

REGIONAL PROGRAMME EVALUATION: WESTERN BALKANS



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OVERVIEW OF COUNTRY PROGRAMME EVALUATIONS

DFID has a rolling programme of Country Programme Evaluations (CPEs) with 5 or 6 evaluations of countries or regions per year. A synthesis report pulling together findings from 5 recent CPEs is also produced annually. CPEs are challenging evaluations attempting to provide an overview of the entire DFID programme over a 5 year time frame and evaluate whether DFID made appropriate strategic choices in the given context and delivered effectively. CPEs are ideally undertaken in the year prior to development of a new Country Assistance Plan, as they are designed to meet DFID's needs for lessons that can inform future strategy and programming, as well as accountability for funds spent at country level. CPEs are intended for a wide audience including DFID's country office staff and partners, senior DFID managers in the relevant regional divisions and members of the public/other stakeholders.

Each CPE is managed by DFID's Evaluation Department and carried out by 4-6 independent international consultants with a mixture of evaluation and development skills. The terms of reference for the CPE programme include a generic evaluation framework closely linked to standard evaluation criteria; this is customised a little for each individual evaluation (and annexed to the report). For CPEs, interpretation of each of the evaluation criteria is as follows:

Relevance – CPEs should provide high quality, well evidenced material and judgements on whether 'DFID did the right things'

Effectiveness – CPEs should examine key interventions and partnerships and identify and explain successes and failures

Efficiency – CPEs should tell a narrative around the allocation of resources (financial and staffing) to deliver the results DFID was hoping to achieve

Impact – CPEs cannot produce new information on impacts attributable to DFID, but should consider DFID's contribution to long term outcomes

Sustainability – CPEs should discuss evidence on progress towards sustainability in terms of ownership of reforms, capacity development and resilience to risks.

Typically CPEs comprise a one week inception mission to the country to make contacts, scope the boundaries of the evaluation, customise the generic evaluation matrix and make decisions around issues such as field visits. The main CPE fieldwork then takes place around a month later and lasts up to three weeks. DFID's Evaluation Department provides each evaluation team with a large documentary evidence base comprising strategies, project/programme information and context material sourced from a thorough search of paper and electronic files, DFID's intranet system and the internet. During the fieldwork the team interview stakeholders in country and current and past DFID staff. A list of people consulted is annexed to each study.

The views expressed in CPE reports are those of the independent authors. The country office can comment on these in a 'management response' within the Evaluation report. CPE reports are quality assured by an independent consultant who has no other involvement in the CPE programme.

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

Evaluation Report EV693

**REGIONAL PROGRAMME EVALUATIONS
WESTERN BALKANS**

**Nick Chapman, Jon Bennett, Milford Bateman,
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Preface

This evaluation of DFID's regional programme in the West Balkans is one of a series of regular Country and Regional Programme Evaluations (CPEs/RPEs) commissioned by DFID's Evaluation Department (EvD). The studies are intended to improve performance, contribute to lesson learning and inform the development of future strategy at country level. Collectively, these evaluations are important in terms of DFID's corporate accountability and enable wider lessons across the organisation to be identified and shared.

The evaluation was carried out by a team of independent UK and national consultants, led by ITAD Ltd. The evaluation focused on DFID's programme in Albania, Bosnia-Herzegovina, Kosovo and Serbia during the period 2003-2007 and was managed by Iain Murray and Karen Kiernan of Evaluation Department (EvD). The evaluation was carried out between January and April 2008. This included a one week inception visit carried out by EvD and Nick Chapman, the ITAD Team Leader for this study, and a three week field visit by the consultancy team.

In accordance with EvD policy, considerable emphasis was placed on involving the country office staff during the process and on communicating findings. They were invited to discuss findings at a workshop during the evaluation, offered written comments on the draft reports and participated in a seminar discussing the findings previous to the final draft.

The evaluation confirms that the Regional Assistance Plan (RAP) helped to focus DFID's bilateral work, that its objectives and choice of aid instruments were relevant. It finds that DFID has made a recognised contribution to the accession process through its active role as a Member State in the European Commission (EC) process, and through strong engagement with governments especially with regard to planning and financial management. In particular, DFID has been most effective in:

- The priority area of **EC engagement**, especially in terms of modifications to EC texts and lobbying to link EC support to national priorities, and in strengthening government planning and financial systems to benefit from accession funding
- Improving government-led **aid coordination**, which is beginning to show results, although donor continues to be more problematic
- Its **engagement with other arms of UK Government**, led by a strong joint UK strategy, joint country-based planning with the Foreign and Commonwealth Office (FCO) and the use of Global Prevention Pool Funds (GCPP).

This has been an important lesson learning opportunity for DFID. We are pleased that the report was timely and helpful to the West Balkan team in informing their plans for the remaining period of DFID's bilateral work in the region. Lessons from this evaluation will also feed into a wider synthesis of regional evaluations covering the Latin America and Caribbean region and the Central Asia and South Caucasus region, which will be published alongside this report.

Preface

EvD would also like to acknowledge the contribution made by the evaluation team itself. The active and positive cooperation of DFID staff in this evaluation was excellent, as was the engagement from development partners in London, Brussels and regional offices. We would like to convey our warm thanks to those involved.

Nick York
Head of Evaluation Department

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This report has been prepared by an independent team from ITAD Ltd. The team was led by Nick Chapman and consisted of Jon Bennett, Milford Bateman, Paul Thornton, Johanna Pennarz and Marsaili Fraser.

The Western Balkans team in London and the staff in the four countries visited, Albania, Bosnia-Herzegovina, Kosovo and Serbia provided excellent support and advice throughout the evaluation and their cooperation and practical assistance ensured that a complex visit programme and interview schedule was completed effectively - particular thanks go to Peter Rundell, Maureen Braganza, Andrea Membry and John Hogan for their help in coordinating the programme and providing logistical support. The evaluation team also wish to thank all those respondents contacted during the fieldwork for giving freely of their time and sharing their views.

However, other than the management response which has been written by the Head of the DFID team, full responsibility for the text of this report rests with the authors. In common with all evaluation reports commissioned by DFID's Evaluation Department, the views contained in this report do not necessarily represent those of DFID or the people consulted.

Photographs by Hajdi Hudec courtesy of DFID Bosnia

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Abbreviations

Acquis	<i>Acquis communautaire</i> , the body of legislation which any country must enact before it can become a member of the EU
AR	Annual Review
BiH	Bosnia-Herzegovina
CAP	Country Assistance Plan
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CASCM	Central Asia South Caucasus & Moldova
CPE	Country Programme Evaluation
CSP	Country Strategy Paper
DACU	Development and Aid Coordination Unit
DDP	Director's Delivery Plan
DEP	Department of Economic Planning
DFID	Department for International Development
DG ELARG	Directorate General for Enlargement
EAR	European Agency for Reconstruction
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECAD	Europe and Central Asia Department
EIB	European Investment Bank
EMAD	DFID's Europe, Middle East and Americas Department
EP	European Partnership
EU	European Union
EVD	Evaluation Department DFID
FCO	Foreign and Commonwealth Office
FYROM	Former Yugoslav Republic of Macedonia
GCPP	Global Conflict Prevention Pool
GDP	Gross Domestic Product
HDI	Human Development Index
IBRD	International Bank of Reconstruction and Development
IC	Implementing Consultancy
ICTY	International Criminal Tribunal for Yugoslavia
IDA	International Development Assistance
IDP	Internally Displaced Person
IFI	International Financing Institution
IPA	Instrument for Pre-Accession
IPS	Integrated Planning System (Albania)
ISP	Institutional Strategy Papers
KDSP	Kosovo Development Strategy and Plan
KHF	Know How Fund
M&E	Monitoring and Evaluation
MoD	Ministry of Defence
MDG	Millennium Development Goal
MIPD	Multi-annual Indicative Programming Documents
MTEF	Medium Term Expenditure Framework
MS	Member State of EU
MTDS	Medium Term Development Strategy (BiH)
NATO	North Atlantic Treaty Organisation

Abbreviations

NGO	Non Governmental Organisation
NSDI	National Strategy for Development and Integration
ODA	Official Development Assistance
ODI	Overseas Development Institute
OHR	Office of High Representative
OPM	Oxford Policy Management
OPR	Out to Purpose Review
OVI	Objectively Verifiable Indicator
PAR	Public Administration Reform
PARCO	Public Administration Reform Coordination Office
PCR	Project Completion Report
PRBS	Poverty Reduction Budget Support
PRGF	Poverty Reduction Growth Facility
PRISM	DFID's Project Reporting Information System
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSA	Public Service Agreement
PSR	Public Sector Reform
RAP	Regional Assistance Plan
RPE	Regional Programme Evaluation
SAIC	Staff Appointed in Country
SAP	Stabilisation and Association Process
SAA	Stabilisation and Association Agreement
SDA	Service Delivery Agreement
Sida	Swedish International Development Agency
SME	Small or Medium-sized Enterprise
SNE	Seconded National Expert
SSAJ	Safety, Security and Access to Justice
TA	Technical Assistance
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNIFEM	United Nations Development Fund for Women
UNMIK	UN Mission in Kosovo
USAID	United States Agency for International Development
WB	World Bank
WeB	Western Balkans

Executive Summary

Introduction

S1 This Regional Programme Evaluation assesses the relevance and effectiveness of the Department for International Development's (DFID) aid to the Western Balkans over the period 2003–2007. The evaluation was conducted in February 2008 and included visits to Belgrade, Pristina, Tirana, Sarajevo and Banja Luka as well as interviews in London and Brussels.

Context

S2 Since the traumatic break up of Yugoslavia in 1991, the emerging countries in the Western Balkans have endured a painful set of multiple transitions (political, social, conflict-related, migration). Since 2000, there has been a halt in economic decline as open conflict ended and, for some, an upturn in economic fortunes. This is linked to a gradual opening up to the European Union (EU), combined with significant financial and military support. Nevertheless, the region remains fragile as state-building is affected by slow accession to Europe, ethnic tensions, crime and security concerns. Unresolved post-conflict tensions are of concern especially in Kosovo, despite its declaration of independence from Serbia in February 2008.

S3 The Western Balkan states included in this evaluation: Albania, Serbia, Kosovo and Bosnia-Herzegovina (BiH) are middle income. Millennium Development Goal progress is broadly on track except in Kosovo, where an estimated 37% of the population live below the poverty line and the growth trend is stagnant. Key poverty gaps in all four States affect women, the elderly and certain minorities such as the Roma. Unemployment remains high (50% in Kosovo, 48% in BiH), while corruption and criminality affect progress.

S4 Aid has fallen in Serbia and BiH but risen in Albania. Major donors are the European Commission (EC), the World Bank, and United States Agency for International Development, while the United Kingdom provides less than 5% of all official aid. DFID's programme declined from £26m to £14m between 2001/02 to 2006/07, mainly as a result of corporate policy to focus on Lower Income Countries. Yet its multilateral contribution to the region is two-to-three times larger than its bilateral aid. The United Kingdom also funded conflict prevention from the Global Conflict Prevention Pool (GCPP) and DFID provided £12.5m towards this Fund from 2001–05.

Relevance

S5 Our assessment of the relevance of DFID's Western Balkan strategy is divided into three phases: separate Country Strategy Papers were in place from 2000 to 2004–05, a single Regional Assistance Plan (RAP) then runs from 2004–5 to 2007–08, and then a major Review of this RAP in 2006. The Country Strategy Papers had broad, multi-sectoral frameworks, covering economic and public sector reform, justice, health and social services. These individual country approaches were replaced by a single regional approach that emphasised working through multi-lateral and UK Government partnerships. The 2006 Review did not change the major objectives, but in its sub-objectives placed more stress on reducing employment and social exclusion, and on reflecting DFID's 3rd White Paper, that emphasised capable, accountable and responsive governance.

S6 The RAP brought a good narrowing of focus from the earlier set of separate country strategies, and with its stronger focus on working with the EC, was relevant to DFID's wider commitments to multi-lateral effectiveness and building leverage in small programmes. On the other hand, linkages between the broad objectives of helping key partners to be more effective and the sub-objectives tackling areas such as government capacity building were not always clear. The revised sub-objectives in 2006 addressed more critical themes, but these sound ideas did not always build on existing experiences and some were over ambitious given the funding available.

S7 The Western Balkans programme deployed a narrow use of aid instruments, with 75% of funds used for technical assistance. This choice was rational given the resources available, the desire to work on areas requiring technical expertise alongside other bigger partners, and given the UK's comparative expertise in the targeted sectors.

S8 Risks were well described but mitigation measures were not always practical and political risks should have been taken into account more effectively. The approach to partnerships was addressed well, but they tended to focus on the World Bank, the European Commission (EC) and the European Bank for Reconstruction and Development (EBRD). The European Investment Bank, though a major financial player in the region, was neglected, as was civil society.

S9 While the RAP objectives were very relevant, the resources committed to achieving them were not clearly linked; staff deployment could have been structured to fit the objectives rather than remain sector-based. While projects and sub-objectives were usually result-focused, the main programme objectives had no indicators so making impact assessment imprecise.

Effectiveness and Impact

S10 A DFID internal assessment in 2006 estimated that 54% of the indicators were likely to be met, as opposed to a target of 75%; indicating a fair achievement but below expectation. Most success occurred in **EC engagement** in terms of modifications to EC texts and lobbying to link support to national priorities, plus efforts to strengthen government planning and financial management systems. The record on social inclusion is fair, and on unemployment reduction it is poor, but on trade agreements there is better performance.

S11 On **aid effectiveness**, improving government-led aid coordination has begun to show results, while donor coordination is still problematic. In terms of lending effectiveness, progress with EBRD is positive, however lesson learning has been limited.

S12 On **UK Government engagement**, DFID has made good progress, led by the use of GCPP funds, especially at country level. While projects have performed well, their overall contribution to conflict prevention has not been evaluated. Transition to national leadership has been slow and the political situation continues to be fragile in BiH and Kosovo.

S13 While graduation from Albania (due by March 2009) has been well communicated, partners expressed regret at DFID's plans. Careful monitoring of the Integrated Planning System Fund (to which DFID has committed £1.5m) will be necessary after DFID leaves.

S14 Project rating scores from DFID's Project Reporting Information System (PRISM) are generally high, 63% scoring a 1 or a 2. Having said this, reviews are mainly done by DFID staff and ratings tend to be based on output achievement rather than impact. While some reforms supported by DFID have been codified or passed into legislation, there are concerns over sustainability due to political fragility and the challenge of embedding good TA results into weakly-owned government systems.

S15 The initial RAP monitoring framework was not a success because of the disconnect between London aspirations and low country use and because projects did not easily link to the RAP outcomes. A simpler system was introduced in 2006, but sensibly, with the advent of a DFID Corporate Plan in 2007, as well as closer working with the Foreign and Commonwealth Office (FCO) in the Balkans, the RAP monitoring framework and stand alone country plans were no longer pursued as management tools.

S16 With a poorly harmonised environment, DFID has adhered to Paris principles and striven to improve wider aid effectiveness though hindered by small spend and a limited use of aid instruments. There is good partnering with the FCO in Embassies, and this in general improved DFID's delivery, though sometimes reduced its visibility as the joint UK brand came to the fore.

S17 Mainstreaming of gender equality in projects has been weak across the portfolio, though Gender Action Plans have been introduced since 2006. Equally, HIV&AIDs and the environment have received limited attention across projects, although a regional programme focussing on HIV&AIDS prevention was effective. Social exclusion has had more attention, starting with the early projects on social protection and continuing into the statistical and conflict-related work within the RAP period.

Lessons

S18 For DFID Western Balkans :

- The EU integration objective requires good planning and 'drilling down' at all levels – London, Brussels, Country Programmes, EC in country, EU bilateral partners, Government, civil society – to maximise 'joined up influencing'.
- Reliance on EU integration and international mandates to support state-building has limits; and as divided / contested statehood intimately affects the working and future of weak state institutions, this in turn impinges on the timing and success of international exit.
- In building on the banking reforms achieved in the period prior to the RAP, DFID should learn from nearby regional experiences that greater attention must be given to affordable finance and Small or Medium sized Enterprise development as key constraints to sustainable economic development.

- The logic of a joint UK strategy, and promotion of a unified UK ‘brand’ is commensurate with preparations for graduation in Albania, Serbia and BiH. The GCPP committees are a useful model in this respect.
- Local ownership (as demonstrated in the municipality programmes in conflict prevention and social policy) pays dividends in terms of influence and the ultimate roll-out of pilot projects at national level. It also helps to de-emphasise the role of international/national TA consultants.
- Outsourcing the management as well as implementation of key programmes (e.g. Safety, Security and Access to Justice under GCPP) is not advisable, unless clearer lines of responsibility, reporting and quality control within DFID are assured.

S19 Lessons arising for DFID’s global development work are:

- Influencing the EC requires a more subtle and multi-level approach to DFID’s usual engagement with partners. This includes consistent and persistent attention to the detail of EU documentation as well as closer working with FCO/UK embassy/UKREP.
- Small programmes with focused objectives delivered by small in-country teams can make a strategic impact; but assessment of this impact is weakened if performance indicators at the objective level are missing and if the sub-objectives do not all link clearly to the objectives.
- Working regionally requires a regional perspective – this is more than regional objectives; a stronger regional programme and greater alignment of staffing to regional objectives would have increased impact.
- In politicised environments where fledging state organs are weak, there is a danger that TA (i) becomes a substitute for domestic capacity and ownership, and (ii) takes on a political life of its own, driving policy and becoming the face of local institutions. This is a particular hazard where local counterpart structures are set-up and paid for by donors.
- There is a need for better analysis and mitigation of risks in a politically uncertain and complex environment and where inter-ethnic conflict may arise and even be stimulated by strong international interest and aid provision.
- State-building and pro-poor socially-inclusive programming involves more than government capacity building and requires engagement with civil society to build in accountability (in line with the 3rd White Paper).
- Outsourcing programme management can risk losing accumulated knowledge unless lesson learning and regular monitoring are incorporated.
- At graduation, the aim should be sustainability of strategic objectives not of specific projects and programmes. In this regard forging stronger relationships to UK embassies and other partners should be a priority in order that they can take over delivery towards these objectives.
- Public administration reform is a major, long term process requiring cultural change – it is inappropriate with limited resources or where imminent graduation reduces the timeframe.

Recommendations

S20 For DFID in Western Balkans:

During the graduation process (i.e. from now onwards), DFID should:

- Focus on the relationship with Government and other key partners, and less on the programme itself. What is important is what these partners do, and how this supports DFID's strategic goals..
- Task country teams to work with the FCO around sustaining the UK's international development interests, and prepare joint business plans and graduation action plans. This extends to DFID's interests in conflict prevention, where they should prepare joint country plan revisions, based on shared objectives.
- Generally not start new programmes; but consideration could be given to increasing gender impact and civil society engagement (not necessarily through direct NGO support but through partnerships, joint learning and analysis).
- DFID should seek to further integrate the London and Western Balkans (WeB) country teams more effectively based on the RAP objectives as the organising principle – rather than sectors or project management.
- Country teams should maintain the focus on the EC and where appropriate on key EC Member States, and sustain intensive engagement with partner Governments using strategic investments.
- The programme team needs to enhance its influencing skills, as well as those of the senior TA personnel working in key positions, so as to maximise the leverage on development partners.
- DFID should use more experienced advisory staff on a longer term basis (3 years) and fewer fast track staff with limited periods of engagement (1 year), especially when working on complex influencing agendas and with senior government or donor partner officials.
- In order to support the graduation process, and at a time when aid is phasing out and future funding is unpredictable, DFID should map future donor commitments into critical sectors, such as social protection and employment, to sustain achievements from DFID's bilateral programme and seek ways to improve the effective use of these resources.
- DFID needs to continue advocacy and learning on gender equality issues; this will require stronger gender champions and partnerships among civil society organisations and government partners.

S21 DFID globally:

- Graduation requires effective and strategic management to maximise sustainability and ensure continuity of purpose and relationship – it is the end of a bilateral programme not the end of UK engagement.

- Strategic planning for conflict prevention should be anticipated well in advance of budgeting, so that countries can derive lessons from the previous round.
- DFID country offices should have more regular mechanisms for feedback on lessons from TA, and should pay closer attention to capacity building and ownership objectives, so that such support does not become a substitute for government bodies. International TA should be balanced with local TA, and TA should have strong networking and persuasion skills beside technical competence.
- Accumulated knowledge through TA and consultancy outsourcing can be lost, particularly where insufficient staff time is given to close management of the programme. This can be exacerbated by the turnover of staff at London HQ and at post.
- DFID must go beyond sound risk assessment and analysis and incorporate effective risk mitigation measures into its programmes, especially in a fragile state-building environment characterised by low government capacity, political uncertainty and ethnic tensions.

1. Introduction and Methods

1.1 This Regional Programme Evaluation (RPE) is part of series of evaluations commissioned by DFID's Evaluation Department with the aim of assessing the relevance, efficiency, effectiveness and impact of DFID's assistance. The evaluation takes a five-year perspective (from 2003 to 2007) and looks at development performance within the context of a group of fragile states working to emerge either from major conflict (BiH and Herzegovina and Serbia (including Kosovo), or from a period of introspective communist rule and sudden economic shocks (Albania)¹.

1.2 DFID is a relatively small player in the Balkans donor environment but given the dominant influence of the EU accession agenda, DFID as a representative of a major Member State has an interest in both improving standards of the four pre-accession states in question, as well as seeing that poverty goals are prioritised as part of the accession process. More widely, the UK has a strong interest in the region not only because of EU accession, but also over security and crime issues especially related to trafficking, drugs and organised crime that brings a desire to see progress in state-building covering justice, police, social inclusion and employment.

1.3 Due to its corporate priorities to focus on the poorest regions of the world, DFID has committed to graduating from Serbia and BiH in the next 3 years by 2010/11, and from Albania by March 2009. This evaluation is timely therefore in terms of measuring performance and learning lessons on DFID's work in a region where political and development agendas overlap, and also in assisting to ensure that graduation is conducted successfully.

1.4 **Methodology:** The RPE exercise, which is characterised as a 'light evaluation', was conducted in three stages (see Terms of Reference (TOR) in **Annex A**). An initial one-week field visit was made in January 2008 to plan the evaluation, to collect documentation, to conduct initial interviews and to adjust the evaluation approach to issues raised by interlocutors. For the second stage, a three-week field visit by a team of six independent consultants took place in February 2008. The third stage of the RPE was the drafting of the main report, followed by circulation for comment and report finalisation.

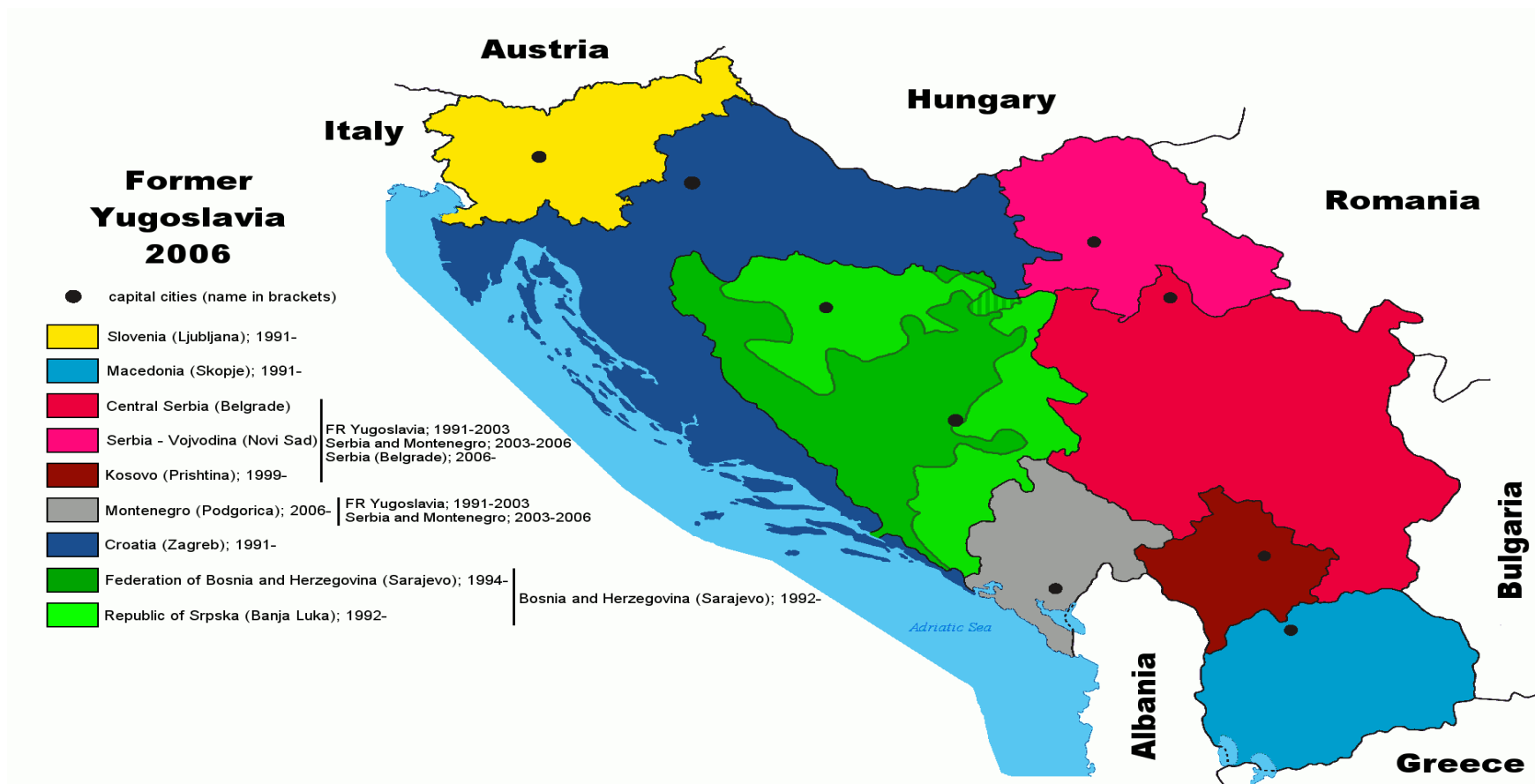
1.5 Given the scope of the study and the timeframe, the fieldwork concentrated on gathering evidence from a large volume of documentation and a range of stakeholders, including DFID UK and in country staff (past and present), donors, Non Governmental Organisations (NGOs), consultants and Government staff. A brief field trip to South Serbia exposed the team to local conditions and partners to conflict prevention issues. A list of persons consulted is given in **Annex B** and of documents in **Annex C**. The exercise was guided by a matrix of pertinent questions (presented in **Annex D**). Preliminary feedback was given by the Country Programme Evaluation team to the country office as part of the process.

¹ Macedonia, Montenegro and Croatia also form part of the Western Balkans but were excluded from this evaluation in order to bring a greater focus to the study. Also, DFID bilateral funding ended in Macedonia and Croatia in 2005 and in Montenegro in 2004.

1.6 **Limitations:** the Western Balkans presents a complex evaluation context given the political events and variation in conditions between the four countries evaluated. The evaluation is also constrained in several other ways. Firstly, access to documentation was limited for the period from 2005 onwards, due to gaps in DFID's documentation systems. Secondly, with the exception of South Serbia, no projects or programmes were visited in the field and no primary data collection was undertaken. Finally, the uncertain status of Kosovo makes judgements about the impact of DFID support more difficult.

1.7 **Report Structure:** the RPE report is structured as follows: **Chapter 2** describes the regional context in the Western Balkans (WeB), the level of development assistance and DFID's own history of assistance since 2003. **Chapter 3** then looks at DFID's strategy over the period, including its relevance, its alignment with corporate policy and with Government and other partners, how risk was assessed, and how it expected to use the resources available. This leads to a review of the programme's effectiveness in **Chapter 4**, where the results achieved by different projects and through different instruments are examined. In so far as documented evidence is available or the views of informants can be triangulated, the contribution of these different interventions to broader strategy objectives and key policy themes are also addressed. **Chapter 5** places the results of DFID's support in the context of the region's overall development progress for the period under review. In **Chapter 6**, conclusions are drawn regarding DFID's strengths and weaknesses, and a set of lessons and recommendations are presented that may guide future assistance in the Western Balkans and be of use for DFID globally.

Figure 1 Map of Western Balkans states of former Yugoslavia with division of Bosnia-Herzegovina, June 2006²



² Source : http://en.wikipedia.org/wiki/Image:Former_Yugoslavia_2006.png

2. Context

2.1 This section presents an overview of the situation in the Western Balkans (WeB) during the period of the evaluation in order to provide the context for DFID's assistance. It also describes the pattern of development aid provided to the region from 2003 to 2007, and summarises DFID's support within that overall picture.

Political and economic context

2.2 The Socialist Federal Republic of Yugoslavia under Marshall Tito during the 1960s and 1970s enjoyed a period of relative stability and prosperity, albeit based on an economy with serious structural problems supported by unsustainable borrowing, and a political system in which underlying ethnic rivalries were stifled.

“As the Yugoslav socialist regime unravelled in the aftermath of Marshal Tito's death in 1980, the countries of the Western Balkans suddenly had to embark upon a process of profound economic, political and social transition. The change to entirely new forms of government and economy has placed heavy demands on the capacity of young national institutions and systems. And the hoped-for economic benefits from transition have yet to offset the negative impact of increased long-term unemployment, declining incomes, and the erosion of social protection systems. This contributed to a resurgence of ethnic nationalism across the Yugoslav republics.” RAP, p.2.

2.3 Since 1991 and the slow and traumatic break up of Yugoslavia State over the next 10 years, the emerging countries and entities that comprise the WeB have endured a painful mix of transition, independence and regional conflict³, with the result that the WeB economies virtually all declined compared to the period of the Yugoslavia State. These declines have been characterised by unsustainable levels of foreign debt and import dependency, high levels of unemployment, rising poverty (especially in rural areas), large migration flows often involving the skilled and/or most active individuals, rising corruption and criminality, and a decline in the quality and access to basic services. Albania, which avoided the conflicts that affected the former Yugoslavian states, faced a difficult socio-economic transition as it emerged from a period of communist rule and a ruinous pyramid investment crisis in 1997.

2.4 The period since 2000 has seen a halt in this broad decline and, especially for Serbia and Albania, an upturn in economic fortunes. A gradual opening up to the EU, combined with significant financial and military support, derived from externally mandated political solutions and financing, has helped to sustain 'new' emergent states – such as Bosnia and Herzegovina and Kosovo – that are founded on ethnic allegiances rather than broader national or political consensus. Figure 1 depicts the complexity of the political boundaries. While Albania, BiH and Serbia are internationally recognised, Kosovo was under United Nations (UN) control for most of the evaluation period based on the 1999 Security Council Resolution 1244, and achieved statehood in

³ The wars were the bloodiest conflicts on European soil since the end of World War II and the first conflicts since World War II to have been formally judged genocidal. Many key individuals were subsequently charged with war crimes. The International Criminal Tribunal for the former Yugoslavia (ICTY) was established by the United Nations to prosecute these crimes.

February 2008. In BiH there is a complex arrangement of two major entities of the Republika Srpska (an ethnically mainly Serb partly self-governing sub-state) and the Federation of Bosnia and Herzegovina (mainly constituting Croat and Bosnian ethnic groups), plus other entities mandated under the Dayton Peace Settlement in 1995. (**Box 1** and **Annex E**).

Box 1. Effects of conflict in the Balkans

The millions of ordinary people who endured and survived Yugoslavia's violent break up have been quietly returning to their homes, their jobs and their lives. Today, fifteen years after those wars began, the countries of the Western Balkans are moving – at different speeds – from a period of post conflict reconstruction and recovery to one of transition and Euro-Atlantic integration. The region as a whole is relatively stable. In most countries, the risk of violent conflict has receded, and governments have shown themselves to be remarkably resilient in the face of political turbulence.

In the near term, only Kosovo represents a clear exception to this rule and a real threat to peace, although its potential for contaminating and destabilising the politics of the wider region cannot be ignored. For within the Kosovo 'conundrum' lie many of the issues that fuelled the wars of the 1990s: the question of Belgrade's relationship with the autonomous provinces and republics of the former Yugoslavia; the relationship between Serbs living inside and outside Serbia; the relationship between Serbs and other communities living inside Serbia; the relationship between Orthodox and Muslim peoples in the region; the relationship between ethnic Slavs and Albanians; and the whole range of issues relating to self-determination, secession and partition that these difficult relationships still raise. (GCPP Strategic Review, 2005)

2.5 War and internal conflicts have weakened political and justice sector institutions, with public trust in the rule of law depleted. Non-discriminatory mechanisms to resolve disputes have become part of the human rights agenda, and essential to preventing further violence⁴. Post conflict settlements include the incorporation of new human rights standards, and the difficult enforcement of minority or returnee rights.

2.6 The most serious unresolved post-conflict question is **Kosovo**. The international intervention in 1999, when the North Atlantic Treaty Organisation (NATO) forces intervened in Serbia's invasion of Kosovo, was reportedly motivated by a resolve to prevent the type of large-scale ethnic cleansing that had devastated BiH only a few years earlier. Kosovo's proximity to the EU created strong political support for the military intervention and huge humanitarian and development assistance, mainly from the EU⁵. The UN Peace Accord (Resolution 1244) did not resolve the more fundamental issue of Kosovo's status, and since the creation of the provisional

⁴ 'Strategy on Security, Safety and Justice', November 2001, DFID.

⁵ The UK provided £117m of humanitarian relief through the EC from 1999-2001, (Kosovo Country Strategy Paper, August 2001, p15).

government by the UN Mission in Kosovo (UNMIK) there has been a confused set of governance arrangements. In the last two years, Kosovo has faced the transition of UN administration to a national government, supervised by a post-independence International Civilian Representative. Kosovo's February 2008 declaration of independence though recognised by over 40 countries⁶, remains contested by Serbia, China and Russia.

2.7 More widely, the economic situation in the WeB is of concern because growth has largely been attributable to several inherited factors. An extensive **privatisation** process divesting former state enterprises has created some fiscal space for governments, but this process is now coming to an end. Foreign investment linked with privatisation has brought some immediate benefits, but these are accompanied by disadvantages such as large-scale dividend and profit repatriation and the ongoing relocation of some facilities to other 'low cost' countries (Romania, Ukraine, Belarus, and Bulgaria).

2.8 An inheritance from the past conflict are the high levels of criminality and **corruption**⁷ that have injected significant cash flows into the local economy, much of which has been invested in construction, but these flows are being reduced because of increasing EU-level police action, local legal reforms and better local policing. Significant **remittance** income flows (especially in Albania, BiH and Kosovo) are expected to tail off in future as family members at home die off and as more migrants consider their 'new home' to be their 'permanent home'.

Millennium Development Goals

2.9 The WeB countries are middle income and broadly on track as regards their Millennium Development Goal (MDG) status (**Annex F**), with the exception of Kosovo which is unlikely to meet the reduction in income poverty (an estimated 37% of the population live below the poverty line and the growth trend is stagnant). Elsewhere, with post-war reconstruction and foreign investment, poverty rates have declined (in Albania, 18.5% are below poverty line, in BiH, 17.8%, and in Serbia, 10.5%). Gross Domestic Product (GDP) per capita is between €1,950 - 2,506 but only €1,100 in Kosovo (Table 1). Literacy and school enrolment and disease and mortality rates are lower than most other developing regions. While absolute poverty is not significant, therefore, the population of these WeB countries face specific poverty related conditions – refugees and internally displaced persons (IDPs), minority ethnic groups, and unemployed, low income families with no benefits following industrial restructuring. Poverty is divided along ethnic, gender and geographical lines.

⁶ including the US, Turkey, and 20 of the EU's 27 nations, including the UK, Germany, France and Italy

⁷ Political-criminal linkages, emerging from past conflict, weak security and justice, are widely recognised and a major concern for EU states, given the links to illegal trafficking, drugs and organised crime.

Table 1. Key Social and Economic Indicators in the Western Balkans

Year	Popula- tion millions	GDP per capita (EC€)	GDP Growth Rate (%)	Inflation (%)	Unemp- loy- ment rate (%) <i>a</i>	Pop. using improved water source (%)	Net primary enrolme nt rate (%) <i>b</i>	Gini index <i>b</i>	Refug- ees (‘000s)	HDI Rank
	2005	2005	2006	2006	2006	2004	2005	2007	2006	
Serbia (inc. Kosovo)	9.9	2,506	..	17.5	21	93	96	..	..	..
Serbia & Montenegro	7.5	..	6.3	..	..	93	96	30	69	..
Kosovo	2.5	1,100	..	..	50-55	70	95	30 ^d		
Bosnia & Herzegovina	3.9	1,950	6.2	7	48	97	94 ^c	26.2	200	66
Albania	3.2	2,309	5.1	2.4	14	96	94	31.1	14	68
Croatia	4.6	6,972	4.3	3.3	11	100	87	29	94	47

a United Nations Economic Commission for Europe (UNECE)

b A value of 0 represents absolute equality, and a value of 100 absolute inequality

c 2003

d World Bank 2005

Sources: Red / Italicised = DG Enlargement, European Commission, Black, Non-italicised = UNDP Human Development Report 2007/8, Others as stated

2.10 Gender disparities are the most striking both in the economy and the political sphere, with low female share of the labour market, (37.2% in BiH) and poor political representation by women (10% of parliamentary seats in Serbia⁸). Box 2 illustrates the serious levels of violence and discrimination.

Box 2 Vulnerability of Women in W. Balkans

War, transition and the escalation of crime led to an increase in violence in general, including violence against women and children. In Serbia, every third woman is reported to have been the victim of physical and/or psychological violence. The strengthening of patriarchal values and the “crisis of masculinity”, typical for transition, provides a favourable value context for the strengthening of negative trends, including the commercialization of sex and the closely related trafficking in women. Institutional support for the victims of violence and prevention measures in the Republic of Serbia is still far below the needs. (MDG Report Serbia, UNDP, 2006). Similarly, in Kosovo legislation on domestic violence is not effective, poor knowledge of the legislation by judges and prosecutors is an additional obstacle.

Women from minority and/or vulnerable groups are exposed to multiple discrimination and marginalization. These groups include the Roma, refugees and IDPs, single mothers, women with disabilities, elderly women, women in rural area, lesbians, and women suffering violence. Trafficking of women and girls is a widespread problem, particularly in Albania and Kosovo, which are places of origin and destination, as well as internal trafficking – mostly for sexual exploitation and domestic violence against women.

