilisation and Association Process (SAP), and via so-called special groups on PAR.

Another confirmation of importance of administrative capacity and sustainability of the achieved results?

Administrative capacities, both in the context of this report and the overall EU association and accession process, are under special scrutiny of European institutions concerning the WB countries. On the one hand, the "absorption" or the ability to use pre-accession funds, depends on the development of these capacities; on the other hand, these capacities represent a kind of litmus test for the future management of the EU Structural Funds after accession.⁴ Therefore, this report can be viewed as one in

can be roughly divided into: the capacity relating to the implementation of administrative activities, and the provision of services (delivery capacity); capacity to determine and ensure implementation of the rules (regulatory capacity); capacity for leadership and management of inter-institutional, and relationships with external stakeholders (coordination capacity); and analytical capacities, in terms of performance assessment, forecasting and planning. More:

³ The study "Performance Audit and Policy Evaluation in the Western Balkans: On the same or parallel tracks?", is available via the link: <http://bit.ly/1X9n4In>.

⁴ Theoretically, the administrative capacity can be seen as a central concept of public administration concerning the administration capacity building for the sake of better management of activities, programmes, and therefore the policies. Seen from the perspective of specific capacities, they

a series of warnings, and as a means of pressuring the candidate countries to intensively tackle this membership criterion. Simultaneously, the report confirms the importance given to results-based monitoring of the projects' performance. The focus on results is also at the core of the framework for the management of the EU Structural and Investment Funds for the budget period 2014-2020, which includes the IPA II.⁵ The existence of a strategic framework together with credible and relevant data is a prerequisite for successful monitoring and evaluation of the results achieved.⁶

In such circumstances, it is exceptionally important for the candidate countries to improve their monitoring and evaluation knowledge and skills, not only of completed EU-funded projects, but also of policies in general. In other words, it is necessary to advocate and develop a monitoring and evaluation culture during the entire accession process, as well as after accession. It is the only way to achieve long-term benefits of the EU membership, and to implement policies that are characterised by citizens' satisfaction with the quality of services and the conduct of government in general.

EIPAScope, Bulletin 2014, p. 32,
http://www.eipa.eu/files/repository/eipascope/20141125143556_EIPASCOPE_2014_web.pdf (09.19.2016)

⁵ European Commission, *European Structural and Investment Funds 2014-2020: Official texts and commentaries*, http://ec.europa.eu/regional_policy/sources/docgener/guides/blue_book/blueguide_en.pdf

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Administrative capacities, both in the context of this report and the overall EU association and accession process, are under special scrutiny of European institutions concerning the WB countries, since the "absorption" level depends on the development of these capacities, and these capacities represent a kind of litmus test for the future management of the EU Structural Funds after the accession.

Full report of the Court can be accessed [here](#).

⁶ Study on monitoring and evaluation of public policies with the support of civil society of the European Policy Centre can be downloaded at: http://www.cep.org.rs/images/me_studija/studija_final.pdf



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