Mechanisms to promote gender equality are weak throughout the region. Men dominate political life in Western Balkans and gender inequalities occur in leadership, decision making, employment, income generation, education etc. Women rarely enter politics. The activities supportive of gender equality, among them the re-introduction of affirmative action, are countered by the above-mentioned strong tendency of returning to traditional values (DFID Gender Evaluation 2006).

2.11 Despite increasing growth rates, nearly a fifth of the population in BiH finds itself below the general poverty line and another 30% are close to the line⁹. Primary school enrolment is almost universal, and while literacy rates for 15–24 year olds are 99%, 32% of school children do not continue to secondary education. Health MDGs are slowly improving (infant mortality is 10 per 1000), but morbidity has been influenced by unemployment and uncertainty about the future and migration. The most excluded community is the Roma, with over 92% considering themselves as ‘unemployed’¹⁰. In addition, refugees and returnees face limited employment opportunities, while health services are often out of reach due to the lack of personal documents, finances or trust in the institutions.

2.12 **Albania** has emerged from a closed and authoritarian regime, and from being the poorest country in Europe it now has middle income status, with steady economic growth since 1997 and a fall from 25 to 18% of the population below the national poverty line of \$2/day. Maternal and child mortality rates have fallen, although they are still more than three times higher than the EU average. Disease reduction (TB) is in line with MDG targets, and HIV prevalence is less than 0.1%.

2.13 **Serbia** has the strongest economy of the WeB countries with steady growth over 5% p.a., low poverty levels (6.6%¹¹) and generally positive MDG progress, though there are serious unemployment and debt issues (60% of GDP). Serbia’s political evolution has been unstable as the former Yugoslav State has fractured, but the government has been broadly reformist since 2001 and embarked on a successful privatisation programme. Nevertheless, there are continuing pressures over Kosovo’s independence, and it is the only WeB country where a substantial body of political opinion argues against a pro-EU/NATO future (see **Annex E**).

2.14 **Kosovo** remains the poorest country with 37% of the population living below the poverty line and 15% living in extreme poverty. The situation of socially vulnerable persons, particularly of the Roma, Ashkali and Egyptian communities, disabled persons, returnees and internally displaced persons, is poor. Access to health care remains difficult, especially for vulnerable groups, such as minorities and the poor; and this has been exacerbated by the establishment of parallel social service systems, one financed by Serbia in the Serbian enclaves and one by the administration in Kosovar Albanian areas. Parallel welfare systems for different ethnic groups have contributed to tensions and division across the country.

2.15 **EU Accession:** The WeB countries together with Turkey form the last group of East European countries aiming to join the European Union (EU), following the ‘A10’ group who joined in 2006. The accession process for the WeB countries has been slow and hindered by difficult political circumstances and areas of non-compliance. The EU has started negotiations on Stabilisation and Association Agreements (SAA) with BiH, Serbia and Albania. All countries ‘*have the prospect of accession, but the pace depends on their own pace of reform*’¹². Albania signed the SAA in June 2006; BiH began negotiations in 2005, but completion is still pending dependant on

⁸ The Millennium Development Goals, How much is Serbia on Track, UNDP 2002.

⁹ Human Development Report, UNDP, 2007.

¹⁰ UNDP (2006), At Risk: Roma and the Displaced in South East Europe, p.43.

¹¹ World Bank Living Standards Measurement Survey, (WB Web site).

¹² http://ec.europa.eu/enlargement/questions_and_answers/western_balkans_en.htm

police reform and International Criminal Tribunal for Yugoslavia (ICTY) co-operation. Serbia had SAA negotiations suspended in 2006 but these were resumed in 2007. Further progress depends on ICTY co-operation and judicial reform (**Annex G**). Accession is open also to Kosovo, and a Donor conference in July 2008, the EC pledged €0.5 billion to assist Kosovo to develop and reach eventual accession.

Development Assistance

Table 2. Total Net Official Development Assistance, 2002-06 (\$m) for Albania, Serbia (including Kosovo) and Bosnia-Herzegovina.

Albania			Serbia (including Kosovo)			BiH		
Donor	Total 2002-6 Amount	% of total	Donor	Total 2002-6 Amount	% of total	Donor	Total 2002-6 Amount	% of total
EC	373	23%	EC	1200	17%	EC	643	23%
IDA	273	17%	Germany	1006	14%	USA	322	11%
USA	219	14%	UK /1	297	4%	Sweden	184	6%
Italy	102	6%	USA	1219	17%	Spain	129	5%
Germany	129	8%	Italy	163	2%	Austria	100	4%
Greece	160	10%	France	488	7%	Germany	124	4%
Sweden	36	2%	Switzerland	285	4%	Turkey	57	2%
Netherlands	50	3%	Austria	221	3%	IDA	432	15%
UK	21	1%	IDA	404	6%	Netherlands	127	4%
Japan	44	3%	Sweden	179	3%	Japan	124	4%
Others	189	12%	Greece	161	2%	UK	43	2%
			Norway	170	2%	Others	550	19%
			Netherlands	142	2%			
			Others	634	9%			
All Donors	1596	100%	All Donors	7138	100%	All Donors	2835	100%

Source: OECD DAC Statistics, 2006.

2.16 In the period 2002-06, official development assistance to Albania, Serbia and BiH totalled US\$1.6 billion, US\$7.1 billion and US\$2.8 billion respectively (Table 2). The trend over this period is mixed, with a fall in Serbia from \$1.9 to \$1.6 billion, and from \$563m to \$494m in BiH. There has been a slight rise in Albania from \$308m to \$321m (**Annex I**).

2.17 The European Commission (EC) has been the largest source of assistance to WeB, accounting for around one-fifth of support (although in Kosovo, USAID has a larger aid programme). This has been targeted at accession processes, first through the Community Assistance for Reconstruction Development and Stabilisation and from 2006, the Instrument for Pre Accession (IPA)¹³. Under the responsibility of Directorate General for Enlargement (DG ENLARG), the WeB, together with Turkey, have been supported to fulfil the necessary political, economic and social conditions required under the *acquis communautaire* to reach candidature status, a process which will take many years not least because of the high cost of reform work involved.

¹³ CARDS delivered over €100 billion for aspiring countries and new Member States over the last decade. In addition, IPA financial aid from 2007 will channel funds to both candidate and potential candidates for membership, including €2.3 billion to five Western Balkan pre-accession countries.

2.18 The main International Financing Institutions (IFIs) are the World Bank which has provided \$1.1 billion in soft loans through its International Development Assistance (IDA) window to WeB, or 15% of all assistance, and the International Bank of Reconstruction and Development (IBRD). All countries are moving to IBRD funding and Serbia and BiH are currently using a blend of IDA/IBRD resources. From 2000, the World Bank led on Poverty Reduction Strategies (PRSs) in the region, and though these were completed in all countries by 2005, the PRSP has evolved to incorporate EU accession requirements.

2.19 Other major bilateral donors are USA (15%), Germany (11%), Sweden (3%), and for Albania, Italy and Greece. The UK is a relatively small player in bilateral terms, accounting for around 1% of assistance.

2.20 Private sector investment has a much more positive trajectory, and the largest lender, the European Bank for Reconstruction and Development (EBRD)¹⁴, has seen its portfolio of lending grow strongly in the WeB region over 2002-2006, and in 2006 had commitments totalling €508m or 10% of its overall portfolio to Western Balkans, including Serbia (€327m), Albania (€48m) and BiH (€133m). EBRD has been the largest lender to BiH. Through co-lending EBRD estimates that €2.8 billion has been committed from other sources. The other major lender is the European Investment Bank (EIB) which reports total lending in the past 5 years as Serbia (€917m), BiH (€578m) and Albania (€156m).

2.21 Official development assistance figures available for the three countries show a decreasing dependence on aid over the period: declining from over 6% of GDP in 2003 to 3.5% in Albania, 5% in Serbia and 4.4% in BiH in 2006. In contrast Kosovo remains heavily dependent on international aid with USAID alone committing \$1.2 billion to reconstruction since 1999.

DFID in Western Balkans

“The UK programme in East and South East Europe began in 1989 with the Know How Fund (Know How Fund) for ten accession countries, Albania and the former Soviet Union. Before 1997, the KHF was managed jointly between the FCO and DFID (Overseas Development Administration) but DFID took full control of the programme in 1997. In the KHF period, the objective was to support transition and the approach was to focus on sectors, in particular finance, privatisation, employment, small business, management training, and parliamentary, media and legal development”¹⁵.

2.22 With the creation of DFID in 1997 a shift in strategy took place as poverty reduction became an explicit objective, and the Regional Strategy in 1998 emphasised the importance of working across sectors and cooperating with/influencing multilaterals. In this period the EU also started accession negotiations and reorientation of support towards the enlargement process.

¹⁴ EBRD was created in 1991 to ‘foster the transition from centrally planned to open market-oriented economies in 29 countries in Central and Eastern Europe’ with a mandate which includes ‘the promotion of the rule of law and democracy’. (EBRD, Annual Report 2006).

¹⁵ Influencing the EU: Lessons Learned by DFID in Accession Countries and Implications for the Western Balkans” C. Schurich, Economic Adviser, DFID, April 2005.

2.23 In line with DFID's corporate policies of focusing on low rather than middle income countries, and so committing 90% of resources to Low Income Countries¹⁶, DFID graduated from Croatia, Romania, Bulgaria and Macedonia in 2005-06¹⁷. At the same time, as illustrated in Table 3, the volume of assistance to the Balkans has gradually declined, and in overall terms has almost halved from £26m in 2001/02 to £14m in 2006/07, which represents a fall from 2.3% of global DFID programme aid to 0.6%. Specific bilateral assistance accounted for 87% while regional programme funding represented 13% (the bulk of this being the HIV&AIDS regional programme and support to EBRD).

2.24 In 2005, DFID's Europe, Middle East and Americas Department (EMAD), within which the WeB programme sits, decided to close all its bilateral programmes in WeB countries over a period of years, except for Kosovo where a decision is yet to be taken. 'We are seeking to effect as smooth a graduation as possible, ensuring that lessons learnt are recorded and disseminated, and finding partners to take forward the most valuable elements of our work' (EMAD Director's Delivery Plan (DDP), 2005-08).

2.25 DFID's **multilateral contribution** is estimated to be as much as three times higher than its bilateral funding over the period 2002-06 (Table 4). DFID provides substantial funding through the main multi-lateral actors in the region: EC, the World Bank, EBRD and the EIB (through the EC). EBRD is a significant beneficiary given its focus on transition countries¹⁸. DFID's presence in the region has increasingly focused less on bilateral work and more on the effectiveness of these larger partners. "*The natural thing to do for DFID, as a small bilateral donor intent on maximising leverage, was to work with the most important organisation on the ground, to increase its effectiveness as well as influence it to give a higher priority to development issues.*" (Schurich, 2005, p2-3).

2.26 The UK Government established the Global Conflict Prevention Pool (GCPP) in 2001 to enhance its effectiveness in conflict prevention and management. The Ministry of Defence (MoD), the Foreign and Commonwealth Office (FCO) and DFID jointly manage the funds. Within this, DFID has promoted Safety, Security and Access to Justice (SSAJ), with initial financing of £12.5m from 2001-2005. The programme has run parallel to those in the area of democratisation and inter-ethnic relations (managed by the FCO) and security sector reform (managed by the MoD). The UK foreign policy and development agenda has converged over the period, and the recent restructuring of the GCPP reflects this convergence across Whitehall.

¹⁶ Achieving the Millennium Development Goals: The Middle-Income Countries A strategy for DFID: 2005-2008; and Europe, Middle East and Americas Division (EMAD), Director's Delivery Plan for 2005 - 2008.

¹⁷ The last DFID project in Montenegro (as a part of Serbia & Montenegro) ended in 2004, and DFID did not begin any new programme in the newly independent Montenegro. Romania and Bulgaria joined the EU in 2006.

¹⁸ The UK share at 8.5% of the Bank's capital totals Euro 1.7 billion, of which Euro 447 million is being paid-in over the years 1998-2010. Forecast annual cash payments from DFID's budget range from £12m to £16m over the period 2000-2004 (EBRD 2006 Ann Report).

Table 3. Western Balkans as % DFID's Total Country Programmes and of Europe, Middle East and Americas Department Spend

	£ million						
	2000/01 ¹	2001/02 ¹	2002/03 ¹	2003/04 ¹	2004/5 ¹	2005/06 ²	2006/7 ³
Western Balkans	19	26	18	18	13	12	14
EMAD	221	247	227	446	259	218	185
Balkans as % of EMAD	9%	11%	8%	4%	5%	6%	8%
Total Country and Regional Programmes	1095	1141	1341	1623	1753	2015	2111
Balkans as % of Total	1.7%	2.3%	1.3%	1.1%	0.7%	0.6%	0.6%

1 Out-turn, 2 Estimated Out-turn, 3 Plans

Source: DFID Annual Departmental Report 2007

Table 4. DFID Bilateral and Multilateral Aid to Albania, Serbia and BiH

	(\$mill in Calendar Year)						
	2000	2001	2002	2003	2004	2005	2006
Albania							
Bilateral	9.59	5.31	4.85	4.51	4.03	3.78	3.61
of which Technical Cooperation	1.2	2.69	4.53	3.53	3.88	2.73	2.67
Imputed Multilateral	16.03	12.84	6.35	13.2	10.9	14	13.61
BiH							
Bilateral	7.08	6.13	7.28	12.62	10.98	6.56	5.87
of which Technical Cooperation	5.68	5.03	6.53	12.12	9.8	5.78	4.99
Imputed Multilateral	30.07	27.34	24.75	29.52	30.3	28.09	16.92
Serbia (inc Kosovo¹)							
Bilateral	28.29	17.02	459.74	13.68	9.64	93	180.49
of which Debt Forgiveness Grants			448.72			83.29	171.24
of which Technical Cooperation	0.89	3.98	5.19	11.4	7.17	6	6.88
Imputed Multilateral	62.86	83.53	0.67	69.57	74.56	31.44	57.45
Total bilateral (exc. Debt Forgiveness)	44.96	28.46	23.15	30.81	24.65	20.05	18.73

Source: OECD-DAC Aid Database

¹ Kosovo's bilateral spend is not routinely extracted by DFID, but in a parliamentary question on 18th Feb 2008, the figures stated were £2.46m (04/05), £2.92m (05/06), £3.19m (06/07), and £2.84m (07/08)

Summary Chapter 2

- Since the traumatic break up of Yugoslavia, the emerging countries have endured a painful set of multiple transitions (political, social, conflict-related, migration) with the result that their economies all declined.
- Since 2000 there has been a halt in the decline and, for some, an upturn in economic fortunes. This is linked to a gradual opening up to the EU, combined with significant financial and military support.
- Nevertheless, the region remains fragile as state-building is affected by slow accession to Europe (in turn related to slow reforms particularly in justice and security), ethnic tensions, crime and security concerns.
- The WeB countries are middle income and poverty is specific to certain minorities and sub-regions. MDG progress is broadly on track except in Kosovo
- Aid has fallen in Serbia and BiH but risen in Albania. Major donors are EU, the World Bank, and USAID. The UK provides less than 5% of all official aid.
- DFID's programme has declined from £26m to £14m from 2001/02 to 2006/07, mainly as a result of corporate policy to focus on Lower Income Countries. Yet its multilateral contribution (mainly through EC, World Bank and EBRD) to the region is two-to-three times larger than its bilateral aid.
- The UK also funds conflict prevention from the GCPP; DFID's share amounted to £12.5m from 2001 to 2005.

3. How Relevant was DFID's Strategic Approach and Programming ?

3.1 This chapter discusses the relevance of DFID's strategic approach and programming to the needs of Western Balkans from 2002-07. It examines how risk was assessed, how choices about aid instruments have been made, and how DFID decided to work with Government and other development partners.

Evolution of Strategy

3.2 DFID's strategy evolution since 2003 covers three phases: (i) Country Strategy Papers (CSPs) (2000 to 04-05), (ii) the Regional Assistance Plan (RAP) (2004/5-08/9) and (iii) a RAP Review in 2006. These are described below and summarised Table 5. DFID's conflict prevention strategy is described separately as it evolved outside country / regional strategy processes.

3.3 Following the break up of Yugoslavia and the end of major conflict in 1999, DFID's strategy was expressed in a series of CSPs (2000 to 2003-04) (covering Albania, BiH, Serbia, Kosovo and the Federal Republic of Yugoslavia). These all had broad, multi-sectoral frameworks, with a strong focus on economic and public sector reforms, along with support for justice, health and social services. In a post-reconstruction Western Balkans, they recognised the growing importance of EU accession and the importance of working closely with other major partners, especially the World Bank (WB) and USAID. These priorities reflected the 2003-06 Service Delivery Agreement to support economic and political governance in the Balkans to improve the effectiveness of EC assistance, and of EBRD and the WB.

3.4 In 2003, DFID shifted in its strategic thinking from separate country strategies to a single regional strategic approach. In January 2003, the Europe and Central Asia Department (ECAD)¹⁹ was established by merging CSEED and EECAD²⁰, and it inherited a Balkans programme that was set within a fragile post-conflict environment but nevertheless with growing potential for EU accession as a powerful incentive for reform.

3.5 The new Department was set the task of preparing a Regional Assistance Plan within 12 months (by December 2003), as well as other challenges such as preparing to close the Russia and Ukraine country offices. In doing so, DFID recognised that it was unlikely to make a lasting impact in the region through stand-alone delivery of bilateral development programmes, but that it could make a difference by 'using our programming presence plus engagement through the multilaterals'.²¹ The RAP therefore reflected the declining resources available to DFID in the WeB, the expected plans for exit, and the need to engage across the region on common processes such as EU accession and better aid effectiveness.

¹⁹ The department included some 150 staff, of which over half are Staff Appointed in Country, and an aid framework of £69m for the 28 countries.

²⁰ CSEED - Central and South Eastern Europe Department, EECAD - Eastern Europe and Central Asia Department

²¹ ECAD Organisational review, 2007.

3.6 Given these imperatives, the RAP focused in its main 'purpose' on *'enhancing the effectiveness of the international community in the WeB in promoting and supporting poverty reduction'* (para. 44). This in due course would contribute to the DFID goal of poverty reduction that would in turn form part of a wider UK government objective of stability, democracy, development and the rule of law in the WeB. Three 'objectives' were identified, each with its own set of sub-objectives. The objectives were (1) to help the EU association process recognise nationally-owned pro-poor development strategies, (2) to improve aid effectiveness, and (3) to see that UK Government policy recognised development concerns.

3.7 Because of the complexity and fluidity of the region, the RAP planned a review two years after its launch in September 2004, in order to 'make recommendations on how to strengthen the way we are working, and review the appropriateness of the objectives themselves in the light of the context and overall purpose' (RAP, p19). The 2006 Review included graduation planning, detailed monitoring and delivery planning, studies on economic and social issues and a Drivers of Change paper.

3.8 The resulting structure saw no alteration to the main three objectives, but the sub-objectives were adjusted. Sub-objective 1.1 was changed to reflect the 3rd White Paper so incorporated capable, accountable and responsive governments. Sub-objective 1.2 of closer working between the EC and WB was subsumed into other objectives, while social inclusion and reducing unemployment were introduced. A new sub-objective (2.4) of improving effectiveness of lending was added to reflect the growing scale of non concessional lending rather than concessional aid in the region.

Table 5. Summary of Strategic Frameworks – DFID Western Balkans 2003-07

<p>Country Strategy Papers Albania 2000–2004 dated Jan 2001 £9.5m over 3 years</p> <p>BiH 2000 – 2003 dated Sept. 2000, £21m over 4 years</p> <p>Kosovo 2001 -2004 dated August 2001, £15m over 3 years</p> <p>Federal Republic of Yugoslavia 2001-2004 dated Nov 2001. £15m over 3 years</p>	<p>A broad multi-sectoral project and TA- based programme. Covering: support to reforms in support of the Stabilisation and Association Agreement (SAA) for the EC Medium Term Expenditure Framework (MTEF), public administration and tax reform; Stability Pact support through rule of law/access to justice, trade, decentralisation, social service, livelihoods and health sector reform.</p> <p>Five years on from the Dayton Peace Agreement the governance focus was 'effective, accountable, and responsive government at 'entity level' – Republika Srpska. Unlike the other CSPs, private sector and enterprise development featured alongside social policy reform, health care, media and justice reform.</p> <p>Prepared prior to the Nov. 2001 provincial assembly elections and stated the UNMIK assumption of an end to major donor funding by 2003. Humanitarian support in 1999-01 moved to development support and 'budget support' together with assistance in taxation, health care systems, media, electoral registration, public sector payroll and public administration systems. Support was also planned for access to justice, economic restructuring.</p> <p>Working closely with WB, EC and USAID, to deliver on three areas: economic restructuring (banking, microfinance, MTEF, social reform (with the WB's Social Sector Adjustment Credit) and accountable government (mainly supply side: audit, parliament and Public Sector Reform - (PSR)). Possible PRS with the WB.</p>
<p>Regional Assistance Plan (2004/5-07/08) Objective: DFID's niche role is to ...enhance effectiveness of overall international community engagement in the WeB in promoting and supporting poverty reduction <i>(changes introduced in 2006 are marked in italics)</i></p>	
<p>1. EC association policies and processes recognise and support nationally owned pro-poor development strategies</p>	
<p>RAP 2004: 1.1 Govt capacity building 1.2 Integrate national development priorities into the EU association framework & instruments 1.3 Closer EC – World Bank working</p>	<p>RAP Review 2006: 1.1 Building <i>capable, accountable and responsive</i> central governments 1.2 Ensuring effective EC support is linked to national priorities 1.3 <i>Promoting social inclusion</i> 1.4 <i>Reducing unemployment</i></p>
<p>2. Improve aid effectiveness by working with other donors and governments</p>	

<p>RAP 2004:</p> <p>2.1 Coordination and harmonisation 2.2 Improve poverty impact of aid flows (Access to concessional resources) 2.3 Promoting lesson learning</p>	<p>RAP Review 2006:</p> <p>2.1 Improving government-led donor coordination and harmonisation 2.2 Facilitating coordination among international community 2.3 <i>Improving effectiveness of lending</i> 2.4 Promoting lesson- learning</p>
<p>3. UK Government policy and active engagement takes account of development concerns</p>	
<p>RAP 2004:</p> <p>3.1 Inter-departmental collaboration through GCPP 3.2 Evolution of UNMIK and Office of High Representative (OHR) 3.3 UK Govt coordination with major partners</p>	<p>RAP Review 2006:</p> <p>3.1 Ensuring inter-departmental resources used effectively to reduce risk of conflict 3.2 Supporting smooth transition to national leadership 3.3 Improving UK government coordination</p>

3.9 DFID's work on conflict prevention in the Balkans is guided by the UK Government GCPP strategy on Safety, Security and Access to Justice (SSAJ), published in November 2001. Since the RAP was formulated much later, it simply reflected inherited priorities and programmes from the SSAJ. RAP Objective 3 refers to the Service Delivery Agreement (SDA) Target IX (conflict prevention), and, along with support to UNMIK and the Office of High Representative (OHR), the GCPP became the primary instrument on the ground. The GCPP has its own set of strategic objectives, logframe and indicators which, as it is governed by a tri-partite agreement between the Ministry of Defence, the FCO and DFID, is not subject to the same level of strategic control that DFID exercises over the RAP and as such DFID did not need to develop further country objectives for conflict prevention/peace building. Nevertheless, EU accession priorities include establishing an effective rule of law, greater access to justice, effective policing, an independent judiciary, and the reform of administrative and legislative systems, and in this way the GCPP links to DFID's support to EU accession.

Box 3 Strategy on Safety, Security and Access to Justice

The *long-term goal* of the strategy is a safe and just society for all in the Balkans, with laws and practices that meet European standards. The *medium-term goal* is that well functioning justice systems reduce the sources of conflict in the region. The *aim* is that public bodies implement justice strategies which effectively reduce local tension and conflict and prevent crime.

Conflict Prevention Fund resources will be aimed at the achievement of *three key results*:

- Affordable policies which link all parts of the justice system and effectively address the needs of its users;
- Successful implementation in selected local areas of community based justice, policing and crime prevention strategies; and
- Mechanisms which enable lesson learning on justice sector reform across the region.

(DFID, Nov. 2001.)

Strategy Quality

3.10 **Focus and Rationale:** The RAP successfully focused the range of earlier CSP interventions down onto three objectives – Pro-Poor Accession, Aid Effectiveness and Cross Whitehall (mainly conflict) working. It captured the need for a relatively small player to shift its agenda in order to work on influencing other larger actors in a heavily politicised aid environment.

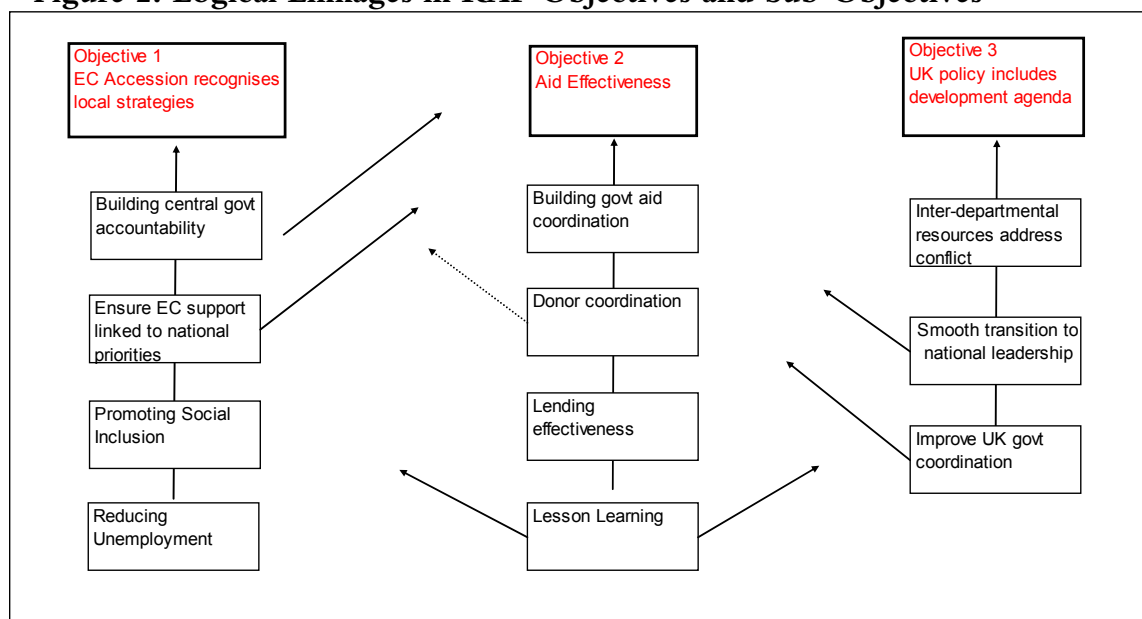
3.11 However the logical linkages between these overarching objectives and the original and revised sub-objectives are not clear. For example *Building Govt capacity* (sub-objective 1.1) contributes to both Objectives 1 and 2. *Ensuring EC support is linked to national priorities* (sub-objective 2.3) while under Objective 1, could equally be part of aid effectiveness (Objective 2). *Lesson learning* (sub-objective 2.3) is placed under Objective 2 but could be relevant to all aspects of the RAP strategy. Figure 2 illustrates the confusion.

3.12 The intention to narrow the focus was firmly stated in the main RAP and in the country annexes (with the exception of Kosovo), and while there is good guidance on the processes and themes to be addressed, there is less guidance on what areas or sectors would be supported, and how they would link to the main objectives. This was a problem because of the range of ongoing programmes (such as in health, social development, economic reform) to which DFID was committed and where guidance on their relevance or continued support was needed.

3.13 In the 2004 RAP, DFID expected most of the ongoing engagements within the social and economic sectors to phase out, and as a result they were left outside of the new strategic thinking. This disconnect should have been addressed because of (i) implementation delays which meant that several projects continued far into the RAP period (up to 2006 - 2007) – such as Social Policy reform, Kosovo, and Strengthening Social Welfare, BiH – and (ii) opportunities were missed to link strategic themes with experiences from ongoing projects. This misalignment was corrected to some extent during the RAP revision (2006); but it had already led to a strategic delink between projects being implemented in country and the RAP strategy, which weakened the focus that was sought by the RAP.

3.14 The RAP revision (2006) brought in a focus on strategic sectors which was missing in the original version including “Social inclusion” which replaced “poverty” as a more appropriate theme in the agenda for EU accession, and also aligned the strategy with existing country interventions and with DFID’s corporate policy on social inclusion (2005).

Figure 2. Logical Linkages in RAP Objectives and Sub-Objectives



3.15 Reducing unemployment was also introduced in the RAP review, but the means DFID chose to address this problem (enterprise restructuring and business deregulation following on earlier privatisation and banking reform) could have taken better into account experiences in the region. The RAP assumption²² that a foreign investment led strategy would stimulate growth and in turn reduce unemployment did not fully reflect the experience in neighbouring countries. At the same time, lending growth within the newly privatised and now largely foreign-owned banking system has mainly concentrated on supporting profitable short-term consumption loans and trade financing, while giving less attention to longer term growth and employment generating lending to Small and Medium sized Enterprises (SMEs). This trajectory is extremely problematic for the WeB region since SMEs are the most important generators of sustainable jobs in developing and transition countries²³.

3.16 There is no clarity in the RAP on the balance of investment of finance and staffing between the 3 objectives. While resource allocations were given by country, they were not set out by objective and sub-objective. Thus it was not clear how much would be used to engage with the EC compared to the other two objectives, and indeed what the resource split would be between country level engagement and programmes and influencing work in London. The rationale for delivering the strategy with a team of advisers based in the UK, while two country offices (BiH and Serbia) would in a phased way be devolved and managed locally could have been elucidated.

3.17 The RAP did not adequately address demand side governance, yet this was an area of central importance to DFID (as elaborated in the 3rd White Paper), and moreover was recognised as relevant in the Balkans in the Drivers of Change paper for the RAP review, as were the dangers of elite capture and corruption.. Following the RAP review some demand side elements were injected into existing programmes but this was very limited. On the supply side, the choice to continue working on wider

²² RAP para 33,34.

²³ United Nations Conference on Trade and Development (UNCTAD), Annual Report, 2003.

Public Administration Reform (PAR) prior to the RAP review did not always fit well, since it is a longer term intervention unsuited for an exiting DFID²⁴. A tighter focus could have been sought that built on the existing public finance reforms and the planning and aid coordination initiatives (such as support for the PRS and Medium Term Expenditure Framework (MTEF) in Serbia and BiH), that would in turn help with accession instruments such as Community Assistance for Reconstruction, Development and Stabilisation (CARDS) and IPA. Whilst there was some refocusing following the RAP review, support for broader PAR in Serbia and the continued functional review work in Kosovo suggest a lack of confidence in reframing the approach.

3.18 **Was the RAP relevant to regional priorities?** The first RAP Objective concerning EU accession grew in relevance over the evaluation period, as the target countries (with the exception of Kosovo) set up structures to meet the accession criteria and tackle needed reforms. There was an assumption too that EU accession would in turn address development needs, although the experience of earlier acceding countries (such as Poland) shows that the one does not necessarily fully follow the other.

3.19 The second Objective on aid effectiveness became less relevant across the region as EU accession processes have assumed greater weight than national poverty reduction strategies. However it was appropriate to seek in the first sub-objective to build government-led aid coordination, as this would both serve aid effectiveness and also build capacity to engage with EC accession processes. The sub-objective on donor coordination is a weak choice because DFID was a small player in financial and in country resource terms and had made the decision to close three of its bilateral programmes. Experience indicated that incentives for donor coordination were weak and commitment to Paris aid effectiveness principles poor amongst the host governments and some of the leading donors. The sub-objective of lending effectiveness has only had partial relevance, mostly in terms of an ability to make the World Bank more effective (even though its portfolio was reducing) and also with the EBRD. However, it was a significant gap that DFID did not aim to do more with the EIB, the largest international lender (see 2.20). The exception is Kosovo where improving aid effectiveness is critical. Here the largest aid flows are grant based (UN, EC, USAID) with a marginal role for most small bilateral donors. Aid is so closely linked with the political agenda that classic aid effectiveness approaches are less relevant. In this context DFID can have greater impact on effectiveness through its voice in the EU rather than through the bilateral programme.

3.20 Objective three remained relevant over the evaluation period, particularly given the slow evolution from international supervisory structures of UNMIK and OHR to national ownership. Since two of the sub-objectives focused on cross-Whitehall working, they had less direct relevance to the priorities of host countries, but did reflect the broader political agenda in the region.

²⁴ In BiH, the rationale to continue with PAR support was different as DFID had initially worked at entity level (in the Republika Srpska from 2000) and then made the shift to a State wide programme, aiming to share lessons and expertise.

3.21 **Corporate alignment:** There is strong corporate alignment with the RAP objectives specifically related to SDA targets and the conflict and cross Whitehall approach echoed in the 3rd White Paper. There was less strong alignment with specific sector strategies (such as in health or education) since the RAP left out guidance on these. Alignment with corporate guidance on use of aid instruments was less relevant since budget support and Sector Wide Approaches were not considered in the RAP.

3.22 The focus on social inclusion in the revised RAP is aligned with DFID's policy for tackling social exclusion²⁵. "Social inclusion" has replaced "poverty reduction" in a region that finds development language difficult to accept and that is signing up to common EU issues as part of the accession process. But, the decision to focus on social inclusion came at a fairly late stage of DFID's engagement in the West Balkans (2006). It did not build on previous work or analysis from social protection projects within the countries, but instead opened an entire new chapter that will require additional analysis and substantial and meaningful engagement within countries.

3.23 Additional questions which the evaluation was asked to address are set out in Table 6. overleaf.

²⁵ Reducing Poverty by Tackling Social Exclusion, DFID, 2005.

Table 6. Additional Relevance Questions for the WeB Regional Assistance Plan

<p>Did the RAP build on DFID's comparative advantage?</p>	<p>Lessons learnt according to the RAP were about the transition process and DFID's leverage of small funds in areas of sectoral expertise. The RAP objectives suggest an advantage in institutional areas – accession, aid effectiveness and policy influence. As an actor, in-country DFID, working through the UK Embassy, had considerable leverage, but the Balkans team in London did not necessarily have comparative advantage. The RAP demanded skills and approaches (influencing, policy analysis and practice, Paris application) that were at the cutting edge of DFID's skill base and not an area of comparative advantage for the Department at the time. Particularly critical was the need for expertise on EU-related social reform issues, for example full understanding of alternative models of social inclusion measurement such as the EU Laeken Indicators²⁶.</p>
<p>Did the RAP remain relevant over the period?</p>	<p>The 2006 RAP review and the 2005 GCPP Strategic Review effectively allowed DFID to adjust its strategic direction in appropriate ways, although this is not to say that these helped to integrate the RAP and the GCPP better, or that country programmes changed direction to implement the new sub-objectives.</p>
<p>Would a shorter time scale or narrower or wider focus have helped?</p>	<p>The focus set by the RAP and its review were appropriate given the limited resources and the impending graduation in all countries except in Kosovo. The timeframe could have been longer as the RAP objectives can remain relevant to graduation.</p>
<p>How flexible or restrictive was the RAP?</p>	<p>In some cases programme decisions were made despite the RAP direction (e.g. health and social welfare in Kosovo) and a range of choices were made within it. Most countries followed the same mix of programming influenced more by historical practice and adviser interests than RAP restrictions. The RAP had the scope to be implemented more flexibly if country level strategy had been deeper. The RAP set a framework for viewing graduation – accession will mark the end of DFID bilateral engagement (except for the GCPP aspects). However it did not guide graduation planning or deal with the choices required if graduation preceded accession. Indeed, given the slow pace of integration, DFID might have considered a review of its graduation plans.</p>
<p>How efficient was the production of the RAP?</p>	<p>The RAP was planned for completion by the end of 2003 but it was not published until Sept 2004. The preparation was overlong and according to some members of the writing team induced fatigue as different viewpoints were resolved. There was considerable debate over the strategic shift in focus, and in particular over the choice between supporting the more political EU accession process or adhering to the poverty reduction processes led by the World Bank.</p> <p>The review (2006) was efficient and effectively identified and addressed gaps and weaknesses. The rigidity of the original RAP monitoring and evaluation (M&E) framework made it difficult to use and this reduced buy-in. A simpler more outcome based model for monitoring the objectives at country and regional level would have yielded more benefits. An improved framework was developed in 2006. However country ownership was weak, particularly as new country programme managers came in, and since the system was less effective at serving improved strategic decision making at country level than in informing managers regionally.</p>

²⁶ The Laeken Indicators were first formulated in Dec. 2001 by the EC to provide a poverty measurement tool which the Member States have been mandated to monitor. Refer to <http://www.poverty.org.uk/summary/eu.htm>

Risks

3.24 **Risk assessment:** There were no risk assessments in the four CSPs. The RAP Risk Annex in contrast elaborated eight risks (re-emergence of conflict, high cost of socio-economic transition, political instability, weak government policy development and monitoring, weak government pro-poor commitment, HIV/AIDS, negative accession effects, and loss of appetite for further EU enlargement). All are at a relatively high degree of abstraction from country level experience and addressed in a fairly indirect way. The risks of political instability and low government commitment were recognised as high, but could have been taken into account more effectively. For example, the reliance on classic Technical Assistance (TA) and capacity building approaches in relation to governance did not allow for changes in political leadership/ownership and turbulence within the bureaucracy.

3.25 **Kosovo** represents a special case of risk given the lack of political agreement over governance following the UN Peace Agreement in 1999 (the Serb minority never accepted the legitimacy of the provisional government and of UNMIK and preferred instead to participate in Belgrade-funded parallel structures, while the Kosovar Albanian side ignored the commitment in UN Security Council Resolution 1244 reaffirming Serbian territorial integrity and continued to plan for an eventual separation of Kosovo from Serbia). The key drivers of potential unrest were thus beyond the influence of GCPP Partners, and so the focus was, then, on addressing aspects of 'fragility' through a programme of reforms to manage expectations during turbulent times. To this end, a Risk Assessment Matrix was developed in 2006 as part of the GCPP Country Strategies which encompassed not only the immediate issues surrounding the SSAJ but also issues pertaining to the wider DFID programme (e.g. public service delivery, refugees/IDPs, and economic opportunities).

3.26 Political instability and low government capacities appear to be the main reasons for delays in implementation or low achievement e.g. impact of government changes on capacity building and Public Sector Reform / Public Administration Reform interventions and impact of politically appointed officials on reforms (true for Albania especially). Project designs in the social and governance sectors have been ambitious and underestimated those risks; particularly where management arrangements, sitting within a coordinating unit in central government, were susceptible. Feedback from stakeholders confirmed that smaller projects, working at local levels or with civil society organisations, are less risky in this respect.

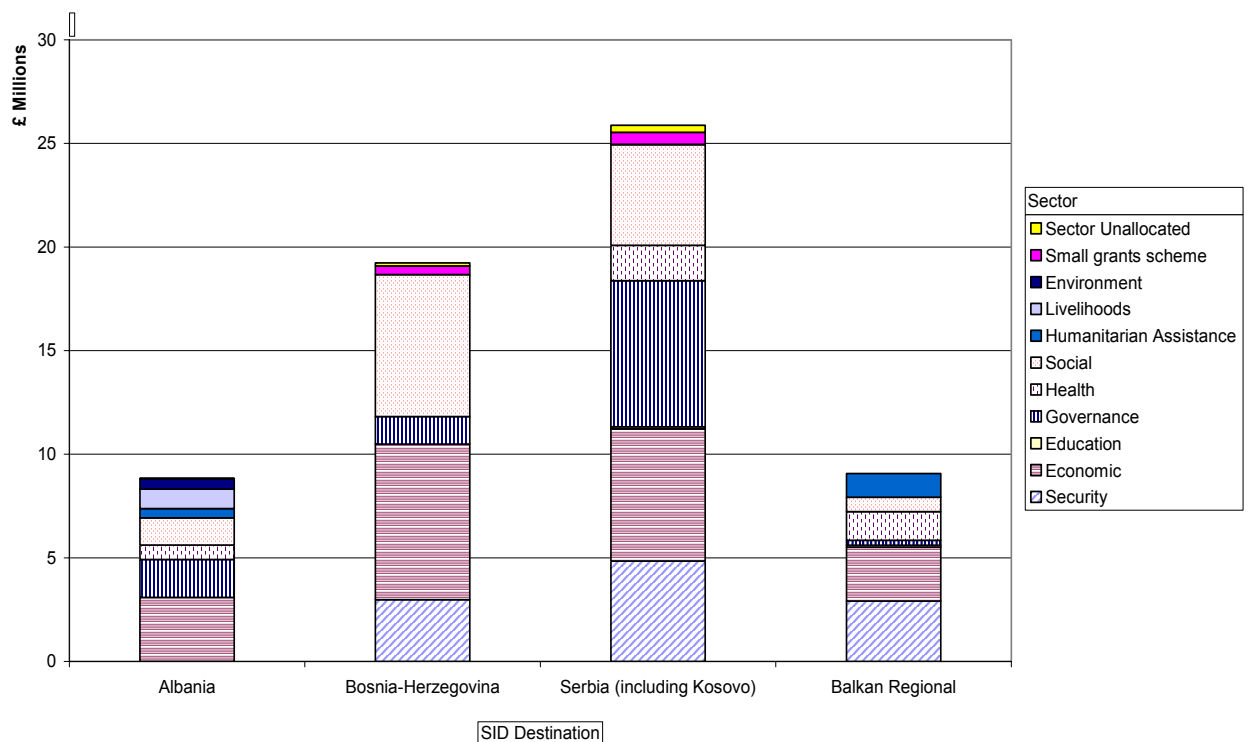
3.27 **RAP Risk Mitigation:** The risk of political instability is flagged as high, given institutional and political systems in flux and lack of universal domestic support for constitutional arrangements, particularly in Kosovo and BiH. However, there is a weak linkage between risks identified and proposed mitigation measures, which often have a cursory link with RAP objectives and areas identified for TA. For example, it is proposed that political instability is mitigated by developing a 'sustainable solution to constitutional issues in the region', but there is no mention of support to strengthening or reform of constitutional arrangements in the RAP objectives or in areas defined for TA.

3.28 The main RAP mitigation strategy in the long term was the EU accession process, which was something DFID could only have indirect influence on. While similar risks as those highlighted in the RAP are repeated in Project Memoranda and Reviews, no obvious planning to minimise short term risk is evident in any of the logframes or other project documentation. The overall approach to risk analysis and mitigation seems rather cursory. A particularly good example is around the attempt to link closure of the OHR to sufficient progress on reforms to tie BiH into the EU Stabilisation and Association Process (SAP). Regional tensions, particularly the linking of the fate of Republika Srpska and Kosovo, also informed the decision to postpone OHR's closure. However, the RAP and the 2006 Review generally fail to assess the implications of BiH's continuing dependence on international intervention for programme design and delivery.

Portfolio Profile

3.29 Over the period 2003/4 to 2006/7, some £64m was disbursed in the Western Balkans through DFID's bilateral country and regional programme channels. The majority went to Serbia and Kosovo (£26m) as shown in Figure 3²⁷. According to DFID's Statistics in Development, spending by broad sector indicates that 31% was economic, 22% social, 17% governance and 12% on security (GCPP).

Figure 3 Disbursement by Country and Sector in W. Balkans, 2002-2007



Source : Statistics in Development, DFID, 2006-7.

²⁷ Due to the nature of DFID expenditure records over the period, a spend breakdown between Serbia and Kosovo has not been possible.

3.30 Social and economic sector spending has occurred in all countries and GCPP (Security) has been implemented in Serbia, Kosovo and BiH while managed through a regional management contract (Box 4). Governance has particularly focused on Serbia and Kosovo, with large amounts given to support the strengthening of specific government institutions such as the Prime Minister's Office in Kosovo and to UNMIK. Governance spend has also included public administration reform and aid coordination.

Box 4 SSAJ regional programme 2002-2006

Between 2002 and 2006, ATOS Consulting implemented a £12.5 million programme called 'Safety, Security and Access to Justice in the Balkans' for DFID. ATOS selected and managed a diverse consortium of nearly 100 people in 17 locations in five countries. Assessments were made of the justice and home affairs systems in: BiH and Herzegovina, Croatia, Kosovo, Macedonia and Serbia. On the basis of these assessments, and working with 25 beneficiary organisations across the region, 11 major projects were undertaken. These were:

- 3 projects on justice sector policy in BiH, Serbia and Kosovo (£2.5m)
- 7 projects on community policing and justice in Croatia, BiH, Serbia, Macedonia and Kosovo (£8m)
- 1 project on lesson learning across the region (£1.5m)

Some projects had a central, strategic focus – improving the organisation of courts, prisons and police systems. Other had a local focus on performance improvement – introducing a customer service ethos and improving performance in municipal courts and local police forces. The Table below shows the initial budget plan. In fact, substantial delays – mainly due to GCPP (London) administration, and to a lesser extent DFID procurement processes, meant that the programme as a whole shifted its timeline, so that implementation continued through 2005/06.

SSAJ budget plan (at November 2001)

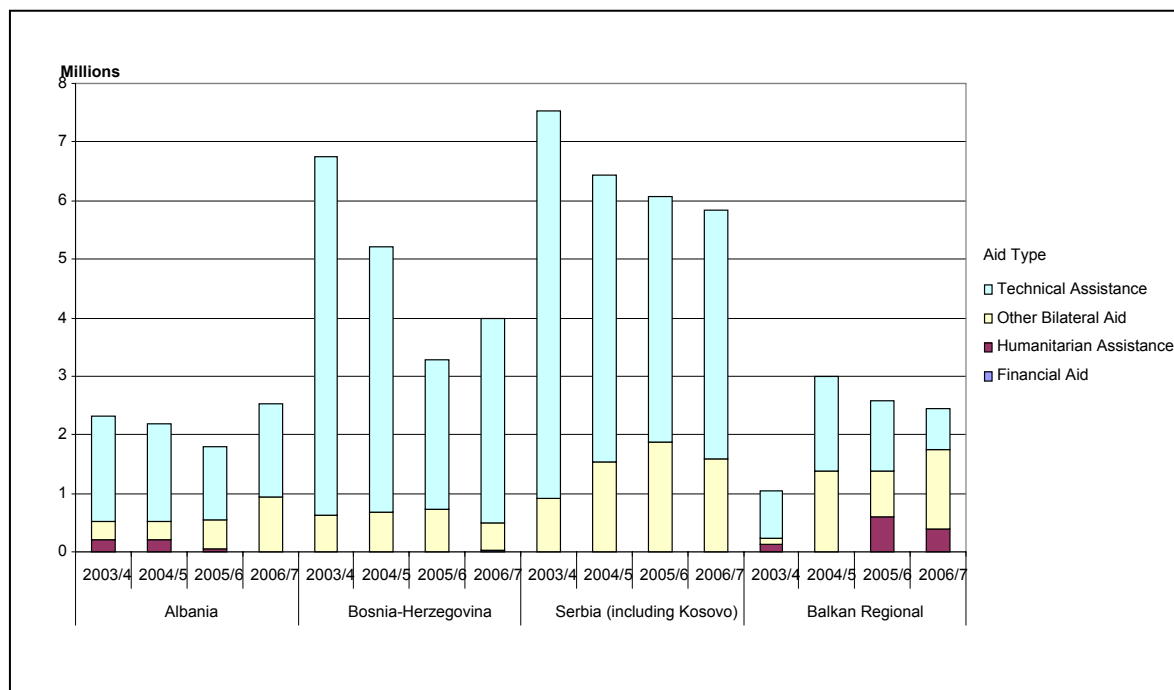
Result Areas	2001	2002	2003	2004
1. Justice Policies	Design/start-up:	£0.5m	£1m	£1m
2. Delivery of Justice	£0.5m	£2m	£2.5m	£3.5m
3. Regional Lessons		£0.5m	£0.5m	£0.5m
Total		£3m	£4m	£5m

Choice of Instruments

3.31 The WeB programme is characterised by a very narrow use of aid instruments with 75% classified as Technical Cooperation (see Figure 4|). Traditional TA models – long-term international leadership supported by national and short term international – predominated. The choice of instrument was rational given the resources available and the prominence given in the RAP to working closely with government on areas requiring technical expertise alongside other bigger spending partners, and in areas where proven UK expertise could make an important contribution.

3.32 The exceptions to this strong TA bias include 'budget support' to the UNMIK budget in Kosovo. This was not well monitored within Kosovo and was seen in effect as a direct London to UN payment; an arrangement that weakened the opportunity to learn about this innovative budget support model in such a fragile environment. Since 2006, Trust Funds have been introduced, in the case of EBRD to allow grant support for project design work and business management, and elsewhere as a means to improve donor coordination around national development strategies in Albania and BiH. In fact much of these funds are in turn used for further TA activity rather than for investment.

Figure 4. Disbursement by Country and Instrument 2003-2007



3.33 Documentation review suggests that advisers played a key role in deciding on aid instruments, programme/project design and contract awards. However, even after devolution of programme management to country offices in 2005 decisions remained with London-based advisers. Alternatives to traditional TA do not seem to have been widely explored. For example, using in-country staff more pro-actively which would have enhanced the influencing opportunities. There was some use of Seconded National Experts (SNEs) (in DG Enlargement, Brussels for example) but this approach was not much used elsewhere and they have been seen as 'an underused resource'²⁸.

3.34 Sector Wide Approaches and budget support were increasingly less appropriate once graduation was a strong possibility as it would have been inappropriate for DFID to embark on long term commitments just before leaving. However partnerships with other donors to plan for budget support or sector based support could have been explored; for example in the social sectors in Kosovo where it

²⁸ Biss Study on Influencing, July 2006.

would have had the added benefit of driving donor coordination. The sole consideration seems to have been delivery of capacity building inputs and TA was seen as the obvious choice. GCPP followed a similar model with the ATOS contract. Planning was thus parallel rather than synchronised since GCPP was developed as a separate programme with little integration at any level.

3.35 **Synchronisation of RAP / GCPP plans.** The GCPP was contained within sub-objective 3.1 (inter-departmental resources used effectively). Synchronisation between the GCPP and RAP was a matter of convenience; the pre-existing GCPP was 'grafted' on to Objective 3, but to be run in a parallel manner through different mechanisms.

Approach to Partnerships

3.36 Partnerships were given priority by DIFD in the Balkans firstly because of the three RAP objectives – EU accession implied partnerships with EC, other EU member states and Governments; Aid effectiveness implied partner working with other donors and Government; and UK Govt engagement implied partnerships with Other UK Government Departments. Partnerships were are also key because of DFID's limited resources (financial and staffing) and the need to achieve greater leverage through others.

3.37 **Governments:** Government partnerships were set at project level and mainly through TA. The absence of larger scale support in the form of budget support or larger bilateral programmes, as well as the location of advisers in London, reduced opportunities to plan other forms of partnerships. Nevertheless, by designing the programmes to work at the centre of government and building on a reputation for providing relevant, skilled TA, and by working through UK embassies, country teams could reach key decision makers and so aim to build policy-level partnerships.

3.38 **Other Donors:** Broadly, the RAP reflected the objectives set out in DFID's Institutional Strategy Papers (ISP), which are used to outline how DFID will approach working with other major development partners, especially with regards to the EC (2005) and the World Bank (2004). DFID's approach to working with these two main partners in the WeB is discussed below.

3.39 **World Bank:** An unresolved tension from DFID's point of view between DFID's focus on development and poverty reduction and the EU's focus on the accession process has run through the evaluation period. The World Bank ISP presumes that DFID will work closely on PRS processes, and indeed this was the approach during the early part of the evaluation period. Latterly, this close working has reduced as there has been a shift of focus towards EU accession processes. DFID has sought to play a bridging role between the World Bank and the EC / EU member states. Equally, as the World Bank changes its relationship to the WeB (from IDA to IBRD lending, and from Country Assistance Strategy to Country Partnerships) so its relevance for DFID has diminished, in contrast to the primacy of EU accession.

3.40 **European Commission:** The Commission has been a critical partner at least for DFID in London, where extensive thinking took place over how DFID could maximise influence over the most important political and donor partners. The RAP's first objective was underpinned by extensive discussion and analysis that pointed out that up to 2004, DFID's influence in accession countries had been limited both in country and in Brussels:

“The string of Local and Regional Development (LRD) projects that DFID undertook in the Central and Eastern Europe region between 1996 and 2004 provides useful evidence of how DFID largely failed to influence the EC through projects” And *“On many important issues, DFID failed to influence EC policy at Brussels level.”*²⁹.

3.41 The Commission Directorate General handling Enlargement was less interested in wider development issues and poverty reduction per se, and has tended to pursue the *acquis* process rather narrowly (rather than the broader Copenhagen criteria³⁰); and therefore DFID has recognised the need to adjust its strategy, using different language, finding effective entry points, using its projects and personnel better to achieve desired influencing results, and helping strengthen the EC itself to fulfil its leading role. This evolution in DFID's partnership approach is captured in a series of *Annual Strategies* since 2005/06, which outline objectives, ways and means (of influencing), team roles and responsibilities. An *EU Core Script* agreed within DFID and around Whitehall also outlines a common approach for UK Government Departments in working with the Commission. Taken together, this strategic thinking has placed the ECAD team at the forefront of DFID's partnership work with the EC.

3.42 **European Bank for Reconstruction and Development (EBRD):** DFID's approach to the EBRD in the WeB has been less explicit and there is little mention of EBRD in the RAP papers. Although the EBRD ISP of 2001 was not updated until 2007, there has been an implicit approach to fulfil the intentions of the partnership at Board and at London level, especially through use of Trust Funds. At country level, it seems there was little scope for engaging with EBRD country offices on issues of strategic importance, which is unfortunate as this could have helped to build country-level analysis and partnerships that might have strengthened DFID's hand in influencing EBRD's approach to social and political aspects of its transition support.

3.43 DFID also has an ISP for the **European Investment Bank (EIB)**, published in 2000, but there are no specific plans or targets for working with the EIB in the WeB under the RAP. The 2006 Review suggested a greater focus on the lending effectiveness of EIB and linking with World Bank and EBRD, and EUD has conducted recent work on this. The scale of EIB resources underscore its importance as a financier in the region, and the absence of specific plans to engage with the EIB must be seen as a strategic gap (even though such plans would have to be in support of the HM Treasury, which leads on the UK relationship).

²⁹ Lessons learned on EU influencing in accession countries, C. Schurich, DFID, April 2005.

³⁰ The Copenhagen criteria, agreed in 1993, set out a broader baseline of economic as well as political standards which countries need to meet (see *Core Script on the Role of the EU in the Development of the Western Balkans*, DFID, n.d.)

“In value terms the largest donor to the region is the EIB but we did virtually nothing until very recently to try and ensure that their programme of lending related to accession and the programme of the EC, and that it was of a reasonable quality. We did suggest to the WB, which was running out of cash for the region, that it work closely with the EIB to bring aboard their funding into sensible areas, but we did not develop any projects to facilitate this. The reality was of course that DFID capacity was limited” (former Economic Adviser).

3.44 **Civil Society:** Although within DFID's Fragile States policy, the building of effective civil society is a complement to building effective government, DFID in the Balkans has not prioritised this. Indeed, there is only limited attention given to the accountability element of the Capacity, Accountability and Responsiveness model of governance from the 3rd White Paper, with support for civil society participation in planning processes and supply side action on citizens rights. More attention could have been given to advocacy and policy work by civil society which would have increased accountability.

3.45 Civil society should have been taken into account more fully within the RAP especially in terms of the development of democratic processes and as key to the state building/development process. This argument is strengthened by the fact that the EU accession process largely concentrates on State building, and does not emphasise greater demand for accountability. Leaving support to civil society to USAID and other bilaterals weakened DFID's influencing and governance agendas. This is not an argument for a major NGO funding stream but for moving civil society engagement beyond low level networking and taking opportunities to support where it fits the RAP.

3.46 **UK Government Departments** With co-location in Embassies, an FCO head in Albania and an FCO secondee in BiH from 2004-07, plus a history of joint working through the KHF, there was the basis for close partnerships with other UK Departments. Whilst this was stressed in the RAP's third Objective, there was little attention to the development of this relationship or other strategic partnerships beyond joint work on conflict and fragile states, which was kept somewhat separate from mainstream activity. A new phase in the relationship has emerged as DFID's graduation approaches. A closer partnership particularly with the FCO has occurred in order to ensure a good programme handover and to complement political and developmental aspects of EU accession more strongly. The current ECAD approach of joint working with the FCO to support reform will be piloted in the region, but this was only just emerging at the end of the evaluation period.

3.47 **Harmonisation:** DFID's strategy gave a high priority to harmonisation and the wider Paris agenda. Not only was it explicit within Objective 2, but Objective 1 required working in partnership with World Bank, EC and like-minded Member States, especially Sweden and the Netherlands. All programme managers (past and present) articulated a commitment to this approach and there was strong endorsement from London. The intention to work on harmonisation faced challenges given the disharmonised aid environment, as well as the limited DFID in-country resources.

3.48 At a regional level, DFID did set out to use EC fora to improve harmonisation. However while in London, harmonisation was seen as a high priority, in-country DFID focused more on project partnerships and support for government-led donor coordination (e.g. Development and Aid Coordination Unit (DACU) in Serbia) rather than taking a pro-active lead in joint donor policy development. This was a more pragmatic and measured approach given the limited in-country resources. There were some exceptions where DFID country managers sought to encourage greater donor-side harmonisation, for example in Albania where support was provided to the EC to take a greater leadership role.

3.49 In Kosovo the approach was different with the substantial role of UNMIK, major presence of USAID and generally large and uncoordinated donor activity. Here DFID's approach was initially to support UNMIK and more recently to focus on the EC with less attention to broader harmonisation. Aside from engagement with the EC in Brussels and the Swedish International Development Assistance (Sida) dialogue there was little evidence of donor harmonisation at regional level.

3.50 **Communication of aims:** While there were consultations within DFID over the RAP and the RAP review, external consultations with host Governments and aid partners were limited. ECAD's communications strategy concentrates on getting its role better known within DFID³¹. Though 'Lesson Learning' was a RAP sub-objective, there is no specific strategy on how DFID would achieve this. Donor partners and governments are unaware of the RAP focus, and DFID's role is better understood through its country programmes and its adviser and TA engagement. DFID's approach to EC influencing is built around networking and informal contacts, though experience is well-shared within the WeB Team.

3.51 In terms of **graduation**, ECAD is aware of previous experiences in Ukraine, Russia, and especially in Croatia³², and so spelt out in 2006 the need to plan for graduation early and to communicate intentions effectively³³. A draft Graduation Strategy has been prepared for Albania, and in Serbia and BiH, the country teams have alerted partners to the planned departure in 2010, and are now reviewing the strategic choices for the direction of their programmes as they move to closure and handover.

Approach to Crosscutting Themes

3.52 DFID did not have strategies for mainstreaming cross-cutting issues within the WeB region beyond those outlined at corporate level. This is surprising in one area: **gender**, where there are significant country level issues that would merit recognition and specific approaches. The RAP is weak in addressing gender, although the RAP Review in 2006 introduced social inclusion which conflated gender with a number of other socially excluded groups, and therefore does not adequately address

³¹ ECAD Business Plan 2006/07, 2.3 Communications Strategy, p9., DFID, 2006.

³² In Croatia, the FCO staff responsible for DFID's programme (and interviewed by the evaluation in Sarajevo) recalled that it was a bad experience, with closure 1 year earlier than planned, and with 'massive cuts overnight'.

³³ RAP Review Submission Flag C, Graduation Plans, 2006.

the particular gender equality issues that are relevant in the region. None of the country programmes developed particular gender strategies until 2007, when 'gender champions' have been appointed and a more explicit approach to gender was adopted. Internally, the WeB team gave greater weight to gender issues from 2006, with more training an analysis. Influencing work with the EC has also included gender.

3.53 **Governance** as noted elsewhere was predominantly seen as capacity building of government with political governance, accountability and responsiveness only emerging more recently. The application of lessons from the 3rd White Paper, the RAP review and the analysis of the role of civil society in political accountability in conflict management available in the region has been slow to have an impact on country level programming.

3.54 In the current low and concentrated epidemic situation, mainstreaming of **HIV & AIDS** is not a top priority for WeB governments. DFID did not give prominence as a cross-cutting issue in the RAP but addressed the issue sensibly through a regional programme based on building evidence and expertise and in Serbia.

3.55 The **environment** is a significant issue in the region; mainly 'brown' environmental issues - soil erosion, and 'grey' issues - industrial/urban pollution part of the former Yugoslav legacy. Earlier in the period there were specific environmental initiatives but minimal attention is paid under the RAP, and DFID's support in this area is largely channelled through European initiatives.

Resources versus strategy

3.56 **Resources and strategy:** There was no apparent attempt to assess the resource requirements of the strategy or to design a strategy based on what was a known pot of resources. The impact of EC engagement suggests that the resources applied, particularly in terms of staff time, were appropriate but the resource implications of other aspects of the influencing agenda were not clear. To have made a substantial impact on employment generation would for example have required considerably more resources than were available. However introducing (or reintroducing) this strategy with graduation in the wings was also problematic.

3.57 **Spend and staff resources** were not linked to the objectives. In particular the sector based roles of the in-country team maintained and reinforced their focus on traditional project cycle management tasks and most influencing work was related to project needs rather than to the objectives. Similarly the adviser complement did not change as a result of the RAP and so technical skills and sector interests dominated over the RAP objectives in time allocation.

3.58 **Geographic coverage:** The rationale for being in the Balkans is as much politically driven as it is development driven. Progress on MDGs in Serbia for example would argue for even earlier graduation. The resources were sufficient to 'buy' presence and influence in Serbia and Albania. More resources in BiH and Kosovo may have increased impact but in both cases the problem is not money rather an excess of it. The real issue is perhaps what is the rationale for being in each country and then to

identify the resource requirements to address that purpose and balance this with wider DFID priorities. In practice the budgets probably reflect the level of political/departmental interest rather than any needs based on an objective assessment. Also there was no apparent linkage between GCPP, bilateral and multi-lateral resources to see how they all add up per country.

Results Focus

3.59 The weak logic between some sub-objectives and the three main objectives has been mentioned (see 3.11). Another area of concern is the lack of objective level monitoring in the 2004 RAP. Detailed annual milestones are specified for each of the sub-objectives in Annex 1 of the RAP, but no milestones are set for the achievement of the three objectives. The RAP review in 2006 continues with the same structure, and so there remain no performance targets for the overarching objectives. Rather these are seen as reflected in SDA targets, but this omission leaves external stakeholders (and evaluators) without measurable yardsticks to judge the overall success of the RAP strategy.

3.60 The weak link between projects and the desired strategic outcomes is exemplified in the economic and social sectors. In the former, the restructuring of enterprises, work on employment promotion and on business registration were highly relevant and well designed in terms of tracking outputs, but the outcomes of these interventions were not then related to or measured against the main objective of higher employment.

3.61 In the social sectors, projects were designed and monitored according to sectoral objectives, with little linkage to RAP objectives. While all social sector projects contribute to building government capacities, only two of them have 'contribution to social inclusion' included in their purpose. Both of them were designed before the 2004 RAP (the Social Policy Projects in Serbia and in BiH).

3.62 With regard to conflict prevention, while sound logframes were prepared for GCPP projects, these did not reflect the broader DFID SDA conflict objectives. There were no indicators relating to conflict prevention/reduction itself; and so the stated sub-objective (of closer inter-departmental working, effective use of inter-departmental resources, and a smooth transition to national ownership) assume greater importance than conflict prevention, which 'depends largely on the actions of others to succeed'³⁴. Furthermore, the RAP provided no country level monitoring and evaluation (M&E) appropriate to capture lessons of the SSAJ, yet it was at this level that results pertaining to conflict prevention could have been best demonstrated³⁵.

3.63 **Use of reviews for re-design:** At project level, reviews were used to reconsider the direction of work, with evidence of recommendations being followed by consultants with follow up and monitoring by advisers and programme managers. There was less evidence of results of project reviews affecting resources and staff allocation priorities. Equally the RAP review while bringing more clearly pre-2004 commitments into the framework (such as social protection), has not strongly affected

³⁴ Proposed RAP Framework Synthesis, ECAD, 2007.

³⁵ The implementing consultants proposed an assessment of the SSAJ impact on conflict, but the assessment was not approved by DFID and hence no external expertise was used to measure results or capture lessons at this level.

resources or staffing priorities, while changes to the work programme to reflect the emphasis on gender and social inclusion led to more emphasis on influencing work with the EC, rather than at the bilateral level. This aimed to provide a more sustainable path for DFID as it graduated, but at the same time reduced the potential for important ongoing country initiatives in these areas.

3.64 The 2004 RAP monitoring framework was a rather cumbersome way of trying to micro-manage the objectives without any structural linkages. This absence of connectivity and excessive assumption of a linear causal link contributed to the generally weak enthusiasm of country teams to use the framework, even though a simpler system was introduced in 2006. Sensibly, with the announcement of a DFID Corporate Plan in 2007, as well as closer working with the FCO in the Balkans, the RAP monitoring framework and stand alone country plans were no longer pursued as management tools.

3.65 **Were graduation decisions based on results / MDG progress?**

Overall, graduation decisions were determined more by corporate policy, particularly the 90:10 pressures to move resources away from Middle Income Countries, than by RAP performance. There was no consistent tracking of MDGs by the Balkans team, nor could it be said that the RAP was strongly shaped to target missing MDGs. During the RAP review, graduation recommendations were however linked in part to MDG progress, particularly in the case of Albania, but elsewhere conflict assessment and accession processes were more dominant reasons for graduation planning³⁶.

3.66 **Were projects designed for results?** A sample of projects were reviewed in detail by the evaluation to assess the quality of design and to comment on the accuracy of the scoring.

³⁶ see RAP Review Submission Flag C, 2006.

Box 5. Review of Programme Quality of Design and Monitoring

A sample of 21 programme lines (7 Serbia (plus 2 regional which were mainly Serbia), 5 Kosovo, 1 Albania, 6 BiH) were reviewed in detail by the evaluation team to assess quality of design (such as fit with the Country Assistance Plan (CAP), scope, choice of indicators) and the quality of scoring. Findings are as follows:

👁 Design quality

- Many capacity building projects with Outputs/OVIs related to activities and inputs from TA rather than outcome related i.e. the effect of the capacity building not just that it happened.
- Cross-cutting issues generally weakly addressed. Gender often not mentioned when it should have been a key factor (e.g. women as managers in civil service, gender based service delivery) though it was reflected in some (such as the civil society and in statistical projects) ; HIV/AIDS and Environment were poorly covered though relevant to some contexts; social exclusion is not always explicit and yet it is highly relevant.
- Risk scores and comments suggest a tendency at times to underestimate the risk down playing the political uncertainties. Maybe a lack of political appreciation/analysis or a tendency to take too narrow a project view and not appreciate that political changes will disrupt impact.

📊 Scoring

- Overall scoring generally assessed as valid but some overambitious scores especially where TA support has been judged on the basis of consultant input and performance rather than the outcomes. Some indications that outputs and OVIs have also reflect activities and TA inputs which suggests poor logframe construction.
- Generally Out to Purpose Reviews (OPRs)/Annual Reviews (ARs) were conducted by advisers and SAIC programme managers; occasional use of consultants to complete ARs and some outsourcing of OPRs but no apparent consistent policy.
- Although all relevant reviews are on the system (PRISM) there were some difficulties with DFID's search machinery that prevented the team from accessing them during the mission period. Most pro-formas well used to record OPR/AR findings but in the case of Kosovo one page versions were used for ARs with less detail.

Summary Chapter 3

- DFID's WeB strategy covers three phases: Country Strategy Papers (2000 to 04-05), Regional Assistance Plan (2004/5-07/8) and a RAP Review in 2006.
- The five CSPs had broad, multi-sectoral frameworks, with a strong focus on economic and public sector reforms, along with support for justice, health and social services. These were replaced by a single regional approach that shifted towards multi-lateral and UK Government partnerships.
- The RAP brought a good narrowing of focus and was relevant to DFID's wider commitments to multi-lateral effectiveness and building leverage within small programmes.
- The linkages between the partnership working objectives, the scope of the sub-objectives and the experience of existing country programmes were not always clear.
- The sub-objectives were revised in 2006 to address more critical themes such as social exclusion, unemployment and lending effectiveness, but these sound ideas were over ambitious given the funding available. Social inclusion was adopted in 2006 to reflect priorities within the EU accession process; but this shift was overambitious, in particular because it did not build on lessons from earlier social protection projects, and no additional resources were allocated in the RAP to support scaling-up and learning.
- The WeB programme is characterised by a very narrow use of aid instruments (75% of funds used for predominantly traditional TA models). The choice of instrument was rational given the resources available, the desire to work on areas requiring technical expertise alongside other bigger partners, and in areas where proven UK expertise existed.
- Risks were well described but mitigation was not always practical and political risks could have been taken into account more effectively.
- The approach to partnerships was addressed well through strategies but focused mainly on the EC and EBRD. The EIB though a major player was neglected, as was civil society.
- Cross-cutting themes were not well mainstreamed, although gender inequality has been addressed more effectively after 2006.
- Resources, both spend and staff, were not linked to Objectives; and staff deployment could have been structured to fit with the RAP objectives rather than remain sector-based.
- While projects and sub-objectives were result-focused, the RAP objectives had no indicators making impact assessment imprecise.

4. How Successful was DFID in Engaging and Delivering Results?

Delivering on Strategy

4.1 This chapter assesses achievement of the three main RAP pillars in terms of: (i) their effectiveness in achieving strategic outcomes, and (ii) how their results may be interpreted based on performance reviews. The chapter then examines delivery on crosscutting themes such as gender and social exclusion, and finally comments on how efficiently DFID resources were deployed to deliver the programme.

4.2 In Table 7, a summary of DFID's achievements in terms of the stated RAP Objectives is given, based largely on the most recent Results Out-turn Report (2006/07). The RAP review said that 'We will aim to achieve 75% of these indicators within the timeframes specified, in all but one country for each indicator'. Counting each group from the table the totals are: 27 Green, 17 Amber and 2 Red³⁷, with 32 blanks (no information reported). 27 out of 46 is 54%, so that on this evidence the WeB programme is somewhat below the declared target³⁸.

Table 7. Assessment of Delivery of RAP Objectives

Regional Assistance Plan (2004/5-07/8)	
Objective: DFID's niche role is to ...enhance effectiveness of overall international community engagement in the WeB in promoting and supporting poverty reduction	
RAP objective and DFID's Traffic Light scores	Evaluation comment
EC association policies and processes recognise and support nationally owned pro-poor development strategies	<p>Evidence confirms that DFID was successful, since all indicators scored green or amber (IPA and accession communication scored all green). Proof based largely on changes to text of Submissions, Multi-annual Indicative Programming Documents (MIPDs) and European Partnerships (EP), plus co-funding by EC of national planning and government reform units. Worst results were in Kosovo on European Partnership text modifications, possibly as it is a longer-term horizon. A good example is effectiveness of joint lobbying by DFID, Sweden and Netherlands on the EC to provide 1m to co-fund the WB administered IPS Trust Fund in Albania. The MIPD was also changed to reflect the National Strategy for Development and Integration (NSDI) and the importance of the IPS³⁹.</p> <p><i>"Key factors that appear to have contributed to this success include: being helpful and supportive to the Commission; building alliances with other Member States; and providing early blind inputs into the development of key documents."</i>⁴⁰</p>

³⁷ ECAD uses a traffic lights system, RED: There has been slippage in progress against this objective; AMBER: We cannot make a judgement on progress against this objective. This may be because there is not enough evidence; GREEN: We judge this objective to be on course to be met.

³⁸ Although this assessment has been done without examining which specific countries were included or excluded per indicator and this is likely to underestimate achievement.

³⁹ See Evaluation of UK influencing of 2007-09, EC Multi-annual Indicative Programming Documents (MIPDs) for Albania, BiH and Herzegovina, Kosovo and Serbia, D.Beer, DFID, 2007.

⁴⁰ EU and the Western Balkans – recent positive developments, Minute, J. Smith, ECAD, Nov 2007.

How Successful was DFID in Engaging and Delivering Results?

1.1 Building capable, accountable and responsive central governments 5 Amber/ 5 Green	Good and attributable achievement on capacity building through work on planning and on public expenditure (tax, MTEF, budget work). Slower results on public administration though strategy produced in Kosovo. Limited progress on accountability / responsiveness side.
1.2 Ensuring effective EC support is linked to national priorities 1 Amber/ 5 Green	Good progress achieved in terms of strengthening national strategies in all countries especially in Albania and Serbia. BiH less progress because of weakness of State level government. See above for evidence of DFID's work on EU accession processes.
1.3 Promoting social inclusion 3 Amber/ 3 Green	Mixed progress: on the Government side: Serbia has advanced furthest in adopting social inclusion in its Poverty Reduction Strategy Paper (PRSP) (although Serbia was on track in 2003, before the RAP), the Medium Term Development Strategy (MTDS) in BiH includes commitments but no implementation. Albania also has developed a policy framework and social protection systems, but slow delivery (and RAP results are missing). In Kosovo, policy processes have been on hold, awaiting the decision on the final status and lack of funding. On EC side, also mixed success, with some recognition of social inclusion in MIPDs especially in Serbia, but less reported elsewhere.
1.4 Reducing unemployment 1 Red/ 2 Amber/ 3Green	No success indicated to counter worsening employment situation facing transition economies. DFID strategy is indirect and long-term. Enterprise reforms have been slow, labour reforms have achieved policy improvements, SME financing has not progressed. But, DFID rates its work on the Central Europe Free Trade Agreement as successful (green).
Improve aid effectiveness by working with other donors and governments	Strongest success has been in building up government capacity to take the lead on aid coordination. Much less achieved on donor coordination due to confused donor leadership and weak EC presence in all but one country. Very limited success on lending effectiveness or lesson learning, mainly due to DFID's small spend and limited staff capacity. DFID's own effectiveness fair – with extensive joint funding and lobbying, and a strong commitment to Paris agenda.
2.1 Improving government-led donor coordination and harmonisation 1 Amber/3 Green	Mixed results- there is success in Serbia through emergence of DACU, and in Albania with the Department for Strategy and Co-ordination. BiH slower due to legal issues around competencies of State Govt., while Kosovo has a structure in place but limited in effectiveness
2.2 Facilitating coordination among international community 2 Red/ 1 Amber/ 2 Green	If EC is to take lead on coordination then success depends on Delegation capacity. Results show this to be true since BiH has the best record and largest Delegation, while smaller Delegations elsewhere have frustrated DFID's strategy. The disharmonized donor environment has also limited success.
2.3 Improving effectiveness of lending 2 Green	DFID's very narrow approach has shown success in terms of EBRD Trust Fund (green), but there is no evidence of any success on wider lending effectiveness: e.g. EIB, WB. Would rate progress as amber not green.
2.4 Promoting lesson- learning 1 Amber	Evaluation findings and DFID's own ratings indicate modest achievement here. Some evidence in the form of joint EC – Sweden-DFID lesson learning events, and some project level learning feeding into Government policy thinking. Would rate progress as red rather than amber.

<p>UK Government policy and active engagement takes account of development concerns</p>	<p>As transition is essentially a political process, FCO role is central, and DFID has successfully complemented the FCO and coordinated well with other UK government agencies in UK and in country. Most effective partnering has been around conflict prevention. State building has proved more problematic but influence of UK critical in political handover, and DFID’s contribution has been most effective in government capacity building. Other development concerns (such as MDGs progress) have been less to the forefront</p>
<p>3.1 Ensuring inter-departmental resources used effectively to reduce risk of conflict 1 Amber/ 2 Green</p>	<p>Through the improving co-management of the GCPP, evidence is positive that planning and implementation has improved. While projects on ground have been rated well, overall assessment of the link to conflict prevention is missing</p>
<p>3.2 Supporting smooth transition to national leadership 2 Amber</p>	<p>In BiH, since 2006, OHR authority has declined, entity co-operation has reversed, and the future transition of authority to State Government remains uncertain. Recent independence declaration of Kosovo indicates progress to national leadership but situation is fragile as Serbia’s acquiescence remains absent.</p>
<p>3.3 Improving UK government coordination 2 Green</p>	<p>Positive results in terms of joint working and ‘branding’. Good integration around GCPP and more widely on partnership between FCO political role in WeB and DFID’s development role.</p>

Response to new policy directives

4.3 There was a keen sensitivity to policy shifts from the London team and the previous cohort of country heads. Yet while the RAP review responded to the need for better multilateral effectiveness, for social inclusion and gender equality, and also for broader governance work covering state and non-state actors, the shape of country programmes did not always reflect these shifts, as for example in the failure to introduce support in areas of accountability, civil society responsiveness or gender.

4.4 In the case of social inclusion, DFID’s Policy on Social Inclusion (2005) builds on the WeB experience. It recognises the close link between social exclusion and conflicts, and the need to identify opportunities to address social exclusion in fragile states. The policy paper refers to the Western Balkans as an example where DFID has helped social protection systems become inclusive, participative and targeted to vulnerable groups. The close link between social exclusion and conflicts, and the need to identify opportunities to address social exclusion in fragile states which were correctly identified by the Policy, have not though been specifically addressed in the WeB programme outside of GCPP.

4.5 Thus policy adherence has been London-centric. Retreats seem to have been more focused on corporate, divisional and department policy than building skills and capacity from the bottom. Whilst the WeB team in London has responded to new policy, it has been less good at learning from country experience, especially where that experience is at odds with the prevailing direction. (e.g. the value of the support to the Ministry of Health in Kosovo and of line departments as opposed to the ‘centre of Govt’ more generally).

4.6 Most recently the increased emphasis on cross-Whitehall working and relationships with the FCO in particular have been strongly embraced in London and shared with heads of office. New directives with respect to the ‘decentralisation’ of GCPP from London to country committees required a greater level of engagement from DFID from 2005 onwards. Despite some differences in approach, the three departments have worked well together, with a common understanding of strategy and the emergence of common objectives. This has also laid a good foundation for DFID’s handover of its bilateral programme to UK Embassies on graduation from the region.

4.7 In sum, although the RAP increased focus and gave a regional perspective, this was not developed strongly enough, and no real regional programme emerged. Country offices continued individual silo programme behaviour. Nevertheless, Heads of Office report that the RAP did help set programme boundaries, and allowed them to think more strategically, especially about working more with central government, on key reforms around EU accession, and around using DFID’s reputation to play a greater role in areas such as aid coordination.

DFID’s plan to graduate from Albania

4.8 DFID laid out its case for graduation from Albania in the RAP and then reassessed it at the time of the RAP review in 2006:

“Using the ‘decision tree’ model, Albania is doing well against most of the corporate criteria: it is reducing poverty, making good progress against most of the MDGs, is less vulnerable to violent conflict than the rest of the region, and has limited regional or global footprint. The case for continuing with a bilateral programme up to 2010/11 therefore remains weak”⁴¹.

4.9 The evaluation’s findings are that while the analysis is sound, the graduation process in Albania while well communicated has not been welcomed either by international donors or by the Albanian government. Concerns were expressed to the evaluation from key partners (particularly Netherlands, WB and the United Nations Development Programme (UNDP)) that DFID’s leadership here will be missed. DFID’s programme though small has been recognised as both critically placed at the centre of government, and leading in terms of building aid coordination. The reforms achieved in taxation and financial management, social services and poverty reduction strategies have been important but still require continuation to achieve implementation.

4.10 Arrangements for further support in these areas are anticipated through the new Integrated Planning System (IPS) Trust Fund, to which DFID is the largest contributor (£1.5m). Ensuring effective monitoring arrangements for the Fund should be a priority.

“In preparing for graduation we will work closely with other donors, encouraging like-minded bilaterals and multilaterals to take the lead on aid effectiveness. Making a success of the IPS will be the core of our strategy”⁴².

⁴¹ RAP Submission, Flag C para 16, 2006.

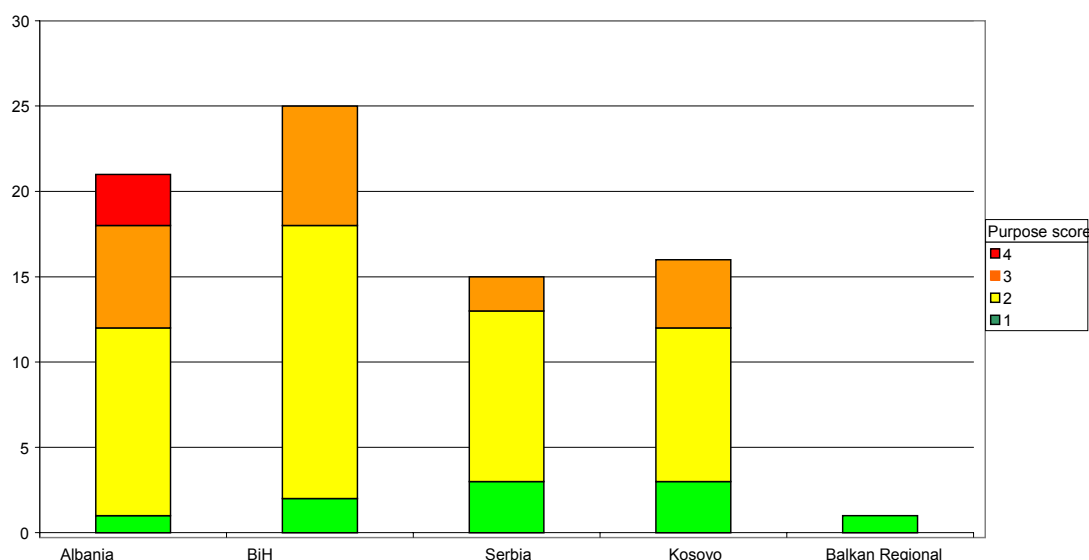
⁴² Draft Graduation Strategy, UK Embassy, Albania, 2008.

4.11 DFID staff morale in Albania has at times been low, not least since local staff hear the disappointed reactions of the wider international community to their plans to graduate. Other partners are also concerned that DFID’s withdrawal will perhaps signal their own withdrawal, when in fact several donors are now establishing larger programmes (e.g. the Dutch in a new programme through SNV). Nevertheless, FCO will continue to support DFID’s agenda after graduation, and its past involvement has given it a good appreciation of DFID’s approach and priorities, and the value of development aid in supporting a wider UK foreign policy agenda.

Results

4.12 DFID’s Project Reporting Information System (PRISM) scores⁴³ were generally positive with two thirds of 82 reviews analysed giving a rating that expected all or most of the objectives would be achieved. 10% scored a 1 or and 53% a 2 score, with an average of 2.2. Serbia and Kosovo had the best scores, Albania the most mixed (Figure 5). This suggests that objectives were largely met. By sector, social projects had the best scores: all Project Completion Reports (PCRs) were 1 or 2. The lowest scores were in public expenditure support in Albania (PCR of 4), which was due to setting an unrealistic aim of establishing an MTEF in 3 years (the subsequent phase has a 2 rating), economic restructuring in BiH (3) and privatisation in Serbia (3).

Figure 5. PRISM ratings for Purpose by Country (excluding GCPP)
All Reviews



4.13 As noted in Box 5, our review of a sample of project assessments during the evaluation suggests a tendency to score on the basis of activity completion and client appreciation rather than the achievement of the outputs, which in the main require client government implementation of policy rather than consultant support for development of policy/systems. There is thus a tendency for over optimism around sustainable achievement of purpose and delivery of outputs.

⁴³ DFID’s PRISM system scores projects in the range 1 to 5, with 1 (all project purposes or outputs are likely to be achieved), 2 (likely to be largely achieved), 3 (likely to be partially achieved), 4 (only achieved to a very limited extent), 5 (where they are unlikely to be realised), 6 means too early to judge.

4.14 There seems a bias in scoring towards the social policy projects and the support to the centre of government projects. In both cases, the evaluation had concerns over the sustainability of policy change at the centre/nationally, especially where this entailed the operationalisation of successful practices instigated at municipal level. In terms of performance, however, the scoring and comments were generally endorsed by evaluation interviews.

4.15 Non-project interventions around donor coordination, harmonisation and influencing performed well and, based on DFID's own detailed assessments of its work with EC and EU partners⁴⁴, most objectives were met. With respect to engagement with the EC, this evaluation confirms the more detailed findings in the Biss Report (op.cit.), where the UK is seen as one of the most active Member States who engage with the Commission and its Delegations. While DFID was seen as being formerly closely aligned with the World Bank and rather fixated on a poverty agenda, it appears in the last three years to have adjusted its stance and has built stronger more co-operative relations with the Commission through a range of formal and informal mechanisms.

Comments on achievements against RAP sub-objectives

4.16 In terms of building **government led aid coordination**, mechanisms have made some progress, especially in Serbia and Albania. Progress is slow in BiH and weak in Kosovo, though a Kosovo Development Strategy was prepared in 2007. In Serbia, DFID and Sida have been lead supporters of DACU, which has become a more centrally-placed unit in the Ministry of Finance, with a good team, useful web site and aid database⁴⁵. The Unit is growing in confidence (according to officials in the European Agency for Reconstruction (EAR) and Sida) in coordinating both line ministries and the donor group. DACU has assisted in improving Multi-Annual Indicative Programme Documents (MIPDs) and Instruments for Pre-Accession (IPA) to reflect national priorities. While systems are now in place and ownership is good, DACU has limited resources; it now needs to work more effectively with those line ministries who still try to work directly with donors, and focus on better measuring of impact.

4.17 **Public Financial Management:** In Serbia, Albania and BiH, DFID has supported public expenditure management, medium term finance planning and tax reform, usually as a sole-funder. Generally, length of engagement and volume of TA have been substantial. They have also been very successful – 'our jewel in the crown' (DFID Head, BiH), and have been important in moving public expenditure towards a medium term planning framework, building national ownership in economic planning, particularly strengthening Ministries of Finance through better budgeting systems, expenditure forecasts and in Albania, tax reform. Though in some cases, implementation has been slow and affected by political changes (as in tax reforms in

⁴⁴ see RAP Monitoring Framework 2006/07, ECAD, 2007; MIPD Influencing Evaluation Narrative, 2006/7, D.Beer, DFID; Examples of DFID country work with EU partners in the Western Balkans, D.Beer, DFID, 2006;

⁴⁵ <http://www.europe.sr.gov.yu/Evropa/PublicSite/index.aspx>

Albania), and line ministries have in all three countries been slow to adopt the processes, there are also important wider benefits including building links across different government financial entities in BiH, where sensitivities have made this difficult in other sectors, and better alignment of budgetary resources to priority sectors identified in national poverty reduction strategies.

4.18 **Public Administration Reform (PAR):** In **Serbia**, there has been good progress on strategy and adoption of laws but weak government ownership and poor follow up in terms of planned detailed reviews or restructuring of ministries. In BiH, the majority of DFID assistance has been provided to the Republika Srpska entity government exclusively, while other donors have been active in other entities (USAID, EC, UNDP). Until recently, lack of donor coordination may have indirectly contributed to maintaining and entrenching divisions between distinct levels of government⁴⁶. The adoption of a national PAR strategy in 2006 has not yet been translated into concrete government action. The EC's 2007 progress report notes that: *'There has not yet been any systematic and coherent action driven by local ownership'* with regards to implementation of the National Strategy for PAR. But DFID has been active in forming a multi-donor fund and supporting a common national agenda through the Public Administration Reform Coordination Office (PARCO). Nevertheless, there has in general been a tendency by DFID to measure achievement of objectives in terms of adoption of strategies rather than their implementation.

4.19 **Reducing unemployment:** Unemployment shows a disappointing trend in the Balkans, with the exception of Croatia, Slovenia and Albania (Table).

Table 8. Unemployment (% age of labour force) in W. Balkans 2002-2006

Country	2002	2003	2004	2006
Albania	15.8	15.0	14.4	13.8
BiH	40.9	42.0	42.8	47.7
Croatia	14.8	14.3	13.8	11.1
Macedonia	31.9	36.7	37.2	36.0
Montenegro	n/a	n/a	27.7	30.3*
Serbia	13.3	14.6	18.5	20.9
Kosovo	55.0	49.7	44.0	50-55**
Slovenia	6.3	6.7	6.3	6.0

Source: UNECE, 2008. *figure for 2005. **USAID estimate for 2007.

4.20 Reducing formal unemployment in a climate of restructuring and privatisation of state enterprises relies on enterprise growth especially in the small and medium scale sector. Following on earlier banking reforms and privatisation programmes in 2000-04, which successfully moved both the financial and enterprise sector into private ownership, DFID believed that this would lead to improved business conditions, new enterprises would arise and so unemployment fall. In BiH and Serbia, by sponsoring measures such as streamlining business registration, skill development and promoting employment bureaux, it was assumed that a wave of new businesses would register for the first time and contribute to a 'step-up' in local economic activity. In practise, as in the wider WeB region (Montenegro, Croatia), no

⁴⁶ Interview with Deputy PAR Coordinator

such ‘step-up’ was detectable⁴⁷. Current BiH government predictions are, moreover, that even fewer businesses will register in future periods because so many current businesses are in financial trouble. The binding constraint in terms of SME development was not generally the business regulatory environment (which local entrepreneurs could get around if needs be), but actually the lack of local and regional demand upon which sustainable SME development could take place.

4.21 Likewise in the banking sector, it was assumed that newly privatised banks would automatically increase the flow of funds into the nascent SME sector. However, most indications from the region are that the key constraint to SMEs remains affordable finance (a condition that was known in 2002⁴⁸ and a point registered in all Enterprise Policy Performance Assessments undertaken in the WeB since 2002 by the OECD). This constraint is recognised by governments in the region. In BiH, for example, both entity governments have experimented with SME development banks in order to provide affordable loan capital to the stagnating SME sector. However, even in these development banking operations, there still remains resistance to the risk involved in funding industry-sector-based ‘start-ups, which means the current structure of the enterprise sector in BiH is not being helped to transform⁴⁹. DFID’s support to the EBRD through its WeB Trust Fund also supports SMEs⁵⁰, and EBRD’s 2006 Annual Report states that SME financing had a record year of expansion, with ‘945,000 loans of €4.9 billion disbursed to small businesses and by end of 2006 total loans disbursed were 2.5 million to a value of €12.7 bill. Although details are not available, the average loan size appears small and suited to microenterprises, which are a less sustainable foundation for job creation and growth.

4.22 **Social Inclusion:** DFID’s interventions have been especially good in implementing innovative approaches to social services in municipalities, and in linking support on social inclusion with PRS processes:

‘A major achievement of the two social programmes in BiH has been a large number of well-presented, cutting edge publications, addressing various audiences in the social protection arena and, indeed, likely to be of wider use in reform efforts throughout the region’⁵¹.

4.23 Success in **influencing central-level policy development** has been more mixed as a result of weak State level capacity in BiH, Albania and Kosovo. Though adoption was successful in Serbia, lack of capacity has affected implementation. Stakeholders emphasised the importance of using local expertise alongside international, which would build local capacity, and confidence to manage TA more effectively. In BiH, donors and TA have at times had too much influence on

⁴⁷ A total of 386 enterprises were registered in BiH under the new streamlined format in the period November 2007 to February 2008, a figure which represents no change on the previous quarterly period (in fact, a slight but statistically insignificant dip downwards).

⁴⁸ Baseline Report on Employment Promotion Project, Serbia, 2002, p.47, and Employment and Labour Market status and Potential for Policy Development, BiH, 2002, both by Birks Sinclair Associates Ltd.

⁴⁹ A survey by CEBEDA (Central Bosnia Economic Development Agency) of 200 entrepreneurs operating in Central Bosnia reports that ‘lack of appropriate financial support’ was still the number one barrier preventing sustained development of the SME sector (CEBEDA, forthcoming June 2008).

⁵⁰ The West Balkans Fund’s key purpose indicator in its logframe is increased lending to SMEs

⁵¹ P. Stubbs, Reima A. Maglajli, A. Abdelbasit, Social Impact Assessment of DFID-funded social policy reform programmes in BiH, DFID, 2005.

the policy-making process, and this has threatened to undermine local ownership. On the other hand, the HIV/AIDs regional project was highly successful in building awareness and influencing the policy agenda in Serbia. DFID's support to major statistical surveys in Albania, Serbia and BiH has directly improved the availability of data for poverty monitoring, and built capacity in national agencies.

4.24 **UK Government:** The sub-objectives of the RAP third objective are not measured systematically, except in the case of the GCPP projects that DFID managed. The umbrella SSAJ had its own PCR which scored 2 for all aspects of the project/contract, with the exception of a 3 scored for lesson learning. The evaluation shares the reservation that although networks were established, and several workshops undertaken, the collation, analysis and sharing of data drawn from individual projects was not comprehensive, making it difficult to assess the overall impact of the umbrella programme⁵².

4.25 Of the 11 projects implemented under the SSAJ, PCR scores are available for six of them, three 1s and three 2s, implying a good success rate. The SSAJ programme had some notable successes. Community policing policies, pilot tested in the entities in BiH and municipalities in Serbia, were later applied and incorporated into nascent national plans. The same was true of pilot courts which became an important reference for the roll-out of a national policy in BiH. Perhaps the most marked success was in prison reform. Prisons are relatively apolitical, so the opportunity for inter-entity (BiH) and municipality-to-state (Serbia) dialogue was strong. In BiH a major achievement was the significant improvement, by 2006, in central prison administration at state level⁵³.

4.26 The SSAJ's only specific link with Objective 3 of the RAP is a sub-objective of the Implementing Consultancy (IC) contract that relates to improved UK government coordination. According to an Overseas Development Institute (ODI) Review⁵⁴, liaison with at-post representatives was not undertaken regularly and represented the weakest aspect of the programme as a whole. Similarly, the IC reported that maintaining linkages with FCO and MoD elements of the GCPP proved difficult, partly because these 'other' GCPP projects were quite small, turnover of FCO/MoD staff was high, and information was not always easy to obtain⁵⁵.

Effectiveness of the RAP monitoring framework

4.27 The RAP monitoring framework did not provide a good system for monitoring as it did not relate directly to the bulk of the interventions at country level. There was a disconnect between London aspirations and influencing effort, and country level programme spend and activity that was project centred. Most country teams interviewed felt the RAP framework could be manipulated easily to give more positive scores.

⁵² The gap in assessment is related to lack of clarity about reporting responsibilities, since not only was the M&E sub-contracted, but also it is the GCPP (not DFID) that is responsible for reporting results.

⁵³ Confirmed by the Prison Directorate, BiH, and by Implementing Consultancy monitoring reports.

⁵⁴ SSAJ Implementing Consultancy and Field Manager Review, Laure Helene Piron, June 2005, ODI.

⁵⁵ Safety, Security and Access to Justice Programme : Implementing Consultancy Submission for SSAJP Review, April 2005. Also confirmed through interviews with IC staff by the evaluation team.

4.28 Even directly related projects (such as PRS support) did not have project outputs and indicators linked to the RAP outcomes and milestones so the synergies were at best assumed. For example, effective TA delivered and capacity to develop PRS monitoring should have linked to the milestone of PRS monitoring systems developed, but logical attribution was not always possible/evident.

4.29 The heavy reliance on TA makes it difficult to isolate its impact in an environment of political upheaval, weak institutions and lack of political commitment to reform processes. Measuring success against adoption of policies and legislation provides a clearer benchmark, but also conceals problems of implementation of such policies and their impact, particularly in relation to changes in environment and institutional culture.

4.30 The RAP monitoring framework may have provided a useful reference for the GCPP committees at post, but it is extremely general with respect to Objective 3 (which relates to UK government policy reflecting development concerns). Moreover, given the emphasis on conflict prevention in the GCPP, it is surprising that no mention is made in the RAP framework of how to measure such an outcome. There is no such 'higher' monitoring framework above project level, apart from the 2-yearly review and one external evaluation undertaken in 2004.

4.31 The RAP & EU Strategy Monitoring Framework (DFID, January 2007) indicates progress in BiH, Kosovo and Serbia towards more unified country strategies and stronger monitoring mechanisms in Objective 3. The evaluation found this to be true particularly of BiH and Kosovo, and to a lesser degree in Serbia. The sticking point - notably in Serbia, though also not fully resolved in BiH and Kosovo - was in developing a tri-departmental M&E framework that could be used for all GCPP projects, rather than the current ad hoc project-specific method that results in relatively more comprehensive M&E for DFID and FCO-led projects.

Merging National pro-poor strategies v EU accession planning

4.32 Although DFID has recognised the importance of and worked to support EU accession, in-country delivery in the early part of the evaluation period has been most effective in building national pro-poor strategies. For incoming Heads of Office in 2005, the resolution of these agendas was seen as their main task. Host governments and Delegations had tended to keep the processes separate, but under the new RAP focus, DFID has learnt to be 'less precious' about funding development activities that also have a political purpose⁵⁶ and more astute about building medium term national planning instruments that also deliver on European integration matters. At the same time, DFID has been able to collaborate better with Embassy staff through its commitment to justice and security reform that also is a critical part of the *acquis* criteria.

⁵⁶ Interview with former head of ECAD.

4.33 The strongest example of a merging of national strategies with EU accession planning is in Albania, where the National Strategy for Socio-Economic Development (NSEED) has evolved into the National Strategy for Development and Integration (NSDI), and where the Delegation has been encouraged by DFID and other bilaterals to take a lead in the setting up of a funding instrument (the IPS Trust Fund) to support further reforms in line with the declared national strategy. The NSDI has incorporated the social inclusion strategy.

4.34 Closer linkages between EC and National strategies have arisen more recently in Serbia and BiH. Thus with DFID/Sida support, the DACU, the PRS Unit and the Serbian Office of European Integration (SOEI) in Serbia have worked in closer cooperation since DACU moved into the Ministry of Finance and took over responsibility for IPA preparation⁵⁷.

4.35 The Department of European Integration (DEI) and Department of Economic Planning (DEP) in BiH have sought to link up on national priorities. Thus, the revision of Medium Term Development Strategy (MTDS) in 2006 was undertaken with the objective of harmonising the strategy with EU integration goals, and lead to the inclusion of the requirements of the European Partnership (EP) document and the 2005 Strategy for EU Integration into the revised MTDS.

4.36 Popular understanding of the integration process reflects a broad acceptance of the end goal (that of full membership of the EU) but a resentment of the top-down nature of meeting EC *aquis* requirements, offset by an appreciation of certain short-term benefits such as visa waivers.

Aid Effectiveness

4.37 In terms of DFID's own aid effectiveness, it has followed through on its adherence to the Paris Agenda through its work on building government leadership, donor coordination, and joint funding. The DFID West Balkans team has an operating principle of joint funding of projects wherever possible, and this is evident in all four countries, though there are exceptions (such as support to the Government in Kosovo, MTEF support, and PAR in Republika Srpska).

4.38 In a crowded, uncoordinated aid arena, DFID has provided niche technical inputs that are appreciated. In **Kosovo**, where coordination and harmonisation has been sorely lacking, DFID is now attempting to take a lead amongst EU bilaterals. In **Serbia**, coordination is difficult in a politicised environment and Government leadership is not strongly endorsed by all donors. Yet against these pressures, DACU has established its role to lead on donor coordination. Joint funding and monitoring have been sound, though DFID has felt the need to be more proactive in what was intended to be a silent partnership, as Sida have been less interventionist in policy engagement than DFID would itself have been. For **Albania**, the emergence of the Department for Strategy and Development Co-ordination and the IPS are linked to DFID's leading role on aid effectiveness amongst donors. In **BiH**, donor coordination

⁵⁷ Public Administration Reform in Serbia: Defining the Agenda and Improving Implementation, M. Ben-Gera and A. Rabrenovic, DFID/Sida, June 2007.

has also been weak, and DFID's efforts competed with others such as UNDP who also sought to play a coordinating role, and who felt that the DFID/FCO joint approach was more 'political rather than developmental. DFID has also supported government leadership on aid coordination, but met delays due to low political interest until a Board for Coordination was legalised this year. Establishment of the PAR Fund is the result of strong links between DFID, Sida, the Dutch government and the EC, and demonstrates the strengths of DFID's pro-active engagement with these partners.

4.39 In general, the IPA programming process is beginning to serve as a stimulus for greater government-leadership in national planning, and to some extent aid coordination (although important non-EU member states, such as the USA, remain outside the process). DFID has worked well to improve the transparency of IPA processes, through working with DG Enlargement and by strengthening national planning structures. In the future, as traditional aid channels decline and EC funds grow, this is the sustainable strategy and arguably more important (and achievable) than promoting general donor coordination.

Instrument mix

4.40 **Technical Cooperation:** DFID financed technical assistance has generally been of high quality and greatly valued by government. TA has been applied mainly in line with the RAP criteria for its use (RAP, p.18), and most were well targeted and rated as effective. TA was most effective either where (i) constitutional structures are simple and political will to build institutions strongest, as in the case of Republika Srpska where effective public administration reform support was embedded in a relatively strong civil service agency, or (ii) where UK expertise was internationally recognised (Tax reform, public expenditure management).

4.41 Given that TA was seen as 'exclusively a tool for broader policy dialogue'⁵⁸, there is little evidence that TA were chosen for and supported to deliver this agenda: a web-survey conducted by the evaluation found little evidence that TA were recruited or supported for influencing work (**Annex I**). With adviser presence mainly in London, the successful work that was often delivered by well-placed TA in central government was not fully exploited to lever the maximum policy influence. This concern links with the questions raised later about how DFID organised and deployed its own staff for policy influence (4.58). There are examples of missed opportunities to influence policy processes through TA, such as with the Social Welfare programmes in BiH where effective pilot municipal work could not feed into albeit weak entity and state level institutions. Reviews point to the absence of stronger and complementary capacity building support (such as in the BiH Statistical Agency) that would have provided this link to policy⁵⁹.

4.42 Some TA commitments are quite large, the biggest being the £12.9 million for the SSAJ. This includes £432,000 for the Field Manager and £3.1m for the management contract, which together represent over 30% of the programme's budget. The reliance on TA has not always been well balanced by other instruments or a wider range of engagements. Thus, financing for higher-risk and start up businesses

⁵⁸ RAP Review Flag B Delivery Plan, p3, 2006.

⁵⁹ Labour and Social Policies Review Minute, R. Milton, DFID, n.d.

has not readily been available to support the improved systems established by TA in enterprise support such as in the Mountain Areas Development Agency in Albania or Enterprise Restructuring in BiH. This gap is connected to the still widely perceived risks from international financing institutions over lending at affordable long-term rates to SMEs in the region.

4.43 DFID could have at times managed TA contracts in a more effective way. There were unnecessary gaps between phases of support⁶⁰, while there have been occasions where ineffective TA project management, such as in the DEP project in BiH in 2007, might have been dealt with more swiftly⁶¹. Also, the use of a limited range of consultant firms and individuals across the region did lead to some replication of ideas and approaches (for example, in social policy, economic restructuring or conflict reduction) with less sensitivity to context.

Pursuing DFID's development agenda with others:

4.44 **UK Government:** In the UK, DFID has built good working relations with other Whitehall departments through the Western Balkans Strategy⁶². This aims to coordinate and set deliverables for a range of concerns (crime, security, justice, poverty reduction, Kosovo status, NATO and EU accession), and has laid the basis for DFID to work in country on a broader UK agenda as it moves towards exit.

4.45 From the earlier poorly integrated operations, the reconstructed Conflict Prevention Pool not only sets a precedent for UK inter-departmental cooperation, but also will outlive the graduation of DFID in Serbia and BiH. In this respect DFID has been consistent in applying the principles outlined in the Middle-Income Countries policy (TA advisory support to governance, use of GCPP in post-conflict settings) and the Fragile States policy (common analysis between FCO, DFID and MoD, targeted state support). However, investments in the implementation of policies spearheaded by DFID could be greater. The danger at present is a policy bottleneck at national levels, with resources not being available for implementation of these policies.

4.46 **Government** partnerships have been effective with respect to DFID's development agenda with good ministry level engagement and policy level change as well as operational inputs being valued. The poverty reduction strategies and some of the public administration and public finance management investments have been good examples. The instability of all governments in the region has reduced opportunities to build sustainable relationships, but steps have been taken in terms of working with UK Embassies to mitigate the consequent risks.

⁶⁰ Such as the Strengthening Public Expenditure Management project in Albania in 2005, when a break of 6 months occurred between end of one contract and renewal (Interview with TA Team Leader).

⁶¹ Back to office report by Social Development Adviser on LSE project in BIH, November 2007.

⁶² A UK Cabinet Strategy implemented since 2003 that guides cross-Whitehall work in the Western Balkans, including Depts. of Justice, Home Affairs, Defence, the Foreign Office and DFID.

4.47 In terms of **Development Partners**, apart from engagement with like-minded bilaterals, DFID has been less successful. For example, DFID has been disappointed that the Balkans Higher Level and Working Level Steering Groups⁶³ concentrated on more general issues such as overall aid flows to the region, and did not focus on basic operational issues such as mechanisms for aid delivery. DFID sought to improve EC/WB cooperation in the original RAP, and has acted as a bridge between EC and the WB in a number of ways,. DFID has sought to encourage the EC to take a stronger leadership role, yet this has been slow to emerge as noted in the Biss Study, while the WB has been revising its approach (as reflected in its Country Partnership Strategies) to reflect its declining portfolio and a more supportive profile that recognises the primacy of the EU accession agenda.

4.48 **Civil society** engagement in Serbia's PRS consultation was financed by DFID, but this platform was not built on. Civil society organisations lack knowledge on accession issues so cannot continue to engage. DFID has contacts but did not use them sufficiently to build up civil society's wider governance role. A similar picture emerges with the consultation on the Kosovo Development Strategy and Plan (KDSP) where DFID encouraged and facilitated wide civil society consultation but then the drive to transform the KDSP into an MTEF moved it into the government arena and civil society now feel left out. DFID's support for national statistical systems has contributed to greater evidence sharing with civil society, and so in turn to greater accountability.

4.49 On improving **lending effectiveness**, DFID has funded EBRD's WeB Trust Fund⁶⁴ as a grant mechanism for multi-donor support. It is a valuable tool for EBRD to improve the quality of its portfolio through technical cooperation in design, policy analysis and funding of investments in municipal infrastructure, small business, transport and tourism⁶⁵. EBRD states that DFID was the 'driving engine' behind the Fund's formation⁶⁶, that its contribution has been predictable (3 years) and that it is the largest funder after Sweden. However, there is as yet no substantive evaluation of the Fund's impact.

Communicated results well?

4.50 In country and with partners in UK and Brussels, most stakeholders interviewed were well aware of DFID priorities and strengths. Indeed, the UK is seen as much more communicative than other Member States⁶⁷. On the other hand, specific examples of good practice in-country were not as well known, and there was less evidence of sharing of results and lessons beyond individual partnerships (e.g. with Sida around PAR).

⁶³ The Working Level Steering Group (WLSG) and its Ministerial counterpart, the High Level Steering Group (HLSG) were established by G7 Finance Ministers in 1999, to co-ordinate the sizeable donor flows to the Western Balkans. Both committees are jointly chaired by the World Bank and the EC.

⁶⁴ The fund has generated €17m from 15 donors, of which DFID supplies £3m over 3 years from 2006-09. Albania, BiH, FYR Macedonia, Montenegro and Serbia including Kosovo benefit.

⁶⁵ W.Balkans Fund, EBRD donor factsheet, 2008.

⁶⁶ Interview with Engin Gosku, EBRD Trust Fund Manager.

⁶⁷ Biss Report noted that DFID was better than others, but still could 'do more' in sharing documents, p31ff..

4.51 More could have been done in terms of analysis, publishing results and lesson learning, especially as these were RAP commitments. For example, DFID has missed opportunities to feed learning and outcomes from TA social policy projects into the strategic discourse. TA projects have produced a number of strategic papers and outputs; however, the extent to which those have been used by DFID seems to be limited. For example, Birks Sinclair has produced a “lessons learned” study for the Serbia Social Policy Project, but the consultants have not been aware whether/how this has been used (feedback from OPM team in Belgrade).

“We thought that the RAP would help to bring together all the outputs from different projects, but this never happened. It is like a puzzle. All pieces are there, but they have never been brought together. All the analysis that has been produced, all the data from municipalities.” (Former DFID staff, BiH.)

4.52 Internal communication is good with staff across the region aware of good practice, policy and operational changes. External communications (within Whitehall and with other donors) are also positive with good awareness, personal engagement and understanding.

Delivery on Crosscutting themes

4.53 **Gender** mainstreaming was weak in projects throughout the Western Balkans (with the exception of certain SSAJ projects⁶⁸). DFID’s global Gender Evaluation undertook a detailed review of interventions in BiH and Kosovo in 2006 and found that gender equality dimensions are absent from project documents, indicators, monitoring systems and reports. According to the evaluation, DFID has missed opportunities to include requirements to address specific gender equality issues or mainstream gender equality. Following this evaluation and the change of Team Leader, ECAD adopted a stronger focus on gender issues. The country offices adopted Gender Action Plans and gender issues have been raised and monitored in high profile projects, such as the Serbia PRSP; the TOR for ongoing projects have not been revised.

4.54 Opportunities to work directly with **Civil Society or NGOs** advocating gender rights have received limited attention. In Kosovo, the United Nations Development Fund for Women, or UNIFEM, is funded by DFID London, but DFID could have done more to learn from UNIFEM experiences of working with women in post-conflict situations in the region. Although DFID has worked on gender with other bi-laterals, such as Sida and Netherlands, in Serbia and BiH, and has sponsored training, DFID is not perceived by other donors as having a strong profile on gender.

4.55 Few of DFID’s interventions made noticeable impact or factored in these cross-cutting issues, such as **HIV** and **environment**, unless they have included them as a specific objective. In the West Balkans, DFID’s support has correctly focussed on raising awareness of HIV&AIDS risks and developing strategies to monitor at-risk groups. HIV/AIDS is explicitly addressed in health projects in Kosovo and Albania.

⁶⁸ For example, in Kosovo the Community Policing and Community Safety project focussed on domestic violence and a gender equality recruitment policy for the police and the Social Protection Project undertook awareness raising on gender equality.

The Regional HIV/AIDS programme was rated a success in Serbia where a 5 year strategy was adopted in 2005. Government budgets were also increased and vulnerable group networks expanded, although wider regional impacts are less obvious.

4.56 DFID was effective in raising awareness of social exclusion through its support of analysis and data collection, and in its conflict work. Support for statistical surveys in Albania, Serbia and BiH has made data on poverty and exclusion available to policy makers. Social inclusion was well addressed in a number of projects during the planning phase (such as the regional Roma Rights Project, and Social Welfare and Policy Reform Projects). However, social inclusion outcomes have not been systematically monitored and reported, even where they were included in the project objectives.

4.57 **Conflict sensitivity** has in general been poorly mainstreamed into projects and the link with social exclusion was weak outside of GCPP. For example, projects in the social and health sector focussed on service provision, but they did not devise effective strategies to address underlying social, political or ethnic issues determining unequal access to social and health services. Conflict prevention strategies and projects supported by GCPP were more explicit in addressing issues of social exclusion as a cause of conflict.

Efficiency

4.58 **Spend versus Overhead:** the analysis for 2006/07 in Table shows that although in absolute terms, Kosovo has the highest administrative costs (where the office is separate from the FCO) and Albania the lowest (where the programme is located in the Embassy and locally managed by the FCO). When costs are compared to programme spend however, Serbia is the most costly to administer while BiH is the most efficient. In the CASCAM region, figures showed a similar range for the same year⁶⁹. The percentage of total administrative costs absorbed in London is around 40%, except for Albania where London absorbs more.

⁶⁹ Table 6, CASCAM RPE, 2007.

Table 9. Administration Costs as Proportion of Programme Spend, 2006/07

Administration Costs	Albania	BiH	Kosovo	Serbia	Regional ¹
			£ million		
Salaries - Advisers ²	37,330	59,123	62,048	56,167	69,994
London Costs ³	144,062	144,062	144,062	144,062	144,062
Office costs - in-country ⁴	110,637	225,123	347,525	272,215	-
Total	292,029	428,308	553,635	472,444	214,056
Spend on Projects	2,536,905	3,974,962	3,190,000 ⁵	2,651,818 ⁵	2,438,067
Total (Projects + Admin)	2,828,934	4,403,270	3,743,635	3,124,262	2,652,123 ⁶
Proportion of Total spent on Admin	10.3%	9.7%	14.8%	15.1%	8.1%
Proportion of Admin spent in London	62.1%	47.4%	37.2%	42.4%	

Notes:

- 1 Spend includes HIV/AIDs and Trade, regional projects plus support to EBRD and GCPP work.
- 2 Salary of 8 advisers divided between countries based on estimates of time spent working in each.
- 3 London costs (£720,309) for non-Adviser Staff Salaries, Cross Cutters, Corporate & London Costs, apportioned equally 20%.
- 4 Costs of administering country offices, including salaries of staff appointed in country (SAIC).
- 5 Kosovo figure drawn from answer to Parliamentary Question, House of Commons, Feb 2008 (<http://www.theyworkforyou.com/wrans/?id=2008-02-18a.180830.h>); Serbia figure is DFID total for Serbia and Kosovo (£5,841,818), less the Parliamentary Question figure.
- 6 The total spend includes £2,438,067 spent regionally and £64,779 on Macedonia in addition to spend in each country.

4.59 **Staffing and Delivery:** The WeB regional programme evolved from a previous set of country programmes, and budgets and staffing followed that history rather than the team being adjusted to deliver the new programme. There was not a full resourcing plan linked to the RAP so staffing levels, posts and roles were not reviewed or resources established to deliver the RAP.

4.60 In the London team RAP priorities were reflected in programme management decision making but not in the allocation or approach of advisers. Numbers, titles and job descriptions reinforced the traditional sector emphases and reflected the historic project workload rather than the expected objective-based priorities. The advantage of advisers based in London has been the cross-regional and corporate experience and learning that they have brought to the country teams. This flow of learning has however tended to be one way, with country teams guided by sector specialists and less evidence of advisers learning from SAIC colleagues. The similarity in programmes derives from this arrangement – with public expenditure management, public administration reform, social reform, enterprise restructuring and privatisation being common themes across the region that have emanated from choices made in London.

4.61 It would have been more logical to identify the skills needed to deliver the objectives and plan the team accordingly. This could have resulted in more influencing capacity, greater prior knowledge of the EU/EC, and a stronger governance/political/conflict skill set. If these skills are not available when recruiting staff then they could form the basis of specific team based staff development. Most adviser time has been project-related, though the web-survey of staff conducted by this evaluation found that time spent on non-project influencing has increased over the past 5 years (Table and **Annex I**).

Table 10. Percent of DFID staff time given to influencing
(i.e. non project related policy engagement)⁷⁰

	2003	2005	2007
	%		
Programme Manager		70	70
Programme Manager			40
Adviser			20
Country Head			30
Country Head	20	20	20
Country Head		40	70
Country Head			20
Adviser	30	30	30
EU Coordinator			90
Programme staff	30	30	30
SAIC		40	20
SAIC	20	20	
Average	25	36	40

4.62 Country teams were also not set up to deliver the RAP but retained the usual Head of Office, Deputy Programme Manager designations with traditional sector management responsibilities. The portfolio of projects therefore took sector shape as did relationships with advisers. This in turn influenced reporting and monitoring which was based on Project Cycle Management i.e. project purpose and outputs rather than the themes and indicators of the RAP Monitoring Framework.

4.63 A further concern in terms of the mismatch between resources and strategy was that the 2006 RAP review adopted ambitious strategic targets in areas

such as social inclusion and employment without an additional budget or a clear strategy to re-programme existing commitments. At the same time, some existing commitments had been dragging on far into the RAP period, further limiting the scope to take up strategic opportunities. Missed quick wins and under-spending were recognised problems in the 2006 Review.

4.64 In terms of human resource planning, turnover of advisers, particularly of **fast stream staff** has been a concern. With the exception of the senior economist, there have been several changes in advisers over the evaluation period (though arguably no higher than is common across DFID). Fast stream staff, who as part of DFID's Human Resources strategy move on to different posts every year, are generally young and at junior grades. While these staff are recognised as capable, and in some areas, such in as engaging with the EC, their work has been productive, there are disadvantages when the WeB platform is heavily built around influencing work especially with senior officials in often complex government and donor institutions, where networking and contact-building are critical, and where sometimes there is a sensitivity to age and experience. The Biss Report (pp 38-40) noted the Commission's sensitivity to rapid turnover and to inexperience, while at field level there are concerns too:

'A young, inexperienced adviser needs some time to understand the programme, the country and also, in building up relationships with counterparts. Then towards the end of his/her assignment he/she looks to the next post and starts committing to that. Thus in practical terms we have six to seven months of proper advice. Our work is focused at the very top of the Government with very complex projects. All this requires not only technical but other important competencies and (if these are missing) it makes our work at local level difficult.' (DFID Programme Manager.)

⁷⁰ See Annex I for full details of the Web Survey Results

4.65 In contrast, the continuity of local staff in-country has been good over most of the period and has established the 'local face' of DFID. Our web-survey indicated that staff appointed in country (SAIC) staff were supported to contribute to DFID's influencing work, and were trained and assessed for this, though the emphasis was to deliver on a sector or project basis rather than in relation to the RAP objectives. Some SAIC staff have recently played a valuable role supporting EC planning processes (such as IPA MIPDs) however. Greater advisory capacity in country and delegating leadership on the objectives to a nominated person in each country team could have enhanced delivery.

4.66 **Team interaction:** Interaction is generally good, with open exchanges across disciplines and hierarchy at retreats, and a strong sense of team. However many staff saw little synergy or common interest across the region. Retreats and similar Team/Dept. events are seen as having been strong on communicating corporate issues and top down management, through for example, the monitoring framework, but less good at skills development, cross team lesson learning and listening to country issues and experience. Cross region virtual RAP Objective Groups to share practice and experience around Accession, Harmonisation and Conflict may have been useful.

4.67 Communications between countries could also have been better. The management relationship is seen as vertical, with information and reporting going to London and decisions and directions coming from London. A more equitable balance of functions with more delegation for regional responsibilities to Country Heads could improve this. Cross regional task groups with delegated budgets and responsibilities could also improve joint leadership including Heads of Office as well as London based managers.

4.68 Most staff appreciated the retreats, and valued meeting others, communication, sharing and learning. A minority saw them as promoting a false sense of 'region' and not an effective use of time. Making the retreats more skills focused, stressing ideas exchange and good practice presentations, could improve their value.

4.69 **Working with Embassies:** The WeB offers an interesting range of DFID country programme models, with co-location with the Embassy in all countries except Kosovo; FCO staff representing DFID in Albania, FCO staff seconded full time to DFID in BiH until 2007, and DFID staff located in embassies in Serbia.

4.70 Devolution (in Kosovo from inception of the DFID programme there, in Serbia in 2004/5 and in BiH in 2007) gave greater autonomy to the country teams, and the '*opportunity to engage in a more strategic way*' (former Head, Serbia) and though there were challenges in building SAIC confidence to '*operate more independently*' (Team Leader, London) and no new resources were given, the Heads of Office did use their responsibilities to raise the profile of DFID and enhance DFID's reputation.

4.71 Close collaboration with FCO often led to stronger DFID influence, but there is also some evidence that it diluted DFID's development agenda. In Albania, engagement with the EC was more effective because the DFID Head of Office was also deputy head of the Embassy and could '*easily integrate both agendas and convey the appropriate messages to the EC Delegation at Development Councillors Meetings, Donor Coordination Meetings, and other political meetings*' (DFID Dep. Programme Manager). At

the same time, with 30% or less of the Deputy Head's time devoted to DFID work, the view of the former FCO Deputy Head was that the FCO benefited more from the relationship, in terms of gaining access to the Ministry of Finance (through DFID's public expenditure programmes) and moving the FCO's agenda forward, rather than DFID's.

4.72 In BiH, the EC Delegation welcomed the combined presence of FCO and DFID, since the FCO leads on relevant security and justice issues and on EC integration. The Ambassador was able to put across DFID's message at the highest levels of government, and GCPP planning has become more integrated, especially through the GCPP committees introduced in 2006. With joint branding now the common parlance in BiH, UK assistance is more integrated, which is appropriate given the strong political dimension to DFID's work. Finally in Kosovo, the separation of DFID's office does not seem to have had a marked difference in terms of DFID's programme or how it is perceived by stakeholders.

GCPP

4.73 The main efficiency issue regarding the SSAJ was delays in approval and implementation (with almost two years between the start of strategy design and project implementation). Given the outsourcing of project design and implementation to a single contractor, and the need for both DFID and GCPP procedures to be respected, a complex project approval system was in place from 2003. This led to some significant delays, and as in the case of Serbia Community Policing, proceeding with the project prior to final approval. Some of these GCPP delays may now have been ironed out, but the evaluation notes that there were again disbursement delays in 2006/07. Better budgetary planning and a more realistic timeframe to prepare projects is required.

4.74 On the other hand, relationships between the three GCPP partners have evolved from the earlier period pre-2005, when there were three separate strands, with weak links. The 2005 GCPP review tackled this, but still '*sensitive and awkward relations*' existed according to one former Head of Office. However, all stakeholders agree that the restructuring in 2005 in favour of country-level allocations and a strong at-post committee responsible for all projects is a significant improvement.

Summary Chapter 4

- Based on DFID's 2006/07 outturn report, 54% of the measured indicators are positive (green) as opposed to a target of 75% indicating a fair achievement but below expectation.
- Most success occurred in the EC engagement in terms of modifications to EC texts and lobbying EC to link support to national priorities, plus efforts to strengthen government planning and financial management systems. The record on social inclusion is mixed, and on unemployment reduction it is poor, but on trade agreements there is a better performance.
- On aid effectiveness, improving government-led aid coordination has begun to show results, while donor coordination is still problematic. On lending effectiveness, progress is limited to work with EBRD. Lesson learning has been limited.
- On UK Government engagement, DFID has made good progress, led by the use of GCPP funds, especially at country level. While DFID-led projects have performed well, their overall contribution to conflict prevention has not been evaluated. Transition to national leadership has been slow and the political situation is fragile in BiH and Kosovo.
- The London WeB team have been more sensitive to new DFID policies, but country programmes have not changed shape significantly and, apart from better Embassy coordination, countries have operated in parallel rather than on a regional footing.
- While graduation from Albania has been well communicated, partners and government expressed regret at DFID's plans. Careful monitoring of the IPS Fund will be necessary after DFID leaves.
- Project rating scores from PRISM are generally high, 63% scoring a 1 or a 2. At the same time, reviews are mainly done by DFID staff and ratings tend to be based on achievement of activities. While some reforms supported by DFID have been codified or passed into legislation, there remain concerns over sustainability due to political fragility and the challenge of embedding good TA results into weakly-owned government systems.
- The 2004 RAP monitoring framework was not a success because of the disconnect between London aspirations and low country use. A simpler framework introduced in 2006 partially addressed this.
- With a poorly harmonised environment, DFID has adhered to Paris principles and striven to improve wider aid effectiveness though hindered by small spend and a limited use of aid instruments.
- Gender mainstreaming has been weak across the portfolio, though Gender Action Plans have been introduced since 2006. Equally HIV/AIDs and the environment have received limited attention across the projects. Social exclusion has had more attention, particularly in social, statistical and conflict-related work.
- Staffing was not reconfigured from the former sector-based approaches to deliver the new RAP objectives. Equally, ongoing programmes that did not reflect the new RAP focus dragged on into the RAP period. Fast stream staff, while capable, are rotated too rapidly and this limits their effectiveness.
- There is good partnering with FCO in Embassies, and this in general improved DFID's delivery though sometimes reduced its visibility as the joint-UK brand came to the fore.

5. Programme Impact

5.1 In this section, the overall development performance of the Western Balkans region is discussed, including DFID's contribution to EU accession and poverty reduction. Progress towards DFID's Public Service Agreements (PSA) targets is reviewed. Sustainability and the extent to which DFID has added to national capacity is also reviewed.

Political and Development Outcomes

5.2 Given the context and the nature of the RAP objectives it is necessary to measure impact in political as much as development terms. DFID's own assessment in the RAP Review⁷¹ confirms the contested nature of the political space in these four countries and the overlap between development and political agendas.

5.3 Pro-poor development and the political goal of EU accession are potentially complementary if not, for some, synonymous. Yet "*EU integration does not necessarily drive good governance and pro-poor change*"⁷². The DFID strategy assumed the political outcome 'EU Accession' could be integrated with the development outcome through 'nationally owned pro-poor development strategies'. DFID and the UK really have made good contributions towards integrating these agendas. At the same time, over-reliance on EU integration and international mandates (OHR, UNMIK) to support state-building has limits; and as the divided / contested statehood issues in BiH and Serbia / Kosovo intimately affect the working and future of weak state institutions, this in turn impinges on the timing and success of international exit.

5.4 There is evidence of progress towards accession, though it is extremely unlikely to take place before DFID graduates in any of the four countries evaluated. DFID has made a recognised contribution to the accession process through its active role as a Member State in EC processes, and through strong engagement with governments especially with regard to planning and financial management. The role of the UK more widely (FCO, MoD and other Departments) is likely to have more influence on political changes, though this was not the subject of this evaluation.

5.5 On the development side, poverty strategies have remained effective instruments to guide public investment priorities and increasingly have been built around a combined development and integration agenda – in Albania and Serbia's case into one document (NSDI and PRSP), and in BiH's case in two parallel but linked strategies (a Social Inclusion Strategy and a National Development Strategy).

5.6 In terms of poverty reduction outcomes, though pro-poor development strategies have emerged, their translation into addressing the specific poverty gaps noted in Chapter 2 (women, refugees and IDPs, minority ethnic groups, unemployed, low income families with no benefits) remain hard to address while political institutions remain weak and the region undergoes difficult political and economic transition towards European membership.

⁷¹ In a supporting paper: The Political Economy of Change in the Western Balkans: A Summary of Key Findings, Draft, DFID, Jan. 2007.

⁷² WeB Drivers of Change Presentation, DFID Aug. 2006.

5.7 MDG progress is mixed with a picture that is in overall terms on track with 2015 targets, but that has stagnated in areas that are off track such as gender and environment. DFID did not address them directly in its RAP strategy, even though in the case of gender the basis for support was very clear (see Box 2) and its portfolio had only a limited number of sector investments aimed at off-track MDGs (such as health in Kosovo). The counterfactual case, that without DFID assistance these trends would have been more negative, is hard to assess given the small scale of DFID's programme and the volatility of political events in the region.

5.8 A common theme over the evaluation period that affected delivery of the first two RAP Objectives is that DFID generally paid insufficient attention to implementation at decentralised levels through its strong focus on supporting government planning and financial machinery at the centre, and that this has in turn limited wider impact. It is true that resources limited the number of levels at which DFID could work, but on the other hand valuable work to interpret and pilot policy at local level would likely add further to programme effectiveness. DFID's support to poverty monitoring capacity and surveys has contributed very effectively to government capacity to track poverty reduction progress at national and sub-national levels.

5.9 In terms of outcomes in each country, in **Serbia**, DFID can claim to have contributed to progress towards development and poverty outcomes, as evidenced through the PRS and its integration with Government medium term budgeting and with EC pre-accession planning. The PRSP is not fully nationally owned yet but is a politically endorsed pro-poor strategy, at least within the central ministries. DFID has also laid the groundwork for reforms and improvement of services through supporting social, labour and economic policies and strategies. These steps are still to translate into poverty outcomes directly, for while macro-economic indicators have been strong, much of the growth has been due to one-off privatisation proceeds. Improvements in unemployment through SMEs have not been achieved, and socially excluded groups remain unaffected.

5.10 In **Kosovo** the 'status' agenda has masked a poverty focus and DFID has done well in supporting political processes whilst maintaining a mandate for pro-poor development. More is however needed to address the implementation of reform and state building at municipality level to deliver eventual gains of status and accession, reduce conflict and to ultimately address poverty. In other words, a post-conflict, independent Kosovo can approach accession with a pro-poor focus and this justifies continued DFID investment.

5.11 In **Albania**, the accession process has been somewhat smoother, and DFID can claim a good link to the building of a government-led national development strategy and aid coordination system, and towards building a more pro-poor locally owned accession process. Overall growth has shown a steady trend, but a significant part of this growth is so far derived through remittances and criminal and non-formal activity⁷³, than from more sustainable and formal sources. Poverty has declined albeit from a low base, and DFID's support in remote mountain areas has helped to target poverty reduction and social inclusion.

⁷³ Based on Transparency International information and Official Committee on the Balkans papers, Cabinet Office

5.12 In **BiH**, growth targets have been met, but it is not yet clear if poverty levels have fallen in line with expectations. The process of European integration has effectively stalled with the BiH authorities' ongoing failure to agree on a model for police reform (the remaining condition for signature of an SAA), and, more generally, as a result of the deteriorating state of inter-entity relations. The announced closure of OHR and the dramatic reduction in OHR activity and authority over the period have exposed the extent to which central power-sharing has been held together by international pressure. DFID expected that the EU integration agenda would constitute a stronger incentive to force the parties to cooperate within and strengthen BiH state structures. However, the fragility of state structures and the dominance of centrifugal tendencies indicate that more could have been done to strengthen central power-sharing structures in BiH.

5.13 Regarding conflict prevention, whilst conflict is being managed across the region, some positive impact from DFID support may be assumed. Nevertheless, the projectised approach of GCPP and the lack of connectedness to the wider DFID agenda makes attribution to DFID problematic. None of the project interventions under the SSAJ had indicators relating to conflict prevention and neither did the RAP. The assumption was that the projects contributed towards conflict prevention at a national level (by strengthening the rule of law and non-discriminatory policies) and local level (by introducing inter-ethnic fora for dispute resolution, inter-ethnic composition of police forces, etc.). The evaluation believes it to be a general shortcoming of the GCPP strategy that qualitative indicators on conflict prevention are not yet sufficiently robust to capture attributions at project level.

5.14 The medium-term impact of the SSAJ programme is inevitably suffused with local politics beyond the control of the implementers. In South Serbia/Presevo Valley, for instance, the Municipal Safety Councils may well have provided a forum for discussing grievances – and in this respect contribute towards conflict reduction – but they could not break through the apparent lack of will and capacity of the Serbian central government to address the underlying problems of the region. For instance, the Coordinating Body for the three municipalities has been largely ineffective in regulating the activities of the different security forces (police, military, gendarmerie, multi-ethnic police). The ultimate goal should be to demilitarize the region and help improve civic services focussed on the needs of individuals (See **Annex J**, a report prepared specially for the evaluation).

Progress against Public Service Agreement and Director Delivery Plans for EMAD

5.15 Table summarises the aims and progress. The key PSA Objectives are on reducing poverty in the region (Objective III), and on increasing the impact of multilaterals on poverty and in responding to conflict (Objective IV).

Table 11. Summary of PSA, DDP and DFID WeB achievements

	PSA Target Western Balkans (2005-08)	DDP Objectives W. Balkans (2005-08)	DFID achievements against PSA/DDP⁷⁴
PSA III V c	Support policies and programmes designed to improve economic and political governance in the Balkans	To build national governments' capacity to implement complementary European integration and development strategies, supported by the EC, World Bank and other donors, by 2008	Support has been effective in the convergence of pre-accession and Poverty Reduction Strategy processes. Government led planning systems being established in Albania, Serbia with slower results in BiH and Kosovo. Governance structures still fragile especially in BiH and Kosovo.
IV VI b	DFID and the Treasury will seek to improve the effectiveness of EC development assistance by working with other Government Departments (especially FCO), EU member states, the Commission and the European Parliament.	<p>Improve the impact of existing and new EC programmes on poverty;</p> <p>Influence EBRD to undertake more work in poorer countries and address the social/poverty impact of their activities.</p> <p>Ensure that the EC builds on the CARDS evaluation to improve the future delivery of assistance.</p>	<p>SAA signed for Albania, but Serbia and BiH negotiating still due to delays in security reforms and ICTY compliance. MIPDs increasingly reflect poverty strategies, but impact on poverty too early to assess.</p> <p>EBRD has increased its lending to the WeB, though not proportionately more in the poorest countries (Albania, Kosovo). Impact is unclear as bank operations focus on lending performance rather than impact evaluation.</p> <p>An evaluation of CARDS has helped develop lessons on EAR experience.</p>
VII	DFID will work to improve the institutional effectiveness of multilateral agencies	At least 75% of EBRD projects have good or excellent potential impact to enhance the World Bank's role in poverty reduction.	While EBRD portfolio has risen and the Trust Fund is supporting a range of initiatives, there is limited evaluation evidence available on the impact of either EBRD's lending or of the Trust Fund to date. No evidence of progress with EIB, but work WB has delivered better PRSPs and some engagement in joint funding.
IX	DFID, FCO, and MoD, together and with others, will work to: (ii) resolve existing violent conflicts and prevent new conflicts in priority countries and regions, and (iii) address the national and regional causes of conflict by strengthening local conflict management systems.	Work with FCO and MoD to push forward the peace-building processes in the Western Balkans.	Success achieved in building a more coherent inter-departmental approach. DFID's GCPP projects are rated as successful, and even though conflict has not reappeared on a major scale, attribution to GCPP interventions are not clear and security remains fragile especially in Kosovo.

⁷⁴ ECAD Business Plan 2007/08.

5.16 **Is WeB large enough to be worth the effort?** DFID was a small trader in a big market. Even so, its more focused approach has achieved impacts in critical areas (such as government capacity building, EC influence) around the ‘political’ and ‘development’ objectives. DFID has had local impact around the ‘conflict’ objective and in building a joint UK approach; but less success in ‘harmonisation’, which remains a major challenge in the region. These achievements are substantial and the WeB programme was thus sufficient to be worth the effort. Indeed a larger programme would not necessarily have achieved more given the needs and scale of external support. The programme could have done better without much more resources but with a greater focus on accountability and the implementation of policy change through support to and engagement with civil society and more attention to monitoring of impacts at the objective level.

Capacity Building and Sustainability

Capacity Building

5.17 Clients appreciated consultant inputs and immediate counterparts valued and gained capacity from the performance of interventions. There are many examples of effective capacity building particularly in key government competencies such as public finance, taxation and policy development. The training and support for MTEF systems across entity governments in BiH and in central government in Serbia and Albania, taxation reform support in Albania, municipal councils in Serbia and BiH and statistical surveys agencies are examples that struck the evaluation team.

5.18 In some cases though, some of the direct counterparts (e.g. DACU, Serbian Europe Integration Office in Serbia; Macro-Economic Team in Kosovo) were themselves not always permanent civil servants but short term contracted staff, staff on temporary inflated salaries or consultants themselves, so the sustainability of capacity building is limited. Recently, DACU and the DEP in BiH have moved to civil service status so that sustainability in these cases is more assured.

Sustainability

5.19 A number of DFID supported policy reforms have been passed into law or codified in a way that ensures sustainability. Social protection laws in Albania were enacted after drafting under the joint DFID/WB funded Social Services Delivery Programme. Medium term budgeting systems supported by DFID TA have been regularised in Serbia and Albania. Other good examples include the civil service reforms in Republika Srpska which have been codified, Municipal Management Boards in BiH have transformed into Local Councils for Social Welfare in the pilot municipal offices. The Data Users Group model has now been explicitly adopted for future work by both entity and national statistical agencies.

5.20 Strong technical assistance may produce excellent products but then require political support and significant funding for implementation – something that is of concern in a number of sectors. For instance, the transition of the MTDS unit in BiH from a project to a state organ has faced challenges due to less competitive civil

service remuneration and to the difficulties of establishing itself as a credible government institution in a complex, ethno-politically-divided structure. In addition, the line between domestic and international ownership has sometimes been blurred; encouraged by lack of political interest and weak capacity. TA may have been allowed to substitute for rather than strengthen the unit's own capacity.

5.21 Gains associated with DFID programmes in several areas have been set back by political events of various kinds. Reform progress (such as with tax and aid coordination) in Albania were affected by changes in government personnel following 2005 elections. The change in OHR leadership, with a less interventionist approach since 2006, has affected the political balance of power in BiH, reducing the authority of the State, and so the poor performance of the international community has undermined the sustainability of important reforms supported by DFID.

5.22 Sustainability in Kosovo is linked to its uncertain status and weak donor coordination, and while DFID's support has delivered physical reconstruction and strategic advice on policy development, a recurrent theme is the limited capacity of the national government to sustain these initiatives. The short-term nature of some project interventions did not support longer processes of capacity building and change. As social sector budgets are funded from domestic sources, many strategies had to be put on hold. For example, educational reform has been hindered by a rapid reduction in donor support which has not been followed by an increase in the Kosovo Consolidated Budget.

“DFID provided knowledge and capacity building. We can see the impacts in the good schemes that were developed for social assistance and pensions. But we still don't know whether they will be sustainable. Many social workers left and are now working in NGOs and international organisations.” (Interviewee, Department of Social Welfare, Kosovo.)

5.23 Overall, the RAP review realigned the programme to build better sustainability through recognising the increasing impact of influencing multilaterals (especially the EC), who had resources and who could provide strong political incentives. Thus as DFID's bilateral influence diminished as graduation approached, it has, in return for relatively limited resources, maintained important policy priorities through improving influence, and working on a coordinated HMG approach. Nevertheless, withdrawal of major donors is a major risk for further reforms across the region. Although most countries (excepting Kosovo) do not depend on foreign aid, it is important to map out future sources of support in order to sustain reforms. The donor mapping report in BiH (2006) states that welfare and social protection systems face enormous challenges that have not yet been addressed by donors.

5.24 **Did DFID's have a distinctive role?** There are three areas where elements of DFID's work have been distinct from other aid partners. First has been its ability as a Member State of the EU and at the same time as a close partner to the World Bank, to provide a bridge between the two, and hence assist with the integration of World Bank PRSP models with EC integration processes. Second, is the pool of technical expertise that DFID can draw on effectively in areas such as public

expenditure management, because of its links with leading UK sources of expertise. The third area is DFID's stance in bringing development and political perspectives together into a state-building agenda, which, through effective working with the FCO, should broaden the sometimes narrow EU accession processes by incorporating social inclusion, justice and security.

5.25 While DFID has been recognised as a leading aid partner it has not always been able or willing to address some underlying (albeit intractable and complex) problems: thus DFID worked in a post-conflict environment without addressing some important causes of tension and conflict, such as in the case of Kosovo, the unequal access to social services, or in BiH the weak State government's inability to build authority over growing entity intransigence, while international community support through the OHR weakened. *"It is not enough to be the best – you should not be frightened to get into the real problems!"* (Shpend Ahmeti, Group for Policy Analysis, Kosovo).

Summary Chapter 5

- Regarding the political outcome of eventual EU integration, there is evidence of progress, albeit slow, towards EU accession in all four countries. On the development side, poverty strategies have evolved, have remained instruments to guide public investment priorities and have been more built around a combined development and integration agenda.
- On aid effectiveness, DFID has made significant technical inputs towards greater government ownership and aid coordination leadership.
- On conflict prevention, the project approach of the GCPP and lack of connectedness to wider national conflict prevention outcomes (or to DFID's wider agenda), make attribution difficult.
- DFID's contribution to state-building efforts have been productive in building central government machinery and supporting reforms and new service standards. The fragile and highly politicised governance environment has delayed the translation of these reforms into addressing the specific poverty gaps facing the region.
- DFID has contributed to the PSA/DDP targets of improving government capacity to move towards EU accession, and improving EC effectiveness in terms of their inclusion of national strategies and pro-poor priorities into EU accession documents. Some success in terms of improving lending effectiveness, focused on the EBRD and with WB but less success with EIB. DFID, FCO, MoD joint working has produced more coherent operations, but evidence of improved local conflict management systems less clear.
- Much of DFID's support, particularly the TA, has been effective in building capacity. But well designed systems and trained personnel have been affected by political upheavals, and the durability of reforms are at the mercy of volatile state building processes.

6. Lessons and Recommendations

Strengths and Weaknesses

Strengths

6.1 DFID has been well regarded for its:

- Strategic appreciation of the EU accession process and the capacity to analyse, comment critically and influence the drafting processes across the region.
- Support to reform in the social sectors: it has piloted social service schemes at local level; it provided sound intelligent analysis and it has contributed to improved availability of poverty data.
- Well designed, implemented and monitored TA inputs, as well as its ability to field highly rated specialists in areas such as public finance, budgeting, banking and privatisation, particularly from the UK.
- Continuity of local staffing that provides a ‘local face’ for DFID and an intuitive sense of context.
- Collaboration in building strong UK embassy-wide working arrangements and co-ownership of the portfolio resulting in a stronger UK ‘brand-name’.
- Constructive engagement in GCPP committees, so helping develop a working model for collaborative conflict work.
- Early recognition in the justice sector of the importance of building central state capacity (BiH), promoting a transition to national authority (Kosovo), and identifying inroads to reform of the sector (Serbia).
- Taking a lead in providing methodological and technical support (analysis, M&E) to a growing consensus around inter-departmental work on conflict prevention.
- A GCPP strength is its connection between strategy and demonstration of good practice on the ground through pilot schemes. Above all, this has led to state-level policies being cognisant of challenges in the municipalities/ entities, but also to the building of local as well as national capacities.
- Flexibility and willingness to adapt to emerging national priorities.

Weaknesses

6.2 There are also some important weaknesses:

- Country teams were not established and structured to deliver the RAP objectives – still sector based and project-oriented.
- High administrative cost to programme spend.
- Turnover and short-term nature of London-based advisory support was less sensitive to context and less capable of delivering influencing outputs on key aspects of government reform.

- The RAP provided a strong framework but it was not matched by sufficient country level analysis and application.
- While programme risks are identified (though often in an abstract way), mitigation measures were not always practical and political risks should have been taken into account more effectively.
- Progress tends to be measured more by adoption of strategies rather than their implementation.
- Gender and social inclusion were omitted from 2004 RAP and while efforts have increased there are still gaps in mainstreaming them effectively.
- Insufficient expertise to work on fundamental welfare reforms in a post-socialist setting (such as the transition to an employment-based social insurance system, and gaining consensus on supporting minority populations given post-conflict intra-state frictions).
- Unemployment and enterprise reforms interventions had limited success.
- An expensive 5-year contract on SSAJ may have pre-empted the search for alternative strategies for conflict prevention. Rapid changes in the region have opened new opportunities in, for example, civil society dialogue between ethnic groups (as happened in Moldova and Armenia, for example, under GCPP projects).
- Although the GCPP was managed in a separate way to the RAP, some synergies could still have been looked for between the SSAJ and other DFID country programmes. The parameters of the GCPP, and the 2001-05 programmes within it, were determined prior to the DFID RAP strategy, and thus were accommodated under Objective 3, despite this objective being much broader than conflict prevention.

Lessons

6.3 The evaluation was asked to identify any important lessons that were learnt and used within the region:

- Influencing the EC requires a more subtle and multi-level approach to DFID's usual engagement with partners, for example:
 - Consistent and persistent attention to the detail of EU documentation can provide the basis for effective influence through timely and specific interventions (3.41).
 - Closer working with FCO/UK embassy/UKREP can benefit DFID in its influencing aims (4.69).
- Graduation planning in the WeB has taken on board many of lessons from elsewhere, as reflected in efforts to build harmonised approaches around government-led planning (Albania) and building joint-UK Govt plans and communication strategies to deliver after DFID leaves (3.51).

- Key themes emerging from conflict prevention elsewhere – for example, civil society dialogue and sensitivity to gender concerns – were addressed in the SSAJ programme. But wider lessons (e.g. how and where to engage in civil society capacity strengthening) were not built on (3.44).

6.4 Lessons arising from the evaluation for DFID’s future Western Balkans programme are:

- The EU integration objective requires good planning and ‘drilling down’ at all levels – London, Brussels, Country Programmes, EC in country, EU bilateral partners, Government, civil society – to maximise ‘joined up influencing’. (4.15 and Table 7.).
- Reliance on EU integration and international mandates to support state-building has limits; and as divided / contested statehood intimately affects the working and future of weak state institutions, this in turn impinges on the timing and success of international exit (5.3).
- Although DFID built on the banking reforms achieved in the period prior to the RAP, the role of affordable finance as a key ‘binding constraint’ to sustainable economic development was not taken on board, in spite of nearby experience (Croatia, Slovenia), while the importance of SME development, as opposed to microenterprises, was seemingly not understood, in spite of similar regional experience showing that microenterprise development had little to offer countries under intense economic pressures (4.20 - 4.21).
- The logic of a joint UK strategy and promotion of a unified UK ‘brand’ is commensurate with preparations for graduation in Albania, Serbia and BiH. The GCPP committees are a useful model in this respect (4.6).
- Local ownership (as demonstrated in the municipality programmes in conflict prevention and social policy) pays dividends in terms of influence and the ultimate roll-out of pilot projects at national level. It also helps to de-emphasise the role of international/national TA consultants (4.23).
- DFID’s conflict work has been coherent and consistent and developed a broader agenda, through good strategy development and strong cross-Whitehall working, than other conflict prevention programmes (4.45).
- Outsourcing the management as well as implementation of key programmes (e.g. SSAJ) is not advisable, unless clearer lines of responsibility, reporting and quality control within DFID are assured (4.73).

6.5 Lessons arising for DFID’s global development work are:

- Focused objectives give substance to small programmes (3.10), but this is weakened if the indicators to measure success at the objective level are missing and if the sub-objectives do not all link clearly to the objectives (3.59).
- Small programmes delivered by small in-country teams can make a strategic impact (5.16).

- Working regionally requires a regional perspective – this is more than regional objectives – a stronger regional programme and greater alignment of staffing to regional objectives would have increased impact (4.58).
- In politicised environments where fledging state organs are weak, there is a danger that TA (i) becomes a substitute for domestic capacity and ownership, and (ii) takes on a political life of its own, driving policy and becoming the face of local institutions. This is a particular hazard where local counterpart structures are set-up and paid for by donor (5.20).
- There is a need for better analysis and mitigation of risks in a politically uncertain and complex environment and where inter-ethnic conflict may arise and even be stimulated by increasing aid resources (3.24–3.28).
- State-building and pro-poor, socially-inclusive programming involve more than government capacity building and requires engagement with civil society to build in accountability (in line with 3rd White Paper) (3.44, 3.53).
- Outsourcing programme management can risk losing accumulated knowledge unless lesson learning and regular monitoring are incorporated (4.26, 3.62).
- At graduation, the aim should be sustainability of strategic objectives not of specific projects and programmes, and in this regard forging stronger relationships to UK embassies and partners who can takeover delivery towards these objectives (4.6).
- Weak donor coordination undermines sustainability (5.22).
- Public administration reform is a major, long term process requiring cultural change – it is inappropriate with limited resources or where imminent graduation reduces the timeframe (3.17).
- Effective governance programmes need to combine capacity building, accountability and responsiveness with interventions on the supply side, with civil society, and with service users (3.17, 4.3).
- Leadership matters for gender. The change of Team Leader and the subsequent RAP review has helped the programme to regain focus on gender equality issues. But, effective mainstreaming of gender issues also requires strategic alliances and partnerships and learning from practice. (4.53)
- DFID has an important role in advocating critical and often contentious issues such as social inclusion in cooperation with its partners. Outsourcing is an adequate strategy for services such as capacity building and process support, but has not been effective in pushing the reform agenda on social inclusion in the region (4.22).

Recommendations

6.6 For DFID Western Balkans:

1. During the graduation process (i.e. from now onwards), DFID should:
 - Focus on the relationship with Government and other key partners, and less on the programme itself. What is important is what these partners do, and how this supports DFID's strategic goals..
 - Task country teams to work with the FCO around sustaining the UK's international development interests, and prepare joint business plans and graduation action plans. This extends to DFID's interests in conflict prevention, where they should prepare joint country plan revisions, based on shared objectives.
 - Generally not start new programmes; but consideration could be given to increasing gender impact and civil society engagement (not necessarily through direct NGO support but through partnerships, joint learning and analysis).
2. Country teams should work with FCO around sustaining the UK's international development interests – prepare joint business plans to embed the common agenda and graduation action plans that spell out the practical steps. This extends to DFID's interests in conflict prevention, where they should prepare joint action plans, or quick country plan revisions, based on shared objectives. Also assess whether components of some governance projects may merit possible GCPP support post-graduation.
3. In general no new programmes should be started by WeB as graduation approaches. The exception is gender impact and civil society engagement (not necessarily with direct NGO support) where time limited support is possible. All remaining DFID projects should demonstrate how (in terms of purpose and output) they specifically ensure effective graduation or assist in building capacity by promoting linkages within government or between government and those who hold government accountable. As far as possible DFID should seek to ensure the same standards are applied to EC assistance.
4. DFID should link up the existing loose ends in the programme for increased impact and consistency during the final phase. For example, the linkages between social inclusion and conflict prevention need to be strengthened. This may involve working in more difficult and contentious areas such as limited access to social and health services by some ethnic groups and refugees.
5. WeB should integrate the London and country teams more effectively based on the RAP objectives as the organising principle rather than sectors or project management.
6. WeB country teams should maintain the focus on the EC and where appropriate, key Member States, and sustain intensive engagement with partner Governments using strategic investments.
7. WeB teams need to enhance their influencing skills and those of the senior TA personnel engaged to work in key positions, so as to maximise the leverage on Government and major partners.

8. Use more experienced advisory staff on a longer term basis (3 years) and fewer fast track staff with limited periods of engagement (1 year), especially when working on complex influencing agendas and with senior government or donor partner officials.
9. In order to support the graduation process, and at a time when aid is phasing out and future funding is not predictable, it might be useful to map donor commitments into critical sectors, such as social protection and employment, over the next few years, to sustain achievements from DFID's bilateral programme (and of others) and seek ways to improve the effective use of these resources.
10. DFID needs to continue advocacy on gender equality issues; this will require stronger gender champions and partnerships among civil society organisations and government partners. DFID also has a role in facilitating learning and practice review.
11. Careful monitoring of the Integrated Planning System Fund in Albania (to which DFID has committed £1.5m) will be necessary after DFID leaves.

6.7 For DFID globally:

1. Graduation requires effective and strategic management to maximise sustainability and ensure continuity of purpose and relationship – it is the end of a bilateral programme not the end of UK engagement.
2. Strategic planning for conflict prevention should be anticipated well in advance of budgeting, so that countries can derive lessons from the previous round.
3. DFID country offices should have more regular mechanisms for feedback on lessons from TA, and should pay closer attention to capacity building and ownership objectives, so that such support does not become a substitute for government bodies. International TA should be balanced with local TA, and TA should have strong networking and persuasion skills beside technical competence.
4. Accumulated knowledge through TA and consultancy outsourcing can be lost, particularly where insufficient staff time is given to close management of the programme. This can be exacerbated by the turnover of staff at London HQ and at post.

7. Management Response

- 7.1. We welcome the main findings of this evaluation. Together with the evaluation of the Central Asia South Caucasus and Moldova (CASCAM) RAP in March 2008, it has already informed our plans for the remaining period of DFID's bilateral work in the Western Balkans. We are particularly pleased with its endorsement of our work with the European Commission.
- 7.2. More specifically, we welcome confirmation that the Western Balkans RAP has helped to focus DFID's bilateral work, that its objectives were relevant, and that the choice of aid instruments was rational. We accept that political risks could have been taken into account more effectively. However, we note the welcome recognition of a strong joint UK strategy and good joint working with the Foreign and Commonwealth Office (FCO). We believe that this is helping to improve the way political risks are assessed and managed. We have also included key risks in our annual departmental business plan and allocated "risk owners" to ensure they are closely monitored in future.
- 7.3. We believe that portfolio management targets have been met better than the report suggests. Nevertheless we have over the last year taken action to improve performance further. The team has had refresher training on the use of logical frameworks, with follow-up coaching by senior staff. Quality assurance has also been reinforced at departmental and divisional levels.
- 7.4. We accept that gender was poorly addressed in the original RAP. However, we believe that gender mainstreaming has improved markedly since 2005, and we welcome the recognition of country-level Gender Action Plans introduced in 2006. In addition, we have piloted a new gender training package jointly with other donors. We have also produced a practical guide to gender mainstreaming which is tailored to transition countries.
- 7.5. The report provides helpful advice for graduation planning. We welcome its acknowledgement of good progress on UK cross-government working. Over the past six months we have developed a joint regional strategic framework with FCO, joint Country Business Plans, and cross-Whitehall teams to deliver the objectives identified in these Plans. The report points specifically to the need to ensure continued supervision of the Albania IPS⁷⁵ after DFID leaves; the British Embassy has agreed to take on this task. With FCO we have also started a series of staff interchanges and joint training events to deepen the relationship further. This has had the additional benefit of binding London-based and in-country teams more closely together around country objectives.

⁷⁵ Integrated Planning System, Albania's system for drawing donor and national resources into a single coherent planning and monitoring mechanism

- 7.6. The report recommends a blanket prohibition on new programmes in the run-up to graduation. We prefer to meet the underlying concern about sustainability of investments by developing even closer partnerships with other donors so that they carry forward what we begin together. This has included joint learning events with Swedish and Dutch colleagues, and inputs to internal EC training. These partnerships mean that continued DFID support for public administration reform may well remain appropriate in, for example, Bosnia and Herzegovina, even as graduation approaches, if it contributes to longer-term donor efforts in this field.
- 7.7. We welcome the report's recognition of our aid effectiveness work and note the connection with local ownership – the report helpfully highlights this. Improving the effectiveness of the overall donor effort is also an important contribution to sound graduation.
- 7.8. The report's conclusions that our approach to partnerships was addressed well, and that strategic thinking has placed the team at the forefront of DFID's partnership work with the EC, are both welcome. The report rightly notes that we have given the EIB⁷⁶ less attention; this was a conscious prioritisation decision. Recent developments include the creation of a new policy post in Brussels, further learning and development work (jointly with key EU Member States), and refining country EU action plans.
- 7.9. Regional analysis has, as the report notes, proved effective. We accept that greater alignment of staffing resources to regional objectives might have increased impact. However, one important reason for not taking a regional approach as far as the report suggests has been our ever-closer partnership with the FCO. Since FCO manage their work through country business plans, we too have chosen to prioritise joint country-based planning instead.
- 7.10. We accept that the original RAP monitoring framework was not a success. Rather than pressing ahead with a revised regional framework, we have shifted to joint FCO-DFID Country Business Plans as the basis for monitoring.
- 7.11. The comments on management structure are helpful. We agree that outsourcing the management as well as implementation of key programmes is not advisable and will not be repeated. We also accept that longer-term advisers are preferable in key posts; the recent creation of a long-term post in Brussels to complement the fast-stream post on EU work in London is recognition of this. We are also making increased efforts on induction and handover to improve team continuity. We will also aim to ensure that, during the remaining time before graduation, we avoid gaps between phases of technical assistance support.
- 7.12. We do not accept the report's criticism of DFID's support for banking and financial sector reform. DFID has drawn on regional experience extensively, and the transformation of the Serbian banking sector, for example, has been a major success. We have supported SME development through multilateral institutions – notably the World Bank.

⁷⁶ European Investment Bank

7.13. We accept that strategic planning for conflict prevention work could be improved. We have encouraged the integration of conflict prevention into the new DFID/FCO Country Business Plans, ensuring that strategic requirements are identified and resourced adequately. We have also supported more effective management and planning of the tri-Departmental Conflict Prevention Pool. For example, we have recently agreed new governance arrangements with FCO and MoD which should lead to more effective delivery. We have also provided DFID staffing support to the central FCO management team for the Balkans CPP, to help establish better project management systems.

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

Evaluation Working Paper / Evaluation Report EV693

ANNEXES

REGIONAL PROGRAMME EVALUATIONS WESTERN BALKANS

**Nick Chapmen, Jon Bennett, Milford Bateman,
Paul Thornton, Johanna Pennarz, Marsaili Fraser**

October 2008

Annex A: Terms of Reference

Terms of Reference for the Evaluation of DFID Country Programmes 2007-2008

1 Introduction

- 1.1 DFID's performance management system is supported by periodic independent evaluations at project, programme, sector and thematic level. Evaluation Department (EvD) carry out four to five Country or Regional Programme Evaluations (CPEs or RPEs) annually. These terms of reference (ToRs) set out the scope of work for the 2007/08 period.
- 1.2 The CPEs provide important accountability and lesson learning functions for DFID. The primary audience for the evaluations is the UK government and DFID senior managers including heads of country offices. All evaluation reports are published externally.
- 1.3 Countries/ Regions proposed for evaluation in 2007/08 are Central Asia, South Caucasus and Moldova (CASC/M) region, Pakistan, West Balkans Region, Zambia and Sierra Leone. Each evaluation will use the countries' most recent Country Assistance Plan (CAP)/Regional Assistance Plan (RAP), and related policy documents.
- 1.4 While country-led approaches are central to the way that DFID works, socio-political and environmental contexts will influence the progress and form of the development process. The CAPs articulate the country offices' plans for operationalising corporate objectives within the country context, and in most cases they will build upon or reflect the national Poverty Reduction Strategy Paper (PRSP). These plans are therefore the logical starting point for the evaluation.

2 Overarching objectives

- 2.2 The main objectives of the country programme evaluations are to assess:
 - Country strategy and links to poverty outcomes and DFID's corporate objectives
 - Choice of aid instruments
 - DFID's role as a development partner
 -
- 2.2 The CPEs will assess the DFID country programmes in terms of standard criteria although these may be customised to a degree for individual studies. The generic evaluation matrix can be seen at Annex A. It is based on DAC evaluation criteria and considers:
 - The **relevance** of country programme objectives and the logic behind them given domestic policy objectives for poverty reduction, as well as DFID's own corporate level objectives

- The **effectiveness** of the overall programme in achieving the objectives set out in the country strategy, including DFID's choice of aid instruments, harmonisation with other stakeholders, policy dialogue and influencing
- The **efficiency** with which programme plans are translated into activities, including human resource and office management, collaboration and harmonisation with other stakeholders, policy dialogue and influencing, the use of financial instruments

And to the extent possible

- **Sustainability** – are the reforms/ changes supported by DFID's country programme moving in the right direction and are they likely to be sustained? Has local capacity been built? Has transparency and accountability improved?
- **Outcome** – What did the country programme achieve the objectives set? Did the positive outcomes DFID achieved justify the financial and human resources used in the programme?
- **Attribution** – Given the direction of travel and external factors, overall how far did the country programme make a positive contribution to poverty reduction? How good a development partner was DFID?
- The success with which the programmed had mainstreamed the cross-cutting issues of **poverty, gender, HIV/AIDS and environment** into all of its activities. What were the variables influencing the process of inclusion? What was the impact on the achievement of wider programme objectives?

3 Methodology, Outputs & Timing

1.5 The consultants will produce one study report and executive summary for each country or region. The report shall be approximately 30-40 pages long (excluding annexes) and will include detailed lessons and recommendations. The evaluation summary (EvSum), should be approximately 4 pages, and will include the response from the relevant DFID office/Department, which EvD will obtain.

1.6 The other outputs required from this contract include:

- Inception reports detailing the way in which each individual CPE/ RPE is to be carried out and showing the customised evaluation matrix.
- A presentation of preliminary findings to country offices before the end of the fieldwork for each study
- A publishable synthesis report pulling together findings across individual CPEs; this may cover all countries in the year, but is likely to attempt to synthesise like-studies (e.g. regional programmes or 'fragile states').

DFID also requires access to the evaluation team's interim evidence summaries, eg completed matrices, although it is not expected that these should be of publishable quality.

- 1.7 Each evaluation will involve an ‘inception visit’ and ‘fieldwork mission’. EvD and the consultant team leader will undertake the inception visit. A team of 3-6 consultants will undertake the fieldwork, generally involving up to 3 weeks in country. In the case of regional programmes the inception phase may be undertaken in the UK and the fieldwork may be organised a little differently to visit a number of countries.
- 1.8 The ‘inception visit’ has four key objectives:
 - i. Ensuring staff in the DFID country office are fully informed about the evaluation, its purpose and how it will work;
 - ii. Ensuring country/ regional office staff have an opportunity to feed in key questions they want the evaluation to address and decide whether they wish to undertake self-evaluation as part of the process
 - iii. Determining the exact nature of the individual evaluation and resolving key methodological / practical issues.
 - iv. Ensuring the evaluation team has access to all relevant contacts - including all those who have worked in the country/ regional programme over the fieldwork period and all relevant partners;
- 3.5 Between the inception visit and fieldwork the consultants will amend the standard evaluation framework for the study to address any country-specific issues raised during the inception visit. An inception report containing this matrix will be signed off by the country office.
- 3.6 If the DFID country office does wish to undertake self-evaluation they will be encouraged to produce a log-frame for the entire country programme, detailing the logic of their interacting projects and programmes and assessing what has been achieved. If the country office does not undertake this work, the evaluation team will attempt to create a similar log frame as part of the evaluation approach.
- 3.7 EvD will provide supporting documentation relevant to each CPE to the consultants in good time. This will include project documentation and relevant documentation about the design, implementation and monitoring/ evaluation of the country/ regional strategy and individual programmes (but not background policy information). Prior to undertaking fieldwork, the evaluation team need to be familiar with the DFID programme, the country context and the full range of DFID policy papers that are relevant to the country programme.
- 3.8 The consultant is responsible for identifying and engaging a team of consultants appropriate to each country context from within their company/ consortium. The team must have good evaluation skills, understanding of DFID and the local context and ability in the languages of the country. The team should cover all the major sectors of the country programme and should include at least one locally based consultant as a full team member. The consultant is responsible for setting up and planning the main field visit. If EVD wish DFID staff members to accompany the consultant CPE team, additional terms of reference specifying the roles and responsibilities will be developed.

- 3.9 During the main fieldwork the sector specialists and evaluation team leader will interview DFID staff (current and past) and partners (in government, multilaterals, other donors etc.) about all aspects of the programme over the five year evaluation period – using checklists and stakeholder matrices as appropriate. Web based surveys of staff and other stakeholders (e.g other donors and NGOs) will also be trialled on a pilot basis. The evaluators will systematically scrutinise the available documentation and supplement this where possible, and then use all evidence gathered to complete the evaluation matrix. One matrix should be completed for each sector and the evaluation team leader (and deputy) will use these to compile the final report. Fieldtrips outside the capital city are not a standard part of a CPE but may be used on occasion if applicable.
- 3.10** Before leaving the country the evaluation team should make a presentation to the country office on emerging findings.
- 1.11 Within 4 weeks of the fieldwork finishing a high quality draft report of 30-40 pages (excluding annexes and with an Executive Summary) will be submitted to EvD. Following initial checks within EvD this will be sent to the country office and staff there invited to correct any factual errors and make comments. Although country offices may challenge findings they disagree with, and sometimes have additional information to support a claim, EvD will support the evaluation team to ensure that the report remains a true independent evaluation. A second draft report and evaluation summary will be produced taking account of relevant comments. These will be subject to external quality assurance against the criteria shown at Annex X.
- 1.12 The consultants will highlight for EVD any information collected pertinent to the questions in the methods note for the ‘multilateral effectiveness summaries’.
- 1.13 The Synthesis Report will be guided by a workshop, scheduled for late 2007/ early 2008, focused on emerging themes.
- 1.14 The consultants will work to the strict deadlines set out in Annex B and the timeliness of the delivery of reports is of the essence. Any changes to these deliverables must be agreed in advance with EvD. Team composition and timelines will be agreed prior to commencement of each of the country studies, including the necessity of any follow up visit to the country if major issues remain unresolved . The consultancy should start in May 2007.
- 1.15 An ‘optional extra’ within the CPE programme is the possibility of producing short papers for a couple of key areas of interest to the country office. These recognise that the evaluation will gather more detailed information than will be presented in the final report. Such ‘sector papers’ will be agreed during the inception visit and produced by individual sector specialists at about the same time as the first draft CPE report. The costs of this work are supplementary to the main contract.

4. Competence and Expertise Required

- 4.1 One consultancy organisation or consortium will be appointed to deliver the outputs described above.

- 4.2 A managing consultant with extensive evaluation experience and a track record of managing country/strategic level evaluations will be required to manage the planning and delivery of the CPEs. This individual will be expected to have strong written and oral communications skills as he/she will play a role in communicating lessons learned both to country programme personnel and to a wider DFID audience.
- 4.3 Each CPE should have a named team leader with expertise in evaluation methodology and monitoring and performance management issues. This must include understanding of the complexities of country programme evaluation. The Team Leader must also have up to date knowledge of DFID policies and performance, planning and data systems. Access to our online systems will be provided.
- 4.4 Each CPE team will be made up of a combined skill set covering governance, economics, social and institutional development and human resource management and the number of team members will be appropriate to the country programme. There is not one model that will work for each country/region being evaluated, so flexibility in team composition is essential. The team members for each country evaluation will need expertise in evaluation methodology and familiarity with development issues in the CPE countries. They should also have up to date knowledge of DFID policies and systems. Relevant experience in cross-cutting issues like gender mainstreaming, HIV and AIDS and the environment. The team must include a strong national/regional component.
- 4.5 The consultancy team will have responsibility for:
- maintaining ethical standards in implementing the evaluation
 - the timely production of evidence based conclusions, lessons and recommendations to demanding quality standards
 - managing logistics in country

5. Reporting and Dissemination

- 1.16 The consultants will report to the Country Programme Evaluation Team Leader or the Deputy Programme Manager in DFID Evaluation Department.
- 1.17 Reports will be published and distributed, electronically and in hard copy, to a wide ranging internal and external audience. The consultants should be prepared to present their findings to DFID staff and others as appropriate. Specific dissemination arrangements will be determined on completion of each country report and synthesis.

Evaluation Department May 2007

Annex B: Persons Consulted

Name	Organisation	Designation	National			Development Partners		Civil society	Contractors		DFID			FCO/ MoD
			Policy-maker	Mgt (PS to Director)	Middle mgt	Mgt	Technical specialist		Mgt	TA	Mgt	Adviser	Programme	
London														
Pauline Hayes	DFID	Head of ECAD									✓			
Tamsyn Barton	DFID	Head of EUD									✓			
Peter Rundell	DFID	Team Leader									✓			
David Afful	DFID	Programme officer											✓	
Andrea Membry	DFID	Programme officer											✓	
Andrew Keith	DFID	Economic Adviser											✓	
Roy Trivedy	DFID	ECAD Former acting Head									✓			
Maureen Braganza	DFID	Programme Officer											✓	
Jessica Irvine	DFID	Former Head ECAD									✓			
George McLaughlin	DFID	Former Head Serbia									✓			
Craig Davies	EBRD	Former Head of DFID Kosovo							✓					
Neil Mckain	EBRD	Senior manager, Official Co-financing							✓					
Brian Foy	DFID	Former Head of Serbia									✓			
Englin Gosku	EBRD	Senior manager, Official Co-financing							✓					
Diane Brookes	DFID	Deputy Team Leader/Programme Manager											✓	
Brian Penny	DFID	Programme Manager											✓	
Aileen Middleton	DFID	Deputy Programme Manager											✓	
Jessica Smith	DFID	EU Coordinator											✓	
Dave Beer	DFID	Ex EU Coordinator											✓	
Will Hines	FCO													✓
Mary Shokledge	DFID	Ex Head of DFID Bosnia (2004-2007)											✓	
Jeff Tudor	DFID	Ex Head of Kosovo (2005-2007)											✓	
Richard Moberley	DFID	Previous Team Leader									✓			
Neil Grayston	MoD	Ass. Director												✓
Malcolm Warboys	DFID	Previous Programme Manager											✓	
Satyendar Prasad	DFID	Governance Adviser										✓		
Emeline Saunier	DFID	Governance Adviser										✓		
Ben Latto	DFID (telecom)	Previous Governance Adviser										✓		
Garth Armstrong	DFID	Ex Economic Adviser										✓		
29 People Interviewed			0	0	0	0	0	0	3	0	8	4	12	2

Name	Organisation	Designation	National			Development Partners		Civil society	Contractors		DFID			FCO/ MoD
			Policy-maker	Mgt (PS to Director)	Middle mgt	Mgt	Technical specialist		Mgt	TA	Mgt	Adviser	Programme	
Serbia														
Aleksandra Lakicevic	DFID	National Project officer										✓		
Radomir Buric	UNDP	Assistant Resident Representative					✓							
Victor Giosan	DFID	Decentralisation Financial Advrtise											✓	
Paul Wafer	British Embassy Belgrade/DFID	Head of DFID/Programme Manager											✓	
Ana Redzic	British Embassy Belgrade/DFID	Deputy Programme Manager											✓	
Mihajlo Colak	(Previous) ATOS Sector						✓							
Mirjana Novovic	British Embassy Belgrade/DFID	Economic and Social Development Sector Manager												✓
Sinisa Biljman	British Embassy Belgrade/DFID	Governance Sector Manager												✓
Jelena Oplanic	Link 011	Director/Consultant was Temp DFID Staff						✓						✓
Lars Andre Skari	Republic of Serbia Govt	Adviser GOP Project/OPM							✓					
Maja Popov	Ministry of Finance	Marco Fiscal Dept.												
Damir Joka	Ministry of Justice	Head of Dept. Prison Treatment & Alt. Sanctions		✓										
Ferenc Simon	European Union	First Counsellor, Head of Operations					✓							
Mirjana Jelic	Ministry of Finance	Head of DACU		✓										
Sima Gazoikalovic	Republic of Serbia Govt	Coordination body Sebria for Presevo, Bujanovac, Medvedja		✓										
Branko Delibasic	Republic of Serbia Govt	Coordination body Sebria for Presevo, Bujanovac, Medvedja		✓										
Shaip Kanbri	Republic of Serbia Govt	Chair Council of Human Rights		✓										
Dino Pasalic	British Embassy Belgrade	Head of Projects												✓
Tania Nedeljkovic	(Previous) ATOS Sector						✓							
Zarko Sunderic	Deputy Prime Ministers's Poverty	Team Leader		✓										
Ivana Mistic	Ministry of Health	Public Health Specialist Assistant Minister		✓										
Dragica Vlaovic Vasiljevic	Ministry of Labour and Social Welfare	Assistant to Minister		✓										
Tsjeard R. Hoekstra	Embassy of Netherlands	Counsellor, Deputy head of mission					✓							

Name	Organisation	Designation	National			Development Partners		Civil society	Contractors		DFID			FCO/ MoD
			Policy-maker	Mgt (PS to Director)	Middle mgt	Mgt	Technical specialist		Mgt	ITA	Mgt	Adviser	Programme	
Serbia - continued														
Branislava Bajovic	EAR	Task Manager					✓							
Bjorn Mossberg	Embassy of Sweden	Counsellor					✓							
Bill Longhurst	British Embassy Belgrade	Deputy Head of Mission												✓
Lyljana Kesegic	DFID	Programme Assistant											✓	
Dusan Brajkovic,	Ministry of Public Administration and Local	Project Coordinator			✓									
Simon Gray	World Bank (email)	Country Manager				✓								
Ivona							✓							
Jan van den Elser	Dutch Embassy	Defense Attache					✓							
Aleksandra Rabrenovic	World Bank	Consultant					✓							
Svetlana Djukovic Serbia	UNDP	Policy and Programme Advisor					✓							
Bernard O'Sullivan	EAR	Head Programmes					✓							
Pat Donlan	DFID	Standards and inspection advisor							✓					
Martin Brooks	OSCE	South Serbia Coordinator												
Jasmina Tanasic	SKGO – Serbia Local Govt Association	Head of Social Policy						✓						
Miljenko Dereta	Civic Initiatives	Director						✓						
Dubravka Velat	Civil Initiatives	Programme Development Director						✓						
Gordana Lazarevic	Ministry of Finance	Ass. Minister, Dev.Ass.Coor.unit		✓										
Dr Gordana Matkovic	Centre for Liberal-Democratic Studies	Director of Social Policy Studies						✓						
John Grinyer	Ministry of Finance	Advisor							✓					
Marija Petrivic	OSCE						✓							
Simon Vanderler	British Embassy	Defense attache												✓
Vera Kovacevic	Centre for Liberal-Democratic Studies							✓						
Mladen Momcilovic														
41 People interviewed			0	9	1	1	12	6	1	2	0	0	6	3

Name	Organisation	Designation	National			Development Partners		Civil society	Contractors		DFID			FCO/ MoD
			Policy-maker	Mgt (PS to Director)	Middle mgt	Mgt	Technical specialist		Mgt	ITA	Mgt	Adviser	Programme	
Kosovo														
Mark Poston	DFID	Head of DFID/Programme Manager												✓
Valbona Bajraktari	DFID	Deputy programme Manager/ Social and												✓
Florina Duli	DFID	Deputy programme Manager/ Governance												✓
Edita Sanaja	DFID	Programme Assistant												✓
Vedat Gashi	Government of Kosovo	Chief Legal Adviser to PM		✓										
Behxhet Brajshori	Provisional Institutions of Self Government/ UNMIK ministry of Economics and Finance	Deputy minister	✓											
Adrian Zeqiri	ECMI	NGO implementer							✓					
Anne Murduck	UK Embassy	2nd secretary												✓
Flako Surroi	KOHA			✓										
Hajdar Korbi	Provisional Institutions of Self Government/ UNMIK ministry of	Head of Macroeconomic Dept		✓										
Lirin Osmani	DFID	Project Manager									✓			
Robert Steere	Govt. of Kosovo	National Centre for state courts			✓									
Rianjit Blakaj	Provisional Institutions of Self Government/ UNMIK ministry of	Macroeconomic Adviser							✓					
Avni Kastrati	Govt of Kosovo Ministry of Public	Executive Chief Statistical office of Kosovo		✓										
Thomas Pedrick	ATOS	Regional Coordinator					✓							
Fatime Arënlju -Qosaj	Government of Kosovo Ministry of Health	Technical Adviser to Deputy Minister		✓										
Dr Andreas Wittkowsky	UNMIK	Director of UNMIK Pillar IV				✓								
Edgardo Ruggiero	International Monetary	Resident Representative				✓								
Jonathan Browning	UK Embassy	Stabilization Unit												✓
Annemarie Jepsen	EAR					✓								
Ordan Hayes	EAR					✓								
Margriet Struijt	Netherlands Embassy								✓					
Karen McDonald	Sida	Deputy Head of Office/Development				✓								
Lt. Col. Mike Clements	UK Embassy	Military liaison officer												✓
Flora Macula	UNIFEM	South East Europe Governance and Peace Adviser/Project Manager UNIFEM Office in				✓								
Simon James	PAI/DFID Support to the Office of the Prime	Project Team Leader							✓					
Michal Ben-Gera	Freelance Consultant International Consultant Governance and Public	Temp Governance Adviser/Project Monitoring Consultant							✓					
Venera Hajrullahu	KCSF (Kosovo Civil Society Foundation)							✓						
Shpend Ahmeti	GAP - Institute of	Director						✓						
Muhamet Gjocaj	Minstry of Labour and Social Welfare	Director of dept of Social Welfare		✓										
30 People Interviewed			1	6	1	6	1	2	1	4	1	0	4	3

Name	Organisation	Designation	National			Development Partners		Civil society	Contractors		DFID			FCO/ MoD
			Policy-maker	Mgt (PS to Director)	Middle mgt	Mgt	Technical specialist		Mgt	TA	Mgt	Adviser	Programme	
Albania														
Camille Nuamah	World Bank	Country Manager							✓					
Greta Minhoxi	World Bank	Country operations officer									✓			
Artan Hoxha	ISB	President					✓							
Ardi Stoios Braken	Netherlands Embassy	Dep. Head of Mission							✓					
Dr Sherefedin Shehu	Ministry of Finance	Deputy Minister			✓									
Florjon Mima	Ministry of Finance	Deputy Minister			✓									
Simon Stone	REPIM	Strengthening Public Expenditure Management								✓				
Prof Pellumb Abeshi	Forest and water admin.	Secretary General Min of environment		✓										
Flavio Lovisolo	Embassy of Itlay	Director							✓					
Gulder Turkox Cozzlett	UNDP	Res. Rep. and UN Res. Coordinator								✓				
Nevila Como	UNDP	Programme Officer								✓				
Fraser Wilson	His Majesty's													
Sheila Bramley	British Embassy	Deputy Head of Misson												✓
Arben Qesku	DFID	Deputy Programme Manager											✓	
Alpina Qirjazi	DFID	Programme Officer											✓	
Joe Preston		Former Deputy Head of Misson												✓
Lorenzo Coppola	IFAD	Country Manager Albania							✓					
Maureen Braganza	DFID	Programme Officer												✓
Koninkrijk der Nederlanden	Embassy of Netherlands	Deputy head of mission / counsellor								✓				
Arben Rama	UNDP	Cluster Manager								✓				
20 People Interviewed			0	1	2	0	1	0	3	6	1	0	2	3

Name	Organisation	Designation	National			Development Partners		Civil society	Contractors		DFID			FCO/ MoD
			Policy-maker	Mgt (PS to Director)	Middle mgt	Mgt	Technical specialist		Mgt	TA	Mgt	Adviser	Programme	
Bosna i Hercegovina														
Matthew Rycroft	British Embassy	Ambassador												✓
Armin Sirco	UNDP BiH	Assostant Resident Representative					✓							
Amna Muharemovic	UNDP BiH	Portfolio Manager, Public Administration					✓							
Klelija Balta	UNDP BiH	Gender Programme Analyst, Learning Manager					✓							
Admir Suljagic	Member of council	Legal Advisor, Cabinet, High Judicial Prosecutorial Council of BiH			✓									
Nicola Nixon	UNDP	Social Inclusion Specialist					✓							
Zdenko Milinovic	Agency for Statistics of	Director	✓											
Anamaria Golemac Powell	save the children	Advocay and Policy Manager, South East Europa Programme												✓
Sven Marius Urke	Member of council	Advisor to Secretariat, High Judicial Prosecutorial Council of BiH			✓									
Ana Abdelbasit	Agency for Statistics of	Consultant							✓					
Jusge Branco Peric	Member of council	President, High Judicial Prosecutorial Council			✓									
Jusuf Halilagic	Ministry of Justice	Secretary of Ministry of Justice			✓									
Bakir Dautbasic	Ministry of Justice	Secretary General			✓									
Richard Jones	British Embassy	Second Secretary												✓
Damir Hadzic	DFID	Governance Coordinator											✓	
Gus Mackay	DFID	Head of Office								✓				
Sead Tralic	ATOS	Country Programme Manager					✓							
Jane Warner	ATOS	Project Manager				✓								
Suad Musić, Deputy PARC	Office of the BiH Public Administration Reform	Deputy Coordinator		✓										
Roger Batho	British Embassy	Defence Attache												✓
Archie Tuta	Office of the High	Deputy Head Political Department					✓							
Marco Mantovanelli	World Bank	Country manager							✓					
Azemina Vukovic	council of ministers	Assistant Director			✓									
Vedad Ramljak	World Bank	Health and Social Protection Consultant								✓				
Mario Vignjević	Sida	National Programme Officer for Governance					✓							
Anders Hedlund	Embassy of Sweden	Counsellor					✓							
Kate Fearon	Office of the High	Head Government and Parliament Unit					✓							
Roy Wison	British Embassy	Head of office												✓
Andrea Sporer	Office of the High	Legal Advisor					✓							
Dominika Skubida	EU	Senior Coordinator							✓					
Paul Stubbs	The Institute of Economics, Zagreb,	Senior Research Fellow,								✓				
Milenko Krajisnik	RS Ministry of	Advisor								✓				
Martin Bowen	DFID	Resident team leaders											✓	

Name	Organisation	Designation	National			Development Partners		Civil society	Contractors		DFID			FCO/ MoD
			Policy-maker	Mgt (PS to Director)	Middle mgt	Mgt	Technical specialist		Mgt	TA	Mgt	Adviser	Programme	
Bosna i Hercegovina - continued														
Luc Steeman	EU	Attache							✓					
Stevan Brkić	Budget Analysis Unit, RS Ministry of Finance	Analyst		✓										
Irena Sotra	EU	Task manager								✓				
Goran Tinjic	World Bank	Operations officer								✓				
Elisabet Tomasinec	Swedish Embassy,	Second Secretary					✓							
Andrew McBride	National School of Government/ DFID	Resident Team Leader									✓			
Andre Lys	EU	Head of operations							✓					
Sanela Blagojević	Budget Analysis Unit, RS Ministry of Finance	Analyst		✓										
Dragomir Kutlija	Civil Service Agency of	Director		✓										
Osman Topcagic	Ministry	Director		✓										
43 interviewed			1	5	6	2	10	0	4	6	2	0	2	5
Brussels														
Anna Michael	DFID	EC Enlargement											✓	
Sirje Poder	EC	EC Enlargement											✓	
Andrew Lapsley	UKREP	Counsellor												✓
Lance Domm	UKREP	Exertnal Relations												✓
4 People interviewed			0	0	0	0	0	0	0	0	0	0	2	2

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www.srbija.sr.gov.yu – Serbia Govt Website

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1.18 Annex D: Evaluation Matrix - West Balkans Regional Programme

Thematic area / Sector covered in this matrix: [_____]

EVALUATION CRITERIA	KEY QUESTIONS	Findings and Evidence Base
(Chapter 1: Introduction and Methods)		
<i>Context</i> Period is January 2003- December 2007		To form Chapter 2 of report: Context
<i>The political situation and economic context. Key events over period including factors beyond control of development partners, MDG progress (and variation by gender, rural/ urban, ethnic group etc.), importance of aid to the region and no. of donors active in area, high level overview of DFID's spend and sector breakdown and summary of key interventions in sector</i> <i>Evolution of EU role in the West Balkans over the period.</i>		National survey data, economic data etc. Section should include tables/ graphs as appropriate Brief overview of DFID spend and major programming in sector (with annexed list of all interventions in sector)
Relevance - How relevant was DFID's strategic approach and programming to the needs of West Balkans?		To form Chapter 3 of report: The Relevance of DFID's Country/Regional Strategy
Overall strategy and areas/sectors selected for intervention	<ol style="list-style-type: none"> 1. Did DFID have clear and focused regional / country/ sector strategies and is there an explanation of the rationale for interventions supported? (eg options considered, analysis done, prioritisation, choices made and why)? 2. Over the period, how far were strategies [If no strategy the programming in each sector should still be assessed against these relevance criteria] aligned with: <ol style="list-style-type: none"> a) development needs and policy priorities of the region / countries?, (i.e. aligned with the PRSP and sector strategies? or other expressed priorities in country from non-government actors? Related to off-track MDGs? b) policy priorities of UK? (UK strategic objectives and Cross-Whitehall working?) c) Built on lessons learned from past engagement and DFID's comparative advantage compared to other donors (in region and in each country) 3. To what extent were strategies in line with corporate priorities? (e.g White Papers, SDA, PSA, DDP, guidance on aid instrument choices, Conditionality paper, and relevant sector strategies,) 4. Did the RAP remain relevant in all countries over the RAP four-year period: particularly given changes to the economic and political environment and in terms of conflict resolution ? Were changes to strategies appropriate given the context or were there too many/ too few adaptations? <ol style="list-style-type: none"> a) Would a shorter time scale or narrower or wider focus have helped? 	RAP (and earlier CSPs), Country Strategies (CIPs and Joint Country Strategies where relevant), PRSP, Govt. Strategies, DFID Policy Papers

EVALUATION CRITERIA	KEY QUESTIONS	Findings and Evidence Base
	b) Did RAP help to increase focus of the programmes? Did it help country offices to be more strategic in their planning? c) Did it give enough flexibility to accommodate emerging needs? Were the RAP themes too restrictive? Did it reflect graduation issues? d) How efficient was the process of producing and reviewing the RAP? What are costs/benefits of producing and doing M&E for the RAP?	
Risk Management	5. How systematically did DFID assess the external risks (ie political governance, conflict, economic and fiduciary risks) and the internal factors influencing the country strategy/ programming? 6. How comprehensive were plans to minimise the identified risks?	Risk annexes of RAP (and previous CSPs), evaluations, etc
DFID's choice of aid instruments (interventions)	7. What mix of aid instruments was used, and how did this change over the evaluation period? 8. How were choices made (role of regional and country teams)? To what extent did choices about aid instruments reflect the political economy and governance context of the region and/or DFID policy? Were the GCPP and the RAP plans well synchronised ?	
DFID's partnership working	9. How did DFID approach working with partners? Were there explicit strategies? What was the basis of any influencing agenda? Was the overall balance between partners right? : a) Government b) Civil society c) other individual donors – both bilateral and multilateral? Was a joined up agenda with SIDA right? d) Other UK Departments (FCO,MOD) 10. To what extent did DFID seek to strengthen harmonisation across the donor community in each country and across the region? 11. How well did DFID consult with and communicate its aims and objectives to different development partners (donors, govt., civil society) at country and regional level?	IDP agreements DFID consultation process records and Publications
DFID's approach to cross-cutting themes	12. Did DFID have an appropriate strategy to mainstream cross-cutting issues of gender, social exclusion, HIV/AIDS and environmental protection, governance (in accordance with corporate policy)?	Written or unwritten strategies
Level and allocation of resources	13. Were strategies appropriate to the level of resources anticipated (esp. in terms of EU influencing and employment generation)? 14. How far did planned spending and use of staff time reflect strategic objectives? 15. Was geographic coverage too narrow / wide for resources available?	RAP Part 3, Staffing levels & gaps Regional finance data from Finance Officer

EVALUATION CRITERIA	KEY QUESTIONS	Findings and Evidence Base
Results focus [to confirm whether sits in relevance or effectiveness]	16. How far were DFID's planned interventions sufficiently results-focused and monitorable? 17. How far were the results of reviews used to reconsider design/ direction of work and resourcing and staff allocation priorities? 18. How far were results (including MDG progress) taken into account when taking decisions on graduation / scaling up? 19. What % of DFID's planned interventions contain in their design a sound basis to assess performance (e.g. a logframe. SMART indicators, funds for M&E). Team to prepare a table from a sample of projects)?	PRISM documents Monitoring Framework outputs
II. Effectiveness and III. Efficiency - <i>How effective was DFID in delivering results through its aid programme ; Did DFID operate in a timely and efficient manner?</i>		To form Chapter 4 of the report: Programme Effectiveness & Efficiency
II. EFFECTIVENESS		
Delivering on strategy	20. How far were objectives set out in strategies achieved in practice (e.g RAP performance objectives and other strategic outcomes/ key submissions)? What explains any areas of divergence? Was DFID effective in mitigating risks? 21. How effectively did DFID respond to new policy directives, and manage strategic risks that emerged? 22. What has been the impact of the decision to graduate from Albania? Impact on staff morale? Impact on relationship with partners?	File records on programme strategy, interviews in Country Office and London RAP monitoring framework outputs
Results	23. How far were the objectives and performance indicators for individual DFID interventions achieved (drawing on data from project reviews, RAP monitoring data and PRISM scores)? 24. What explains key successes and failures with regard to programme objectives? 25. How relevant and effective was the RAP monitoring framework and how were its results used? 26. How far have has it been possible to bring together the agendas of supporting nationally led pro-poor planning processes with EU accession planning?	PRISM /Quest RAP monitoring framework outputs
Aid effectiveness	27. How effective was the mix of aid instruments in achieving objectives? Were the different instruments used sufficiently complementary at country and regional level? 28. How effective has DFID been in pursuing its development agenda with partners including other parts of the UK Government (especially FCO and MOD around GCPP), National Government, other donors, IFIs and UN, Civil Society, NGOs? How efficient are the structures for coordination? 29. How has DFID worked with DFID UK, particularly the IFID, EUD and Policy Division and other parts of ECAD ?	

EVALUATION CRITERIA	KEY QUESTIONS	Findings and Evidence Base
	30. Was the decision to graduate from Albania based on a RAP analysis, or otherwise rationally based? Which of the parallel/joint funding initiatives worked best? Are they cost effective? 31. Has DFID operated in accordance with principles of aid effectiveness? (and emerging principles of aid effectiveness in fragile states middle income country contexts where appropriate?) 32. How well has DFID communicated its results / lessons/ good practice? How successful has the WeB been in its internal and external communications?	
DFID's delivery on cross-cutting themes	33. Did any attempts to mainstream gender, social exclusion, HIV/AIDS and environmental protection (including climate change) deliver results?	
III. EFFICIENCY		
Level and allocation of resources including staff	24. Was DFID set up to deliver strategies/ planned programmes in terms of staff resource available and financial resource available? 25. Was geographic coverage to narrow / wide for resources available? 26. What was the impact of working in Embassies v stand alone DFID offices (e.g. Pristina) 27. What is the implication of having a large London based staff and small country offices? Has advisory cadre been used to best effect? Should more SAIC be used? Should advisers be project officers (or vice versa)? Have corporate priorities for advisers affected the specific regional needs? 28. How is the quality of interaction between WeB country teams: what has worked well and what could be improved? 29. How does relationship between London and Country Offices work? What works well? What could be better? Are regional retreats effective use of country staff time?	Disbursement record from PRISM Finance Officers data Possible web survey of staff; specific focus in all DFID interviews; DPs' views. HR Mission (2004) and subsequent actions/policies Consider online survey of DFID staff
IV – VI. Impact and Sustainability – <i>What are the key impacts DFID has helped achieve?</i>		To form Chapter 5 of the report: Development Impact
Outcomes and Sustainability	30. To what extent have development outcomes been met and how far have they been affected by the social, political, economic environment nationally and regionally? 31. What is the evidence to show that DFID has helped contribute to specific development outcomes and PRSP achievements? (PSA/ DDP/ direct project/ programme impacts and 'indirect' benefits around policy dialogue)? 32. Is the WeB programme large enough to be worth the effort? 33. Are the development changes or reforms supported by DFID's country/ regional programme likely to be sustained/ difficult to reverse? To what extent has local capacity been built? To what extent will the DFID agenda be continued by other donors especially EC and EU partners? Has Serbian govt. ownership increased? 34. Has DFID added value through gains in aid effectiveness? E.g. contributing analysis/ tools/ support on harmonisation?	Evaluation studies, UN / WB /EC /USAID/DFID and other impact assessments and MDG reports.

EVALUATION CRITERIA	KEY QUESTIONS	Findings and Evidence Base
Attribution	35. Did DFID have a specific role that distinguished it from other donors? Is there a need for better self-promotion of DFID work and lessons (to UK or to WeB population)? 36. Any particular areas of added value in the implementation of the programme? Did DFID identify these effectively and have government and other donors recognised this?	
Lessons and recommendations - <i>What lessons can DFID draw from the evaluation for informing future country, regional or corporate planning and operations?</i>		To form Chapter 6 of the report: Lessons and recommendations
Strengths and weaknesses of DFID	37. What are the key strengths demonstrated by the WeB region and its country offices? 38. What are the key weaknesses demonstrated by the WeB region and its country offices?	
Lessons	39. How well have lessons been learned and used within the region? 40. What lessons (from positive and negative findings) can be drawn for DFID's future work in this country / region? (e.g. lessons related to graduation – graduation decisions and the process of implementation, working in Embassies and with SAIC only staffed offices). What lessons can be drawn from any partnerships that proved unsuccessful? 41. What lessons can be drawn more widely for DFID?	
Recommendations	42. What recommendations should be made based on the evaluation findings?	

Annex E: Serbia & Bosnia Timelines of Key Events

Timeline of key political events in Serbia 2003-2007

2003

- Mar UNDP hosted donor meeting to discuss slow reforms and what's to be done. Consensus was that macroeconomic stability was achieved and that structural reforms assistance commenced.
- Failure to successfully deal with Milosevic's networks resulted in the assassination of Serbian Prime Minister Zoran Djindjic. This violent act aimed at regime change sent a message to the world that Serbia's fragile democracy was in trouble. Followed government massive investigation operation "Sabre" suspended certain civic rights until 22 April. First period of decreased international assistance. Aid focus altered: from humanitarian to development. New priorities declared: poverty, redundancy, institutions building/strengthening etc.
- Apr Serbia becomes CoE member. First in series of international concessions to Serbian democratic block
- June Presidential Election, DS Boris Tadic won with heavy international help
Thessalonica EU-Western Balkans Summit - Declaration
- Dec Extraordinary Parliamentary Elections, minority government formed, with Milosevic's SPS support, no DS, SRS the biggest party went to opposition, government surprisingly lasted until the end of 2006. December 2003 elections and the formation of an unstable minority democratic government highlighted the growing power of Serbia's Radical Party and the re-emergence of the Socialist (former Milosevic's) Party. The tense relationship between Vojislav Kostunica's Democratic Party of Serbia (DSS) and now Serbian President Boris Tadic's Democratic Party (DS) centres on a number of difficult political issues, the most pressing of which is SaM's failure to cooperate with the ICTY in the Hague. The fractious democratic parties are contributing significantly to perceptions that SaM continues to be an unstable democracy. Parliament and full Government functioning resumed only as from March 2004

2004

- Jun Presidential Elections and 19 Sep 2004 Local Elections
- Dec & Jan 05 End of good phase of new government's ICTY cooperation. Internationally, lack of satisfaction with Serbia's poor cooperation with ICTY

2005

- Feb Montenegro proposes two states, the end of the Union of Serbia and Montenegro (USaM)
- Mar Paris Declaration on Aid Effectiveness
the mandate of the USaM parliament expired, never renewed,
Belgrade/Podgorica fight commences

Apr the EC approved a feasibility study on European Union (EU) membership for Serbia-Montenegro, beginning of Stabilization and Association Agreement (SAA) talks.

Oct beginning of SAA negotiations with EC, EU concession in spite of poor Serbian ICTY cooperation

Late 2005 onwards, beginning of the end of the Union of Serbia and Mont., and start of the Kosovo talks (Feb 2006)

DFID exit from Croatia and Macedonia, moved focus.

Beginning of the fall of democratic block within the Government over the issue of EU accession and ICTY

Nov beginning of the DS boycott of the Parliament, G17 Plus replaces MPs, weakening of the parliament (strong parties kept the mandates ownership). Boycott was soon replaced by cohabitation policy towards DSS

2006

Spring threefold crisis: Kosovo's and Montenegrin departures inevitable, insistence of EU on the ICTY

April G17 Splits over the issue of EU integration, Deputy PM resigned, DSS sharpened its anti-EU rhetoric

May The Montenegrin independence referendum, votes for separation from the USaM

June end of State Union, 3 June Montenegrin Declaration of Independence, and 5 June the Serbian

Oct Referenda on new Constitution, DSS, DS, and SRS joined over the issue of Kosovo: beginning of fragile period where all major parties support Serbian control over Kosovo. Decline in all ICTY and SAA efforts.

Nov Serbia Joins Pfp, major US-driven concession to Serbia ahead of the elections.

2007

Jan Extraordinary Parliamentary Elections, fragmented political parties map, no clear majority in terms of the pro-reform/pro-EU and patriotic block (1990's regime). Government formed only in May 2007, weak DS and DSS coalition. Parliament and full Government functioning resumed only from June 2007 then interrupted in July for another two months because of summer break.

Jan & Feb Extraordinary Presidential Election, DS won without DSS support, rapid SRS growth. Will DS stop cohabitation policy and depart from reform and EU integration efforts?

Timeline of key political events in Bosnia (BiH) 2003–2007

2003

- Jan EU Police Mission takes over from UN IPTF, as the first European Security and Defence Police (ESDP) mission
- Feb Croatia applies for EU membership
- June Thessaloniki summit confirms accession perspective of Western Balkans countries
- Nov EC Feasibility Study on BiH readiness to implement Stabilisation and Association Agreement published
- Dec Defence Reform Laws approved in Entity and State Parliaments, establishing state-level command and control over entity armed forces
BiH Parliament adopts laws establishing single indirect revenue agency and introducing VAT, giving state first own source revenue since Dayton
December 30, 2003 BiH Institutions Assume Responsibility for Return Process.

2004

- March BiH Parliament adopts Law on single Intelligence Agency
BiH Parliament adopts laws strengthening the law enforcement capacity of the State Investigation and Protection Agency (SIPA)
- May BiH Parliament Adopts Law on single BiH High Judicial and Prosecutorial Council
European Council confirms Croatia as an EU candidate country
High Representative removes 59 officials for obstructing cooperation with the ICTY
- July High Representative establishes Police Restructuring Commission
BiH Parliament adopts Law on Registration of Businesses
- Sep BiH Parliament adopts Law on Public Procurement
- Dec High Representative announces measures to address 'systemic weaknesses in BiH security structures regarding ICTY cooperation', including calling for abolishment of entity MoDs/armed forces

2005

- Jan Single Account becomes operational – all customs tariffs, excise tax and sales tax on excisable goods go into single account
- Sep RS National Assembly rejects police reform principles set out by EC
- Oct BiH Parliament adopts new Law on Defense, abolishing entity MoDs and armies
- Nov EC recommends opening SAA negotiations

2006

- Jan BiH SAA negotiations launched
Christian Schwartz Schilling appointed as High Representative
- Feb Milorad Dodik (SNSD) forms government in Republika Srpska, replacing SDS-PDP govt
- March BiH parties reach agreement on constitutional changes
- Apr Constitutional amendments rejected in BiH Parliament
- May Montenegro referendum on independence
RS PM first mentions RS right to referendum on secession, followed by months of heated pre-election rhetoric between RS and FBiH parties on abolishing RS versus its right to secede
- May-June Serb delegates boycott BiH parliament
- June Peace Implementation Council (PIC) decision to close OHR by July 2007
- Sep Special Parallel Relations Agreement between RS and Serbia signed
- Oct General Elections in BiH
- Nov BiH and Serbia invited to join NATO Partnership for Peace
Technical negotiations on SAA completed
- Dec BiH joins CEFTA
Decision to downsize EUFOR from 6000 to 2500 troops

2007

- Jan Instrument of Pre-Accession funding (IPA) comes into force
- Feb ICJ ruling on BiH case against FRY
PIC postpones closure of OHR
- July Miroslav Lajcak assumes office of High Representative
- Oct Following failure of BiH leaders to agree on outstanding EU SAA requirements, High Representative imposes decisions to reduce ethno-territorial veto points in state government
- Dec BiH political leaders sign agreement on police reform
SAA initialed (yet to be signed)

Annex F: MDGs Status

Albania

- **Economic growth:** Since late 1990s, Albania has experienced a stable economic situation with an average growth of 5.5% per year (World Bank website). Fast growth has led to high reductions in poverty in recent years.
- **Poverty:** Albania has middle-income country (MIC) status. An estimated 3.5% of the population live on an income of less than \$1 a day and 18.5% of the population live below the national poverty line of \$2 a day (source).
- **Education:** Literate population hits 87.8% and illiterate population is at 1,4% (Statistical Yearbook 1995–2004, INSTAT). Using the international targets Albania has already met the MDG2 – to achieve universal primary education; UPE (universal primary enrolment) is already achieved, (and hence gender equality in primary enrolment); completion rates are also high as are literacy rates. (UN MDG website).
- **Maternal and child mortality:** 15.5 for every 1000 live births, 13.4 for every 1000 women and 22.1 for every 1000 children under 5 die. (Statistical Yearbook 1995–2004, INSTAT) The UN estimates that child mortality rates have fallen from 45 per 1,000 in 1990 to 19 per 1,000 in 2004, similar trends have been seen in infant mortality, although they are still more than three times higher than the EU average. Maternal mortality has also declined since 1990, but at a slower rate (UN estimates from 65 per 100,000 in 1990 to 55 per 100,000 in 2000).
- **Access to water:** 96% of population.(WHO/UNICEF Joint Monitoring Programme 2006) Access to water and sanitation are high (96% and 91% respectively – WHO / Unicef Joint Monitoring Programme 2006) but no change has been seen since 1990.
- **HIV prevalence:** Albania ranks low among HIV/AIDS prevalence rate countries, but it exhibits all risk factors that may lead to a rapid increase in the disease. The reported incidence of HIV/AIDS is less than 0,1% (Albania Health Sector Note – World Bank 2006)
- **TB prevalence:** 18 persons for 100,000 inhabitants and mortality rate is 3.5 % (Albania Health Sector Note – World Bank 2006) Albania is on track to halve deaths from TB by 2015 (UN estimates), and there is no Malaria in Albania.
- Other **gender** targets reveal that beyond schooling, other forms of gender inequality remain. Albania is off track to meet targets on gender equality in employment and parliament. Unemployment is high amongst women, and their participation in non agricultural employment is low (Albania MDG report 2004)
- Environmental sustainability has featured more highly in policy documents in Albania in recent years.

Bosnia and Herzegovina

- Mixed progress overall, For many of the targets (education, health and access to services) levels are good, but not good enough for an aspiring member of the EU, and trends show little or no progress over recent years (UN MDG report for BiH 2004, plus more recent MDG data)

- **Poverty** levels: 17.8% of people living below the general poverty line of 2223 KM (Konvertible Mark) per person per year (approximately £771) and another 30% are close to it (BiH Poverty profile, 2005).
- **Economic growth:** BiH is a lower middle income country. Economic growth is robust with an official GNI per capita of US\$2700 per capita.
- **Infant mortality** rate: 13 per 1,000 live births; maternal mortality rate: 8 per 100,000 live births (UNICEF's 'The State of the World's Children report', 2005) child mortality rates have fallen slowly since the 1990s (UN estimates from 22 per 1,000 in 1990 to 15 per 1,000 in 2004)
- **School net attendance** rate: 93% (UNICEF's 'The State of the World's Children report', 2005)
- On track to meet the goal to combat **diseases:** Adults aged 15-49 **HIV** prevalence rate less than 0.1% (UNAIDS website, 2007), Death rates from TB have more than halved since the early 1990s (UNSD)
- **Access to water** has remained at 97% (99% urban, 95% rural) since 1990 (Unicef/WHO JMP report 2006)
- BiH has met the **gender** goal with regards primary enrolment, but the gender disparities in the economy and the political sphere are dramatic. Perhaps the starkest example is evident in the low female share of the labour market, which is lowest of all countries in South East Europe according to the UN MDG report of 2004.

Kosovo

- There is limited data available on Kosovo's progress towards the MDGs. Also, since Kosovo is not a country but an autonomous province, it does not feature in most of the main international databases and reports.
- **Economic growth:** 3% per annum (UNDP Kosovo HDR, 2006), However it is estimated that Kosovo is the poorest region in the Balkans and one of the poorest in Europe (UNDP HDR 2006). The World Bank estimates (in its 2007 draft poverty update) that about 45% report a consumption level below the poverty line (which in 2002 prices is set at €43 per adult equivalent per month), and that these rates are stagnant.
- In 2003 more than 95% children were **enrolled in primary education**, although this varies by ethnic group with Roma, Ashkali and Egyptian minority groups faring worst (UNDP HDR 2006); enrollment in **secondary school:** 75.2%, although this is an increase on previous years (59.5% in 2000/2001)
- **The ratio of girls to boys** in primary school: 92% in 2004; 79% at secondary level, especially in rural areas (UNDP HDR 2006).
- **Health** indicators are among the worst in Eastern Europe with a continuing downward trend. Infant mortality rates are amongst the highest in Eastern Europe. Health estimates are imprecise, but the overall health status of the population is poor and among the worse in the region. Infant mortality rate could be between 18-44/1,000 in 2003.(World Bank Kosovo Poverty Assessment, June 2005)

- **Access to water and sanitation:** around 70% of the population has access to improved water sources but much of the water supply remains contaminated (World Bank Kosovo Poverty Assessment, June 2005)
- **HIV prevalence:** Very low. Kosovo in on track to meet the MDG target (World Bank Kosovo Poverty Assessment, June 2005). However the potential for a HIV epidemic is there as the level of knowledge on HIV/AIDS and safe sex practices amongst the youth is low.

Serbia

- Gross Domestic Product (per capita): € 3,354 (Serbian Republican Statistical Office, 2006)
- **Economic growth:** 5.8% (Government of Serbia, 2006)
- **Unemployment rate:** 26,6% (Serbian Republican Statistical Office, Sept 2006)
- There is an equal balance of boys and girls in **education**. Enrolment rates are: Primary – 95.6%, Secondary – 85.8% & Tertiary – 40.2% (Serbian Republican Statistical Office, 2006)
- **Child and maternal mortality rates:** Under 5 – 9.2 per 1,000. Infant mortality – 8 per 1,000 births and maternal mortality 5.6 per 1000 births. (Serbian Republican Statistical Office, 2006)
- **Access to water and sanitation.** Water 93%, sanitation 97% (urban) and 86% rural (MDG Devinfo database, Serbia, 2006)
- **HIV prevalence:** low, approximately 0.2% of population between age of 15-19 (Ministry of Health, 2006)

1.19 Albania:

1.20 Millennium Development Goal 1: To eradicate extreme poverty and hunger.

1.20.1 **Target 1:** Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.

Target 2: To halve the proportion of people who suffer from hunger by 2015.

Some progress: National level reports say that Albania is on track to meet many of the targets under this goal, and there is evidence that poverty rates are falling. However some reports say that reductions are not fast enough, and that poverty reduction will be hampered by high levels of unemployment. Rates are falling faster in urban areas than in rural areas.

1.21 Millennium Development Goal 2: Achieve Universal Primary Education.

1.21.1 **Target 3:** Ensure that by 2015 children everywhere, boys and girls alike will be able to complete a full course of primary schooling.

Met: Using the international targets Albania appears to have **already met** this goal; UPE (universal primary enrolment) is already achieved, and hence gender equality in primary enrolment; completion rates are also high as are literacy rates. However the national MDG report shows that increased investment is needed, especially in rural areas, standards of teaching need to improve, and drop out rates need to reduce.

1.22 Millennium Development Goal 3: Promote gender equality and empower women.

1.22.1 **Target 4:** Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015.

Mixed Picture: The World Bank gives Albania a **green** for this goal since gender equality in primary schools has been met; however other indicators show that other forms of gender inequality remain. Albania is **off track** to meet targets on gender equality in employment and parliament. Unemployment is high amongst women, and their participation in non agricultural employment is low.

1.23 Millennium Development Goal 4: Reduce child mortality.

1.23.1 **Target 5:** Between 1990 and 2015, reduce the under-five mortality rate by two thirds.

On track: Child mortality rates are falling and the target will be reached by 2015 if past progress is maintained. Rates reduced by to half the 1990 level by 2002.

Children are already immunised against measles.

1.24 Millennium Development Goal 5: Improve maternal health.

1.24.1 **Target 6:** Between 1990 and 2015, reduce the maternal mortality ratio by three quarters.

Some progress: Maternal death rates have fallen in Albania, but more progress is needed Most births are attended by skilled personnel, and so the DFID Policy Division methodology gives Albania a **green** for this goal. The World Bank gives Albania an amber for this goal

1.25 Millennium Development Goal 6: To combat HIV/AIDS, malaria and other diseases.

1.25.1 **Target 7:** By 2015 to have halted and begun to reverse the spread of HIV and AIDS.

1.25.2 **Target 8:** By 2015 to have halted and begun to reverse the incidence of malaria and other major diseases.

Some progress: Albania has a low level of HIV/AIDS, and there has been no outbursts, but cultural barriers, a lack of contraception use, and a lack of awareness leaves potential for spread in the future.

DFID Policy Division methodology gives Albania a **green** for two targets under this goal. Albania is on track to halve deaths from TB by 2015, and there is no Malaria in Albania.

The World Bank gives Albania an **amber** for this goal

Millennium Development Goal 7: Ensure Environmental Sustainability

Target 9. Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources

Target 10. Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Target 11. Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers

Mixed Picture: Environmental sustainability has **featured more highly** in policy documents in Albania in recent years.

There is mixed evidence on forest cover, Albania national MDG report says that **destruction** has been seen.

Access to water is high (96%) and remains steady. Because there has been no increase the level the policy division methodology gives a **red** to this target, the World Bank scores it as **amber**. There is limited data available on slum dwellers.

Results from World Bank Report:

	MDG 1: Income poverty	MDG 2: School enrolment	MDG 3: Gender equality in school	MDG 4: Child mortality	MDG 5: Maternal mortality	MDG 6: HIV/AIDS malaria and other diseases	MDG 7: Water access
Albania	Yellow	Green	Green	Green	Yellow	Yellow	Yellow

Key:

Likely	MDG target likely to be achieved	Unlikely	MDG target unlikely to be achieved
Maybe	Too difficult to tell whether MDG target will be achieved	No data	Inadequate data to tell whether MDG target will be achieved

Annex G: EU Accession Progress

Key findings of the progress reports on Kosovo and the potential candidate countries: Albania, Bosnia and Herzegovina, Serbia¹

Albania

Albania signed a Stabilisation and Association Agreement (SAA) with the EU on 12 June 2006. An Interim Agreement has entered into force and SAA ratification by the Member States is ongoing.

Political criteria

Albania has made some progress on democracy and the rule of law. Some progress has also been achieved regarding human rights and the protection of minorities, and in strengthening property rights. Albania has continued to play a positive role in maintaining regional stability and has contributed to the conclusion of the regional free trade agreement, CEFTA.

However, democratic culture and in particular constructive dialogue between parties needs to be developed to enable the political system to function effectively and transparently. It is important for Albania to complete the long overdue electoral and judicial reforms which are currently being discussed. Corruption remains widespread.

Economic criteria

Albania has made progress towards establishing a functioning market economy. Further considerable reform efforts are needed to enable it to cope over the long term with competitive pressures and market forces within the Union. The level of registered unemployment, though still high, continued to decline. Privatisation gained new momentum in 2007.

However, external deficits widened further, mainly due to difficulties in the energy sector. Shortages of qualified staff and poor infrastructure – including energy supply – hold back the development of a private sector that can make sustained contribution to the country's economic development.

European standards

Albania has made progress in aligning its legislation, policies and capacity with European standards and is implementing its Interim Agreement trade commitments. In some areas, such as customs, competition and fighting organised crime, progress made in previous years has been sustained.

In other areas, however, such as energy, transport and intellectual property rights, progress has remained limited.

¹

[#fn1](http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/446&format=HTML&aged=0)

Bosnia and Herzegovina

Negotiations on a Stabilisation and Association Agreement (SAA) with Bosnia and Herzegovina began in 2005. Discussions on the technical content of the foreseen Agreement were completed in December 2006. The conclusion of the SAA, however, depends on Bosnia and Herzegovina meeting four conditions: achievement of police reform in accordance with the EU's three principles², full co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY), public broadcasting reform, and public administration reform.

Political criteria

As regards the political criteria, Bosnia and Herzegovina's progress has slowed down. Some progress has been made in the area of public administration, but significant further efforts are needed. Co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY) has improved and is now at a generally satisfactory level. The country participates actively in regional co-operation and has agreed to the regional free trade agreement (CEFTA).

However, Bosnia and Herzegovina's political leaders failed to achieve police reform. Lack of progress on this and other important issues is seriously delaying the conclusion of the SAA, as well as reforms in general. Full co-operation with the ICTY remains necessary.

Economic criteria

Bosnia and Herzegovina has made little further progress towards establishing a functioning market economy. The persistence of very high unemployment remains a major cause of concern. Major reforms are needed to enable it to cope over the long term with competitive pressure and market forces within the Union.

Economic growth remained high and accelerated. Inflation has been reduced. FDI increased significantly in 2007 and helped financing the external deficit. Price competitiveness was to a large extent preserved.

However, weak domestic consensus on the fundamentals of economic policy led to a slow-down of reforms both at entity and other levels of government. Significant structural rigidities hamper the functioning of the labour market. The public sector remains large.

European Standards

Bosnia and Herzegovina has made limited progress in aligning its legislation and policies with European standards. In areas such as, competition, transport, energy, education, visa management and asylum, some progress has been made.

In other areas, however, such as movement of persons, social policies and employment, little has been achieved.

² All legislative and budgetary competence must be vested at State level, no political interference in operational police work and police areas defined according to technical criteria

Serbia

Serbia made significant progress in the Stabilisation and Association Agreement (SAA) negotiations. In June 2007 Serbia met the conditions and resumed SAA negotiations, which had been previously suspended in May 2006. Technically, the negotiations have been finalised. However, the conclusion of the Agreement continues to depend on full cooperation with the International Criminal Tribunal for the former Yugoslavia, which should lead to the arrest and transfer of all remaining fugitives to The Hague.

Political criteria

Serbia has made some progress in addressing political criteria. The new constitution entered into force in November 2006. A constitutional law has also been adopted. Parliamentary elections took place in January 2007, in accordance with international standards. However, the period until the formation of a new government in May 2007 highlighted sharp political divisions. This led to a slow-down in the pace of reforms. The new government has made efforts to step up the reform process. Civilian oversight of the military has improved. Serbia has played a positive role in improving regional co-operation.

Serbia participated in discussions under the auspices of the UN Secretary General's Envoy for Kosovo on the future status of Kosovo and continues to do so under the auspices of the international troika.

However, judicial reform is lagging behind and a new legal framework is pending. Corruption is widespread. Enforcement of human rights, including women's, children and Roma rights needs to be improved. Ethnic tensions still exist. Serbia must now achieve full co-operation with the ICTY. It should lead to the arrest and transfer of all remaining indictees to the Hague Tribunal in order to formally conclude the SAA negotiations. Serbia also needs to show a more constructive approach towards the participation of Kosovo under UNSCR 1244 in regional cooperation and other fora.

Economic criteria

Serbia has made some progress towards establishing a functioning market economy. Further reform efforts must be pursued to enable Serbia to cope in the medium term with the competitive pressures and market forces within the Union.

The broad economic policy essentials have overall been maintained. The economy continued to expand strongly. Foreign capital inflows remained significant. Inflation declined, the budget remained in surplus and expenditures were directed towards investment. Foreign trade and investment continued to grow and economic integration with the EU has advanced.

However, unemployment remains very high. Further progress in privatisation is needed and a competitive and dynamic private sector has not yet been fully established. Fiscal policy became less tight. The lack of flexibility in the labour market and high social security contributions remain an obstacle for job creation, just like bureaucratic requirements and complex legislation.

European standards

The SAA negotiations have shown that Serbia has the administrative capacity to progress towards the EU. Serbia is well placed to implement a future SAA. Good progress was achieved in areas such as free movement of goods, customs and taxation, Industry and SME, agriculture and visa facilitation.

However progress has been limited in areas like information society and media, financial control and money laundering.

Kosovo (under UN Security Council Resolution 1244)

Kosovo's institutional arrangements are governed by United Nations Security Council Resolution (UNSCR) 1244 establishing an interim international civilian administration (UNMIK). The constitutional framework divides responsibilities between UNMIK and the provisional institutions of self-government (PISG), pending a final settlement.

Political criteria

Despite negotiations on the status, overall stability is being maintained. The provisional institutions of self-government have fulfilled their core roles in their area of competence. The assembly has participated more actively in the legislative process with improved law making capacity and a better administration. Coordination within the government has improved.

Kosovo participated in discussions under the auspices of the UN Secretary General's Envoy for Kosovo on the future status of Kosovo and continues to do so under the auspices of the international troika.

However, the status issue has continued to dominate Kosovo's politics. UNMIK still bears ultimate legislative and executive responsibility. Relations between Kosovo Albanians and Kosovo Serbs remained strained. Strengthening the rule of law, anti-corruption policy, enforcement of human rights and the fight against organised crime and enhancing the dialogue between the communities represent major challenges. Corruption remains widespread.

Economic criteria

Kosovo has made little progress towards establishing a functioning market economy. Further considerable reform efforts must be pursued to enable it to cope over the long term with competitive pressure and market forces within the Union.

Overall, economic policies remained broadly sound and market-oriented. Inflation was low, and the price level of domestic goods and services fell. Privatisation of formerly socially owned enterprises accelerated significantly although much remains to be done. The financial sector further expanded and consolidated in a context of increased foreign ownership.

However, growth was relatively modest and unemployment very high. Inadequate implementation of the rule of law, status related uncertainties and fiscal risks continued to affect the functioning of market mechanisms and the business climate. Economic policy co-ordination remained weak making it difficult to ensure a policy consensus and to respect policy commitments.

European standards

Kosovo has made further progress in approximating its legislation and policies with European standards. In some areas, such as customs and free movement of goods, progress made in previous years has been sustained.

However, little progress has been made on the effective implementation and enforcement of legislation. More efforts are needed to create the administrative capacity that will ensure further approximation and implementation of European standards, in particular in fighting organised crime, protecting the external borders and boundary, taxation and energy.

EU Financial Assistance under the Instrument for Pre-Accession Assistance (IPA)³ for the potential candidate countries

³ MEMO/06/410 frequently asked questions on IPA

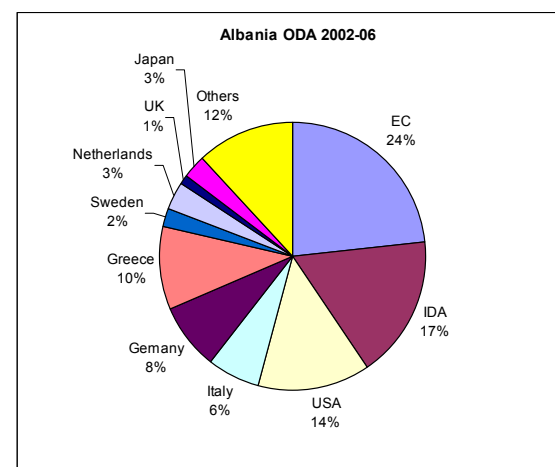
Pre-acc. Assistance envelopes, in Million	2000-06	2007	2008	2009	2010	2011	Total 2007-2011
Albania	316	61.0	70.7	81.2	93.2	95.0	401.1
Bosnia and Herzegovina	503	62.1	74.8	89.1	106.0	108.1	440.1
Montenegro	1,514	31.4	32.6	33.3	34.0	34.7	166.0
Serbia		189.7	190.9	194.8	198.7	202.7	976.8
Kosovo *	1,110	68.3	124.7	66.1	67.3	68.7	395.1
Total		412.5	493.7	464.5	499.2	509.2	2,379.1

Annex H: Official Development Assistance

Net ODA disbursements from Main Donors, 2002 - 2006 (USD millions)

Albania

Donor	Year										Total 2002-6	
	2002		2003		2004		2005		2006		Amount	% of total receipts
	Amount	% of total receipts	Amount	% of total receipts	Amount	% of total receipts	Amount	% of total receipts	Amount	% of total receipts		
EC	31	10%	34	10%	44	15%	78	24%	187	58%	373	23%
IDA	79	26%	59	17%	64	21%	30	9%	41	13%	273	17%
USA	62	20%	40	11%	40	13%	36	11%	41	13%	219	14%
Italy	24	8%	21	6%	18	6%	9	3%	30	9%	102	6%
Germany	25	8%	21	6%	24	8%	30	10%	30	9%	129	8%
Greece	15	5%	83	24%	19	6%	24	8%	18	6%	160	10%
Sweden	4	1%	5	2%	6	2%	9	3%	13	4%	36	2%
Netherlands	12	4%	13	4%	11	4%	9	3%	5	2%	50	3%
UK	5	2%	5	1%	4	1%	4	1%	4	1%	21	1%
Japan	4	1%	11	3%	10	3%	18	6%	2	1%	44	3%
Others	49	16%	57	16%	59	20%	73	23%	-	-15%	189	12%
All Donors	308		349		299		319		321		1,596	
GDP			5,617		7,380		8,380		9,136			
ODA/GDP			6.2%		4.1%		3.8%		3.5%			



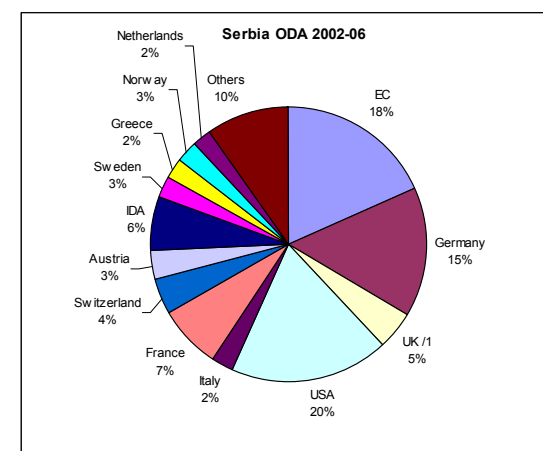
Net ODA disbursements from Main Donors, 2002 - 2006 (USD millions)

Serbia (including Kosovo)

Donor	Year										Total 2002-6	
	2002		2003		2004		2005		2006			
	Amount	% of total receipts	Amount	% of total receipts	Amount	% of total receipts	Amount	% of total receipts	Amount	% of total receipts	Amount	% of total receipts
EC	-	0%	342	26%	366	31%	158	14%	334	21%	1,200	17%
Germany	531	28%	117	9%	87	7%	68	6%	202	13%	1,006	14%
UK /1	-	-	14	1%	10	1%	93	8%	180	11%	297	4%
USA	495	26%	210	16%	181	15%	186	16%	147	9%	1,219	17%
Italy	4	0%	13	1%	-	0%	16	1%	130	8%	163	2%
France	104	5%	208	16%	9	1%	58	5%	110	7%	488	7%
Switzerland	24	1%	58	4%	56	5%	48	4%	99	6%	285	4%
Austria	87	5%	19	1%	26	2%	35	3%	55	3%	221	3%
IDA	-	0%	95	7%	170	15%	93	8%	46	3%	404	6%
Sweden	24	1%	35	3%	39	3%	35	3%	44	3%	179	3%
Greece	5	0%	59	4%	12	1%	49	4%	36	2%	161	2%
Norway	22	1%	44	3%	37	3%	34	3%	33	2%	170	2%
Netherlands	62	3%	26	2%	23	2%	11	1%	21	1%	142	2%
Others		0%	79	6%	153	13%	254	22%	148	9%	634	9%
All Donors	1,929		1,318		1,170		1,136		1,586		7,138	

GDP		2,107	2,443	2,415	3,180
ODA/GDP		62.5%	47.9%	47.0%	49.9%

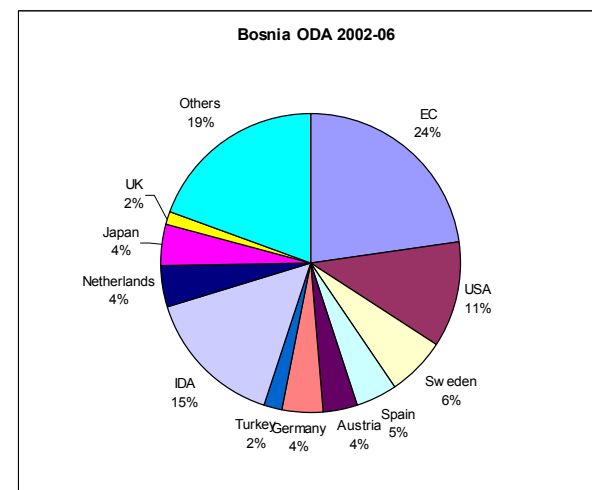
1/ Debt forgiveness accounts for \$83m and \$171m in 2005 and 2006 for UK



Net ODA disbursements from Main Donors, 2002 - 2006 (USD millions)

Bosnia

Donor	Year										Total 2002-6	
	2002		2003		2004		2005		2006			
	Amount	% of total receipts	Amount	% of total receipts	Amount	% of total receipts	Amount	% of total receipts	Amount	% of total receipts	Amount	% of total receipts
EC	129	23%	136	25%	125	18%	165	30%	89	18%	643	23%
USA	76	13%	69	13%	62	9%	49	9%	66	13%	322	11%
Sweden	27	5%	35	7%	34	5%	47	8%	40	8%	184	6%
Spain	28	5%	31	6%	25	4%	6	1%	40	8%	129	5%
Austria	11	2%	15	3%	19	3%	26	5%	29	6%	100	4%
Germany	19	3%	22	4%	30	4%	26	5%	27	5%	124	4%
Turkey	6	1%	1	0%	6	1%	19	3%	25	5%	57	2%
IDA	97	17%	48	9%	209	31%	56	10%	23	5%	432	15%
Netherlands	37	7%	25	5%	25	4%	21	4%	19	4%	127	4%
Japan	15	3%	54	10%	22	3%	17	3%	16	3%	124	4%
UK	7	1%	13	2%	11	2%	7	1%	6	1%	43	2%
Others	111	20%	92	17%	117	17%	116	21%	114	23%	550	19%
All Donors	563		540		684		553		494		2,835	
GDP			7,731		9,306		9,923		11,295			
ODA/GDP			7.0%		7.3%		5.6%		4.4%			



Annex I: Web Survey

Position	Geographic Responsibility	Years involved
Programme staff in Country	Bosnia	2007
Eu coordinator	Region-wide	2007
Programme staff in Country	Albania	2003-2007
Head of Office / Former Head of Office	Kosovo	2007
Programme management	Bosnia	2003
Programme staff London	Bosnia	2003
Ex-Economic Adviser	Region-wide	2003-2007
Programme staff in Country	Bosnia	2007
Head of Office / Former Head of Office	Bosnia	2004-2007
Head of Office / Former Head of Office	Serbia	2004-2007
Head of Office / Former Head of Office	Albania	2003-2006
Programme staff in Country	Serbia	2003
Programme staff in Country	Kosovo	2003
Adviser	Region-wide	2005-2007
Programme staff in Country	Kosovo	2003-2007
Finance Officer	Region-wide	No answer
Adviser	Region-wide	2006-2007
Head of Office / Former Head of Office	Bosnia	2007
Programme staff in Country	Serbia	2003
Adviser	Albania/Kosovo/Bosnia	2006-2007
Programme management	Region-wide/Albania	2007
Programme management	Region-wide	2005-2007
Programme staff London	Region-wide	2003 -2005

What percentage of your time was consciously given to influencing (i.e non project related policy engagement through networks London/Brussels/country level)in 2003, 2005, 2007?

	2003	2005	2007
Average	25%	30%	40%

Other Comments

Almost all the remaining time is line management

Although I'd prefer not to use the term influencing (it should be a two way process) I have spent a lot of my time (formally & informally) attempting to spread the message on the value of measuring impact and the ways and means of doing it - primarily CPP and EBRD.

Probably a bit on the low side but I was learning the job. Should increase significantly in 2008.

2003 Was a steep learning curve for me on EU procurement procedures and induction to DFID. 2004 -2006 we had our projects up and running that allowed us more time for influencing work. 2007 the proportion of time for influecing has been reduced due to re-programming work.

Percentages offered reflect average time devoted on paper to DFID agenda. In practice, real time was probably nearer 30% of my time as social agenda and areas that DFID programme covered were intrinsically linked to the political agenda viz Albania's EU & NATO aspirations.

Some of what I did might be defined as "direct" influencing but much of it was indirect e.g. advising other DFID on their activity, or undertaking project work which was intended to influence the behaviour of others - such as the design stage of an EC programme.

Very difficult to make an accurate assessment. Also very long time ago! Would be higher if influencing Whitehall is included.

Did you record influencing activity? If so how and where is the paper trail?

Yes - visit reports; reporting egrams of EBRD meetings; meeting records (including with ministers)

Minutes reporting visits are saved in EDRM.

Records are the minutes of the EBRD Donor Meetings, and follow up to CPP meetings. Evidence is just starting to show in both EBRD and CPP.

Not systematically but notes of key meetings are minuted and circulated.

BTORs, notes on quest, in my PMF

No - I spend very limited time working directly on the WB programmes. However I do work through the WB trust funds.

Not always especially if done using informal communication.

Yes. Records of meetings filed locally and shared with DFID when needs be. Regular exchanges of e-mails with Country team and Advisors at HQ plus visit reports from an endless stream of visitors from the UK should be available from DFID HQ.

Yes- in the EU strategy (incorporated with RAP country action plans); in responses to EU Coordinator requests for information; during influencing training.

As most of what I did was directly or indirectly trying to influence the EC, the WB, the IMF, the EBRD, the UNDP, governments, etc there was no point in having a specific paper trail relating to influencing as such.

Sometimes, for example in back to office reports, but not systematically

No

Reports provided, records of IPA Committee meetings etc

What were the main tools/activities for influencing that you used? Did they change between 2003 and 2007?	group mtgs	indiv mtg	consultants	research reports analysis	informal networking	flex funding	projects	2003-07?
international meetings e.g. consultative groups; EU CARDS meetings; annual talks with World Bank; monthly visits to the region for discussions with key interlocutors (govts, NGOs, contractors, embassies/donors, UK embassies etc)	x	x						
Initially, mainly personal. More recently, research reports too. Also some limited inputs of consultancy support.		x	x	x				more now
Can only speak for 2007. Through formal donor meetings (& informal networking) with EBRD. For CPP- the Committee Meetings although more of a thankless task as Cabinet Office did not follow up on a number of approved actions.	x				x			
Not really but there is more material now on what works and what does not work. So learning as we go.								more now
Meetings, writing papers and giving presentations, making contact via phone and e mail. I became more proactively involved form 2006	x			x	x			increase
Informal communication, networking and by co-opting people with influence over the institution we wanted to influence.		x			x			
Thematic areas covered by bilateral programme (tax, fiscal planning across govt., national strategies to alleviate poverty etc.) ensured we were linked into areas that mattered to the GoA, which in turn afforded high level access for us locally and for visiting officials. Able to use DFID flexibility and untied funding to good effect in exerting UK influence as a partner of choice with locals and internationals alike.		x				x	x	
- programmes as platform for dialogue - political/ diplomatic eg: engagign Ambassador - Technical/ regional expertise eg: Advisers - Lessons Learned/ analysis eg: sharing Drivers of Change Study/ Social Exclusion study with World Bank/ EC - Public Outreach eg: workshop on Social Policy - Ongoing donor Co-ordination eg; Donor Co-ordination Forum - Increased Joint programming - Strategic engagement eg: setting aside core staff time to comment on key documents eg: EC MIPD	x			x			x	
Face to face contact, meetings (e.g. the WLSG), the submission of papers (e.g. on corporate restructuring), and organised themed events. Not much change really over the period.	x	x		x				no change
face to face building alliances drafting paper on behalf of others coopting local partners		x		x				
Personal contact, formal meetings, written documents	x	x		x				
Total count	6	7	1	6	3	1	2	

If Technical Assistance was seen as an influencing mechanism, how was the TA recruited, supported or evaluated for this ?

EC delegation in Tirana was supported to complete specific tasks in accordance with EC Delegation needs. The expected influence accrues to DFID through gratitude, and evidence that DFID lobbying for greater effectiveness is backed by support. No direct influencing by the TA intended.

UK is the biggest donor to the West Balkans Trust Fund. EBRD is interested in what we have to say, but rather like a broken record in terms of the need for success indicators etc.

Not much experience in Bosnia but when provide TA we will do so after detailed consultations with all partners. We can use this process as a tool for influencing.

There were cases when TA was recruited as an influencing mechanism. They were recruited through call down contracts. National experts were hired to work alongside them. Their work was monitored and evaluated by the relevant programme officer.

Not clear how it was recruited as this was handled by country team at HQ, but we measured value by the amount of influence we could bring to bear on key local officials from Ministers to Heads of Department and junior officials to bring about change and inculcate a professional method of working to EU norms and standards.

I wouldn't say that TA was evaluated for influence directly. Rather they are assessed in terms of progress against the logframe which perhaps did not capture influencing objectives. The key is that DFID staff used the programme / TA as a platform for influence and brought in technical expertise as and when required

Usually employed high quality technical expertise to advise on policy design (e.g. the production of PRSPs) or project design. Standard recruitment procedure employed but particular emphasis was given to communication skills and regional experience.

no

If SAIC staff were seen as an influencing mechanism, how were these staff recruited, supported or evaluated for this ?	influencers?	support?
SAIC staff are a key influencing resource. Their PMFs, and 1-1 discussions with Line Managers, should be the main vehicle for this. L&D activity, including tailored training, has been provided in 2006 and 2007 specifically on influencing the EC.	yes	training on EC, appraisal
Yes they are. Close links are established with their technical counterpart in HQ and by support from their Head of Office.	yes	
I find the formulation of this question a little insensitive.	?	
Very much so. SAIC were recruited before my time, but were an essential part of the DFID machine. Not only were they "development professionals", but they also understood the language, culture and psyche of the GOA machine and (once encouraged) were keen to explain what could work or not. SAIC received annual appraisals and had access to a performance related pay scheme. They also participated in a wide range of training courses and took part in regional meetings/retreats when needed.	yes	training, appraisal
SAIC staff recruited through open competition and this was upheld as an important principle. In the BiH programme the focus was placed on recruiting senior staff with sectoral expertise. They were supported with training eg: Influencing training pilot run in Serbia; EU training in Brussels/		training on EC
They were key to influencing strategies in the field but of course not to Brussels and Washington. In order to influence in many fields DFID needed street credibility and our SAIC staff were key to both this and the essential operational networking. As far as I know SAICs were recruited and assessed according to, respectively, their potential and actual performance in a range of skills, including communication capabilities.	yes	recruited for comm skills
evaluation through PMF forms and on a monthly 1:1 meeting influencing in one programme area (decentralisation) has been explicitly planned local staff have tremendous influence with local political actors - little of this has been possible in the lead up to elections and the subsequent lead up to status declaration	yes	

What results do you attribute to your influencing activity, and what evidence do you have for this?

EBRD fund established for Western Balkans (replicating Early Transition Fund for Central Asia/South Caucasus - which UK instigated, and which I chaired)

Very little is likely to be mine alone; as Team Leader it is inevitably mainly a team effort. The attention paid by the Enlargement Director-General to aid effectiveness issues may be in some measure due to the relationship I have with his Assistant, who therefore approached me for ideas.

Pretty hard to attribute to CPP as the management model is changing, although it is encouraging when you hear your own words used by the person you least expect. If you don't want/need the appropriate credit, then that's fine. Message finally getting across for a strategy driven approach rather than trying to cram in 60 projects into the existing objectives/strategies. EBRD - actual improvements to the logframe.

Pressure applied to PARCO to get PAR Fund on track ie implemented. Being more joined up with like minded donors to influence EU programmes. We now meet with the Delegation together. Expect this will produce more dividends in future. Bringing main donors together to discuss gender issues - gender is now more mainstreamed in programme design than before. Bring donors together to constructively discuss aid coordination issues. Recent results show that is now more government driven than donor. Encouraging more joined up initiatives at post. Now Embassy working more strategically in a joined up UK effort in Bosnia rather than in our Departmental silos. Encouraged all Embassy staff to participate in log frame training. As a result we get better quality CPP project proposals.

Better working between World Bank and Eurostat, task force established by these two organisations as direct result of my influence.

I have spent very little time on this - and it has not been a priority

One example of a personal success is when The USAID Mission Director asked all his programme staff to incorporate support for Implementation of Standards for Kosovo in all their TA projects. E-mail from USAID Mission Director to his staff saved in DFID Prishtine Office.

Successful SSDP, NSDI, IPS and support to the EC Delegation placed HMG at the centre of the development agenda even though our programme was tiny compared to WB, IMF, USA, UN family etc. We were included at all high level discussions on the future of donor co-ordination and helped shape GoA thinking on how the IPS should look. We also worked closely with Northern European MS to corral lacklustre EU colleagues and maintain pressure on GoA and other agencies to perform.

- closer working relationship with bilateral and multilateral donors eg: increased number of joint programmes (eg: PARF Fund; ESRF; participation in WB assessments); increased ongoing strategic dialogue with donors; - specific language in EC texts (eg: MIPD: on Paris; Civil Society; support to national strategies) - improved donor co-ordination eg: helped set up donor co-ordination forum; supporting Govt donor coordination office, with EC, WB and UN support - Facilitation of first Sector wide strategy in BiH (Justice Sector)

Attribution is very dangerous in this kind of area, but if I stand back I feel that I did directly influence the acceptance by the WB of the dominance of the EC accession agenda in the region, the evolution of relatively close relations between the WB and the EC in the region, the realisation by all the donors that privatisation was only a limited part of the answer to the industrial restructuring required by the region, that public finance management reform was important but would take many years to be achieved, that labour migration and the supply of remittances into the region were central economic concerns, that agriculture was seriously constrained by the CAP, and the evolution of trade access into the EC and the development of free trade within the region (I strongly supported a modest programme of TA to the Stability Pact Trade Group for seven years and it achieved its objectives - strongly against the odds)

some changes in EC thinking on how to develop their policy engagement with the government of Kosovo. we wait to see whether they put this into practice

In Albania : Did the following projects have a positive, negative or neutral effect on your influencing platform?

Social Service Delivery Programme	Somewhat Positive x1
Albania Tax Reform	Somewhat Positive x1, somewhat negative x1
Rural Livelihoods	Neutral x2
National Strategy for socio-economic	Strongly Positive x2 (Resp No 12, 24), Somewhat Positive (Resp 23, 22, 18)
Strengthening Public Expenditure Management	Neutral x1
IPS Trust Fund	Strongly Positive x2

Comment

Please see comments at Q9. Your tick box facility is not working properly. SSDP, NSSD, SPEM & IPS were massive in so far as they went to the heart of the development agenda, so strongly positive. Tax reform was also key, but had less impact because of persistent in-fighting between the consultant, GoA officials and the WB, but still somewhat positive. Rural livelihoods - neutral... *(Response to Q9 Successful SSDP, NSDI, IPS and support to the EC Delegation placed HMG at the centre of the development agenda even though our programme was tiny compared to WB, IMF, USA, UN family etc. We were included at all high level discussions on the future of donor co-ordination and helped shape GoA thinking on how the IPS should look. We also worked closely with Northern European MS to corral lacklustre EU colleagues and maintain pressure on GoA and other agencies to perform.*

I think all were modestly positive (the arrows could not be inserted). Each had some influence in some areas and not a jot in others. The success of most of these were critically dependent on commitments from one or two individuals. Without this years of input could go to waste. In country some people speak well on the impact of individual projects while others think them a waste of time. In my experience Embassy staff are not competent to make judgements in this area. They tend to make claims based on limited contacts with one or two individuals who have their own agendas.

Support to Household Budget Survey and LSMS had most positive effect for me

In Serbia - Did the following projects have a positive, negative or neutral effect on your influencing platform?

Assistance to the Nat Bank of Yug and Deposit Ins Agency	Strongly Positive x1, Somewhat positive x1
Support to the G'ment Republic of Serbia - poverty strategy	Somewhat Positive x2 , Strongly positive x2
Serbia - Support to Medium Term Expenditure Framework	Neutral x1, Strongly Positive x2
Support to the Serbian MoLESP/SIF	Neutral x1, Somewhat positive x1, Strongly positive x1
Civil Society	Somewhat Positive x1
Support to Privatisation	Strongly Positive x2, Somewhat positive x1

Comment

Not involved and did not work on any of the above

In my view DFID help was vital to sorting out the mess inherited from Milosovic in 2000. Since 2003/04 it has steadily declined in impact and influence. Support to banking reform was very effective in a narrow sense, although many problems remain in the provision of finance to the private sector. Also privatisation was spectacularly successful but did not itself solve many of the problems faced by large elements of socially owned enterprise. MTEF work seemed very uphill, without adequate high-level support, as did MoLESP support.

Support to LSMS had most effect for me

In Bosnia : Did the following projects have a positive, negative or neutral effect on your influencing platform?

Institutional Support to RS	Somewhat Negative x1, Somewhat Positive x2, Neutral x1, Strongly Positive x2
Enterprise Restructuring	Strongly Positive x2, Somewhat Positive x2, Neutral x1
Strengthening Social Welfare	Strongly Positive x2, Neutral x3
Public Broadcasting	Somewhat Positive x2, Neutral x1, Strongly positive x1
Business Registration	Somewhat Positive x3, Strongly Positive x1
SITAP Bosnia and Herzegovina	Neutral x2, Somewhat Positive x1, Somewhat negative x1
SPEM Bosnia and Herzegovina	Strongly Positive x3, Somewhat Positive x1

Comment:

Although, our experience in the RS meant that donors were keen to work with us jointly on PAR, a bilateral programme in the RS became increasingly untenable at a political level. However, the networks/ contacts we had developed in the Rs were useful for overcoming obstacles on broader PAR policies
Enterprise Restructuring: developed joint donor approach, involving the Netherlands, Sida and DFID, with DFID as lead donor Business Registration/
PBS: both became items on the EC's Feasibility Study and PBS linked to progress in SAA

A very difficult country to achieve solid progress but worked closely with the EC and the WB to do what we could. Areas such as Business Registration should have been very straightforward but took many years to be implemented. The Institutional Restructuring project certainly saved quite a few jobs but was not effective in addressing the central problems facing enterprises in Bosnia. I spent quite a few years persuading the various donors that there were a wide range of "enterprise environmental" issues that needed to be addressed and the multi-donor project supporting this is finally getting off the ground - 7 years after I started ! All the institutional work will be a hard grind, although elements of work in RS are moving relatively fast e.g. SPEM.

Negative because of the distraction of time on project-related stuff with the World Bank

Not much to say from limited experience but involvement in SPEM, which is highly regarded in town, provides a good influencing platform. We have been involved in PAR in the RS for some years and while others donors have pulled out of RS our continued involvement provides an additional platform for related influencing. A good lever for the Embassy.

Support to EPPU / DEP, and support to stats agency most effect for me

In Kosovo, Did the following projects have a positive, negative or neutral effect on your influencing platform?

Kosovo Core Budgetary Support	Somewhat positive x1, Strongly positive x1
Support to PMs Office	Somewhat positive x 2, Strongly Positive x2
Supp to the Ministry of Health	Neutral x2
Kosovo Economic Strategy	Somewhat positive x1, Somewhat Negative x1, Strongly Positive x2
Support to EU Partnership and Standards Process	Somewhat positive x1, Strongly positive x3

Brief Commentary:

So many essentially independent agendas were being pursued by different parties involved in Kosovo that just achieving some modest co-ordination, as we did on the economic side, was a major achievement. Despite being run by the international community for almost a decade a wide range of basic problems remain to be sorted, including power supply, direct taxation, privatisation. Some of the areas DFID were involved in were effectively sorted (e.g. indirect taxation) and many of the others would have been even worse without our influence (e.g. the Standards Process).

Support to SOK most effect for me

What other elements were significant in giving you/the country team/the London team a platform for influencing?

Personality of staff in-country. fact that DFID office was embedded in Embassy and Head of Office was also DHM, which opened more doors at senior level than one might think. We enjoyed almost instant access to senior Cabinet Ministers, their principal special advisers and Heads of Intl. organisations. Recognised professionalism/expertise of HQ advisers greatly valued locally for their independence and honesty.

DIFD/ UK influence/ reputation strategic use of funding clear set of priority areas/ cross-cutting themes

Despite the small size of our programme we were perceived as a major power in the region following our lead in the war, we were seen to have solid street cred in a number of areas where we had solid experience and/or technical expertise, and we worked hard at trying to pull the players together - keeping a foot active in each camp.

connections to europe dfid's reputation for work on aid effectiveness

Don't know. Offers of support (e.g. assistance with drafting terms of reference for Kosovo Cross Border Cooperation strategy) were much appreciated and gave us a useful "in" to engage with the Commission.

How did you specifically use the platform provided by the project portfolio/other aspects? (describe some good examples)

An example could be the establishment of the PAR Fund and the ESRF, where we used joint mechanisms (PAR Fund) to gather donors around a coherent agenda in support of nationally owned strategies (eg: PAR Strategy; MTDS)

In the production of PRSPs we used TA to pull together and try and achieve policy consensus among both local players and donors. In the field of international trade we used TA to support a secretariat which organised, over a number of years, all the countries of the region, the EC, the USA, the EU states, the WTO, the WB, and the countries bordering the region, to work together to gain trade access for the region into the EU and evolve free trade within the region (done between 2000 and 2006 under the aegis of the Balkan Stability Pact)

can't say as have not had time to witness

Builds contacts, knowledge and credibility with stakeholders

How did you specifically use the platform provided by the project portfolio/other aspects? (describe some good examples)

More money.....to influence locally you need cash to be taken seriously and have a seat at the table.

Perhaps we might, since 2005, have worked together with the Recently Acceded countries of Central Europe, to advise the Balkan states more directly on the accession process. Some of this was done with Slovenia and Estonia, but not much. In value terms the largest donor to the region is the EIB but we did virtually nothing until very recently to try and ensure that their programme of lending related to accession and the programme of the EC, and that it was of a reasonable quality. We did suggest to the WB, which was running out of cash for the region, that it work closely with the EIB to bring aboard their funding into sensible areas, but we did not develop any projects to facilitate this. The reality was of course that DFID capacity was limited.

can't say about the past, but looking to the future retaining a fund to finance relatively small interventions provide the basis for considerable influencing. of course the corollary is that you need the staff to be able to do that.

Annex J: Conflict and Security issues: Preševo Valley/South Serbia

1. Political history and geography of Preševo, Bujanovac, and Medve a and Central government efforts in the South Serbia.
2. Cleavages, Political parties' leaders, municipal authorities.
3. Gendarmerie, local police, other security forces and municipal authorities.
4. Relevance of Community Safety Councils.
5. Years 2005/2006/2007 chief problems for the community in the region.

1. Political history and geography of Preševo, Bujanovac, and Medve a and Central government efforts in the South Serbia.

Ethnic Albanians form the majority⁴ in Preševo⁵, Bujanovac, and Medve a, the three southern most districts of Serbia, popularly locally called Preševo Valley, and nationally called by Serbs South Serbia. Medve a municipality does not constitute a centre for the majority of the Albanian population, and in terms of development, security and justice related issues, challenges and efforts Preševo is the focus and should be the capital of Albanians in Serbia.

History provides some insight into the origins of Albanian mistrust. The Albanians' fundamental and minority rights were persistently violated under the former Titoist and subsequent regimes. Discrimination in education, employment, information and other spheres of life was stepped up during the late 1980s. The promulgation of the Serbian constitution of 1990, followed by a succession of laws designed to bolster central government, affected local self-government in particular. In the municipality of Preševo, for instance, Albanian parties had no means at their disposal of promoting the collective rights of the Albanian community although they were in charge of local government from 1990 onwards. Until the intervention by the North Atlantic Treaty Organization (NATO) in 1999, the authorities engaged in systematic discrimination as well as other kinds of pressure such as dismissals, political trials and bans on periodicals. During 2000 and the first half of 2001, the territory of the three municipalities was the scene of armed clashes between the police and the ethnic Albanian Liberation Army of Preševo, Medve a and Bujanovac (OVPMB). Within first six months of over 100 people, both Albanians and Serbs, including policemen and soldiers, were killed, wounded or kidnapped.

At the beginning of 2001, the Serbian and federal governments set up a Co-ordinating Body for Preševo, Bujanovac and Medve a. As part of the efforts to resolve the crisis by political means, government and Albanian community representatives opened talks early in 2001 with the mediation of NATO, the United Nations (UN) and the Organization for European Security and Cooperation (OSCE). As a result of the talks, the Army of Serbia and Montenegro (SMAF) was granted a phased re-entry into the Ground Safety Zone (GSZ), a border between Kosovo and inner Serbia, coupled with the simultaneous demilitarization and disbandment of the OVPMB. The GSZ itself was formally abolished under a later agreement. The Federal Assembly passed in 2002 a law under which all former, Albanian guerrilla force, the Liberation Army of Preševo, Medve a, and Bujanovac, (UCPMB) members were

⁴ About 100,000 people

⁵ Inalbanian Preševo = Preshevë, Bujanovac = Bujanoc and Medve a = Medvegjë

amnestied. Since then Albanians have gradually started to participate in the conduct of public affairs in the three municipalities in proportion to their numerical strength. The local elections of 2002, organized with OSCE assistance, have been the first major step so far towards encouraging Albanian participation in public and political life. The modified electoral system and the election results should enable Albanian representatives in all three municipalities to take part in and influence the realization of the collective rights of the Albanian national community; such as introducing Albanian as an official language in Bujanovac and Medve a, increasing the number of Albanians working in local self-government organs and giving Albanians greater decision-making powers on infrastructure.

The politics connected to this region represent an important part of the political processes that include the Kosovo status evolvement, and security stabilization of the region as a prerequisite for the EU integrative processes. There has been relative stability in this region since May 2001, when a peace agreement was signed under pressure from the international community, and the UCPMB, agreed to disband. Since then progress has been made in implementing a peace plan, multi-ethnic police units have been formed and fresh local elections held, putting Albanians much more in control of their lives in all three municipalities.

Most recent history is marked by significant field presence of the international community. Together with loyalist political parties an environment has been created in which a large majority of local Albanians in the region want to live in Serbia and not in Kosovo. In January 2007, to the surprise of many, the Coalition of Albanians from Preševo Valley⁶ (CAPV) won the parliamentary elections. For the first time in years the Albanians from Preševo Valley entered the Parliament of Serbia and acquired an opportunity to fight for their rights through the democratic institutions. The result of the CAPV's entry into the Serbian Parliament sent a strong message that most of Albanians in the Preševo Valley are ready to participate in its political process. Following the recent declaration by Kosovo for Independence, the parties may attempt to appease the population and participate in the Serbian political process by running in the next parliamentary elections or they may isolate themselves into separatists' politics that could take a militant shift. Such developments will influence the local security situation. However, as far as the most of local political parties go, the times of violence resulting from unpredictable political dynamics in Preševo Valley are behind us.

Central government efforts in the South Serbia have had faced numerous obstacles. The justice systems in Serbia traditionally focused on maintaining order and exerting control rather than safeguarding and serving individual citizens, let alone ethnic minorities. Ministries of Interior and Justice, police forces, courts and prison administrations all over the country were/are experiencing problems while trying to improve the delivery of justice. Traditionally Balkans' governments are highly centralized in their decision-making and an independent, local civil service was viewed as undermining of the state institutions. These problems were particularly true for regions populated by ethnic minorities such as the Preševo Valley.

Since the armistice sustainable reform has been gained in the Preševo Valley by stakeholders working closely with the key local decision makers. It works in terms of gaining popular support and backing for critical measures and allows programme implementation to be monitored. When the process is well managed local stakeholders are were highly participative, coaching key national decision makers and working closely with them to develop solutions. Unfortunately, more often than not this situation was not repeated within the realm of justice and security.

⁶ Formed out of PVD (Party for Democratic Action), led by Riza Halimi, and BDL (Democratic union of the Valley), led by Skender Destani.

The central government engaged in South Serbia principally through the Co-ordinating Body (CB) for the South Serbia. The entire willingness of Belgrade was judged through the success of the CB. And yet this body has experienced its toughest time in the last 3 years since its formation. The Body was restructured in March 2005 to include Preševo Valley's Albanian leaders, many of whom declined to be part of it or left later. Prior to this the body had been inactive for more than a year as former CB's head Nebojsa ovi lost necessary governmental backing once he left the government having been the deputy Prime Minister after the December 2003 elections. However the March 2005 initial inclusion of local Albanian leaders was half hearted and coupled with curtailed will of Albanian parties to really chip in. It resulted in failure. The 2005 resignation of Minister Ljaji as the head of the CB clearly showed how poor the state of affairs was. The situation did not improve over the years that followed. The much needed governmental and political weight and command of influence by official Belgrade led by Kostunica's DSS never materialized. Ljaji was left out in the cold. This coupled with the non-functional CB's organization chiefly contributed to the rise of the none-loyalist political option amongst Preševo Albanian electorate and MP Riza Halimi being voted out of the office on the Preševo referendum that took place in Fall 2005.

The CB was formed for the purpose of coordinating security forces activities, performing political and diplomatic activities with international organizations and institutions and addressing problems in the south of Serbia. Initially three out of four ethnic Albanian political parties joined the Coordination Body, but later opted out because it failed to solve the problems of local community. This and the pace and style of functioning of the eight Coordination Groups within the Coordination Body indicated to the local population that Belgrade did not change its stance in terms of not having enough of willingness and committed resources to seriously involve in resolving the problems in impoverished (Preševo) and ethnically fragile (Bujanovac). Hence, the Preševo Valley remained visionless.

An indication of the **failed communication** in the field was the fact that even the moderate/loyalist leader MP Risa Halimi, seemed to either not know, which would indicate lack of communication between him and the CB, or simply do not believe CB that there is a declared government commitment to a division of competences amongst different security forces in the Ground Safety Zone (GSZ) between the SMAF, Multiethnic Police, and Gendarmerie. For example, he repeatedly stated in media that it is not clear about that how the Administration Line is controlled. On the other hand the SMAF (The Army) was resolute in media that it controls the traffic of people and goods, the Gendarmerie controls the area of GSZ between the Line and the settlements and roads, and the police control the settlements and roads. Of course, in practise this was often not the case and nobody bothered to let people know why it is so. So while all the government representatives in media were very adamant that this division of labour between the Police, SMAF (The Army), and the Gendarmerie is fully respected, back then Mayor of Preševo was rightfully in doubt as the official Belgrade was often not telling the truth.

On other occasions, while government representatives, all ethnic Serbs, during their media stances expressed their belief that the significant level of trust and cooperation between security forces and local population has been established, the local Albanian leaders left a strong impression that this is not the case. This is particularly true for the **police force** in Bujanovac, led by police chief Dragan Veli kovi (Chief of the Police in the Municipality of Bujanovac) who seems to be notoriously unpopular even with his Serbian police bosses in regional police HQ in Vranje. Veli kovi served in Preševo during the tough times under Miloševi and was relocated by the government with his men to Bujanovac. A recent episode

in which two local Albanian Policemen were badly beaten by the Vranje Security Services when sent to village, Merdare, on the administrative line with Kosovo, is indicative of police personnel from Milosevic's time still being around. The chief perpetrator of the torture of local Albanian policemen was a person notorious for his Kosovo crimes. The government never investigated this case and claimed that this was the case of self-inflicting injuries. While in Preševo the number of local Albanian policemen climbed to 140 out of 280 in Bujanovac no significant progress has been made.

2. Cleavages, Political parties' leaders, municipal authorities

There is not much civil society in the region that is local, authentic, and yet not politicized and covered by the political parties' spectrum and heavy ongoing social and political polarization. Several existing parties have sharply vocalised peoples divisions and clouded the space to help prevent serious growth of civil society in the region. Communication with the local stakeholders has confirmed this, that the security picture is pretty much situated within the triangle of security forces, central government, and the local institutions and political parties.

Over the past three years the cleavage between major political parties in Presevo Valley has intensified. While all four parties⁷ have reached a consensus that the Preševo Valley supports Kosovo aspiration, they disagreed whether they should cooperate with Belgrade in the meantime or not. They formally agreed to demand greater autonomy from Belgrade and the withdrawal of heavy Serbian troops from the region. The resolution called for the region to be granted special status with local control over courts, police, schools, and economic development. This came as no surprise as Mayors (both Albanians) of Bujanovac and Preševo complained throughout 2006 about these problems. They also called for the Albanian language to be made the region's official language and for the right to display the Albanian flag. The declaration also called for special ties with Kosovo and threatened, as Preševo Mayor Mustafa was explaining, that if official Belgrade attempts to partition the province by taking its mainly Serbian northern provinces, then Preševo Valley would seek to join Kosovo.

One of the toughest local opponents to loyalist politics in the region (other than the mafia hiding in the remote villages and in the woods) has been Jonuz Musliju, chairman of the Movement for Democratic Progress (PDP), who won around 14% on the last municipal elections; a third of the Albanian electoral body in Bujanovac. Musliju's was known, alongside the Presevo Mayor, Mustafa's (DPA), as the Preševo Valley's Albanian political leader who supported separation from Serbia and creation of "Eastern Kosovo". However DPA split on Bujanovac and Preševo wing, and the former together with leader Musliju stopped supporting the concept of "Eastern Kosovo". Musliju at times joined the CB and took part in this Belgrade and international community led process. In spite of this he remained throughout the period as a chief representative of separatists within the institutions. He was continuously represented in the media complaints about that the local community's inability of local Albanians to celebrate their holidays and anniversaries, publicly display ethnic insignia, as well as with lack of promised reforms in the filed of justice and security. He thinks that nothing much changed due to the work of the CB and the stalemate within it.

The times of a moderate the former Preševo Mayor, Risa Halimi (now MP) being in a clinch with hardliner Ragmi Mustafa (current Mayor of Presevo) Preševo Municipal Council

⁷ The Democratic Action Party (PDD) the Democratic Albanian Party (DPA) the Democratic Progress Movement (PDP) and the Democratic Union of the Valley (DUD)

President are now behind us. Halimi is out of the office due to end of 2005 referenda vote, and **Ragmi Mustafa became the acting Presevo Mayor**. Ragmi Mustafa often stated in media that Albanians in southern Serbia support the aspirations of Kosovo Serbs for greater autonomy, adding that Albanians in Serbia should be granted similar rights. Councillors from his party are also unlikely allies to many of the development initiatives within the councils. He also added that Preševo Valley was part of Kosovo in pre-Titoist Yugoslavia and that the north of Mitrovica municipalities were part of Serbia, implying that a kind of exchange of territories may be the “natural” solution. He is pushing this idea forward as only hope for the Albanians in a future territorial trade-off. Many believe that Serbian and Kosovo public opinion might be won around, for example, if the Preševo Valley was exchanged for Serbian municipalities in northern Kosovo. Mustafa was keen on finding the ways to avoid a new conflict. No wonder OSCE Martin Brooks once described him as being ‘elsewhere’ with his separatists’ politics and not in Preševo Valley. Still, Mustafa being the Mayor of Presevo while his party is power surely contributed to some development pitfalls.

To the disadvantage of any development efforts both the local legislature and executive in Preševo have been in the hands of the political party most inclined to end up on the separatist’s end of the political spectrum. This is obvious when listening to Mustafa’s slow rhetoric in the media. The referendum showed that politics of separatism actually might enjoy more of a local electoral support than thought. While the struggle for power in Preševo between the two political parties seems to be conclusive and in favour of the separatist it is yet to be seen how Kosovo’s independence will now influence the new Preševo political establishment. Both Mustafa and Halimi were adamant that they all support the 10 guiding principles adopted for future negotiations on Kosovo by the Contact Group of nations. This set of guidelines rules out restoring Kosovo to its pre-1999 status and any redrawing of it would condition Presevo Valley will to secede from Serbia. In any case, the balance between the local prevalence of separatist forces and loyalist seat in the Serbian Parliament certainly did not work in favour of development programming on the level of the local government in Presevo.

On the issue of the Belgrade’s role, all local political parties’ interlocutors were in agreement and pointed out that the **government is to at least partly be blamed for the failure of the Coordination Body (CB)**. They saw the future for CB in OSCE taking much greater role. The gap created over several years of failure of the CB further worsened security situation as leading Albanian political representatives turned towards Kosovo and away from the dysfunctional CB. Belgrade seems to be incapable and of revitalizing the CB into a function forum which is able to address problems suffered by the Albanian population and offer a platform for dialogue between Belgrade and Preševo’s leaders. Choosing personnel with historical baggage from the Milosevi times¹, also led to lack of CBs success. MP Riza Halimi stated in media that the critical and changing satiation was likely to result either in official Belgrade radically changing its stance on Preševo Valley for better or for Kosovo to embrace the Valley. Alternatively the long term prospect is for the Valley to continue being an economically underdeveloped source of instability, while draining resource from the national budget. He also said that he hopes that after the end of the current CB’s mandate, after 31 December 2007, new CB should solely rely on input from the international community input. Again, a question arises regarding the advantageous environment for development initiatives while there is an abundance of security challenges.

Preševo has in the past three year’s period experienced a **deadlock within the Preševo municipality**, negatively impacting any development programming. The Party for Democratic Engagement (PDD) held the most Preševo council’s seat until late 2005, but the inner bickering led to by-elections which resulted in when the three other Albanian party’s,

led by Mustafa's DPA, formed the majority. Ragmi Mustafa became Preševo Municipal Council President and later the Mayor. The DPA with 35% of the electorate support, and Halimi's PDD with 32%, are the largest Albanian parties in the valley. The two are sharply opposed over the agenda for the Presevo Valley; Halimi is loyal to Belgrade while Mustafa advocates formation of "Eastern Kosovo", that is, Preševo Valley joining Kosovo. With the Mustafa's entry into the Council the conflict transcended into the Preševo local government and brought to the halt all the work across of the municipal bodies. The local legislature and executive did not communicate let alone cooperate while blaming each other. Somewhere in the middle is a moderate Skender Destani's Democratic Union of the Valley (DUD) that won 13% on the last municipal election in Preševo and represented a buffer between the Mustafa's extremists DPA and Risa Halimi's governing PDD. DUD councillors are likely to be more cooperative to the reform and development agenda and of more liberal views than the other councillors.

3. Gendarmerie, local police, other security forces and municipal authorities.

There appears to be **triad of chief stakeholders consisting of Serbian Security Sector** (Police, with Multiethnic police, Army, and Gendarmerie), Local community (divided community, LG, and political parties), and the government (other ministries and so called Coordination Body for South Serbia). The International community, local or other NGOs had, appear to have had little or no visible impact to the security sector and defence related matters (apart of the creation of the multiethnic police, helped by OSCE).

With a failure of CB's a there was a **lack of coordination between the Serbian security forces** activities. In spite of the fact that SMAF (The Army) improved its behaviour there is now a gap in communication between them, the police and gendarmerie. Ironically, the CB's failure in a way did not aggravate this situation, as the coordination was poor even when the CB has some functionality. A proper structure that would ensure proper and prudent exchange of information between the three security forces was never installed. Thus, liaison between the police and the local population has also gone, especially in Bujanovac, inspite of the attempts made by OSCE to help in this area.

There has been a **lack of willingness and capacity of Serbian central government to play more constructive role** in solving everyday Preševo Valley's problems. This was also true for the maintenance of largely dysfunctional CB and fuelled propensity of local population and partners to become less receptive to any development agenda. Lack of coordination between different security forces in the field and complaints regarding their conduct and behaviour towards the locals reinforced the feeling that the official Belgrade should improve its act and that Albanians in Preševo Valley have every reason to feel dissatisfied.

Riza Halimi stressed that the Serbian Government is not vocal enough about the problems faced by the people living in the Preševo Valley, specifying that while the heavy presence of the gendarmerie presents an obvious problem for the local population, the instable situation in Preševo Valley has not sufficiently improved. There is a need form Belgrade to change its policy of political passivity to, and heavy military presence in, Preševo Valley. The instances of irresponsible and aggressive behaviour of gendarmerie and police on the streets of Preševo and Bujanovac and police arrogance found in Bujanovac should be relaxed and reassessed by the Serbian government if the preconditions are to be created for a renewal of a dialogue between the official Belgrade and Preševo Valley's democratically elected representatives. Further irresponsible behaviour of official Belgrade may worsen the field situation to the point of security and stability being endangered. This is especially important when understood

that the Albanian political leaders could find themselves under fierce popular pressure not to return to the official Belgrade-led political process.

Most of other Albanian leaders **complain about the militarization of the region** with a high visibility of large numbers of police and army personnel. There is presence of heavily armed personnel carriers with masked soldiers. The gendarmerie reportedly keeps a heavy presence in front of local schools when pupils enter and leave classes, sometimes even pointing their weapons at children and civilians found on the streets. Mayor of Bujanovac Nagip Arifi also repeatedly complained in media about police keeping the checkpoint in front of the Bujanovac municipality building as well as pointing their guns at the mayor's office when passing by the building. So, while the SMAF (The Army) have somewhat improved and changed their attitude the gendarmerie has a problem achieving the same.

4. Relevance of Community Safety Councils

Municipal Safety Councils (MSCs) in Bujanovac, Medve a and Preševo enjoyed mixed degrees of support by the local politicians. However, most of people supported their primary aim of playing a significant role in conflict resolution and in reducing tensions that might otherwise lead to conflict. The question remains to what extent the real everyday security and safety related problems have been encompassed by the Safety Council's scope of work.

No first hand information is available regarding the mandate, activities, goals, and monitoring of any achievements of the Safety Councils in the three municipalities. However, a contribution to assessing these will be made in the form of sharing the available background information gathered from the interviewees placed in the field. People who are most concerned with the question of how security sector related problems affect the everyday life of people in the region. These show to some extent how people reacted to the Safety Councils. Here focus was placed at talking to the people from Preševo Municipality, by far most interesting out of the three.

There is general agreement that police, gendarmerie, the courts, and central government ministries' activities are yet to achieve measurable benefits in the form of improved policing and court performance, and improved performance of justice systems in the region. While they are not all that clear about whether enough is done by the Councils to achieve their goal of reducing conflict, there is general belief that they should exist and further develop.

Within the Preševo Municipal Safety Council several working groups were created which included Fight against the Crime, Drugs, Domestic Violence, and Children and Traffic. Citizens are involved in the work of groups through regular meetings, making suggestions in 'complaint boxes' and are informed of their work through the local media. Until the last year each WG participants were taking a honorarium for each meeting without much of the output. On a number of occasions representatives of WGs were promising concrete steps in front of the local TV cameras but so far little has been done and there is a question as to the whether the Working Groups have the required skills and competencies to deal with these problems.

5. Years 2005/2006/2007 chief problems for the community in the region.

The question remains as to what, if any, conflict resolution strategies have been produced so far in the region and what has been implemented? Did the Councils perform the work of cooperation with the South Serbia CB and other stakeholders to develop a comprehensive safety strategy for South Serbia? All interviewees stressed that the

focus of any locally implemented development programming should be on the individual citizen, as it should be with any reform effort in the justice sector. Too often, justice sector reform is led by technical experts with extensive professional knowledge and experience, but who do not take the individual citizen and their experience of the justice sector into account.

Visiting Preševo and Bujanovac on numerous occasions during the past three years one can conclude that at first glance, everything looks normal, streets of Bujanovac and Preševo are bursting with people going about their daily business, while shops are open and well stocked. However, the heavy presence of Police on the streets and frequent transit of SMAF (The Army) personnel carriers are noticeable. Under the surface, one sees that people are not relaxed and that the dominant concerns and problems are fundamental and persistent. The Serbian government rhetoric about the multiethnic harmony and the grand plans for Preševo Valley all failed in the face of problems such as the lack of functioning of the Coordination Body, ethnic cleavages in Bujanovac, the municipality deadlock in Preševo, Serbs dominance in Bujanovac's police and judiciary, lack of opportunities for young local Albanians to study and work, and to read their press, and maybe most importantly, the appalling economic situation further aggravated by a number of closures of local private business and their relocation to Kosovo. The only apparent way of completely diffusing these, is scoring long awaited successes in reform of judiciary and police, as well as in enhanced educational opportunities and a rapid economic development. The verdict by all, loyalist and separatist alike, is that Belgrade could and must do more than is currently doing. One of the major underlining problems is that the Serbian government still has people involved in the Preševo Valley that foster Milosevic's mentality. This, coupled with old prejudices on both sides creates a situation where there is no sufficient willingness to resolve the Preševo Valley problems.

In Preševo many local Albanian villagers could not walk freely within the Ground Safety Zone (GSZ). So they have a problem when collecting wood, gathering cattle, and doing other outdoor villagers' activities. The GSZ was created within Serbia along the entire administrative boundary with Kosovo. Five kilometres deep, this demilitarized zone was to separate the SMAF (The Army) and police forces from the NATO forces in Kosovo. Back in 2000 and 2001 the UCPMB exploited the eastern section of this safety zone, adjacent to the Preševo Valley, to use as a base for launching attacks on the police and other targets. These hostilities have stopped while the smuggling and trafficking have become normal practice. Hence many locals have a problem freely moving around within the Zone without a permit that is supposedly issued by gendarmerie, but locals struggle to get.

There were other security and justice issues too. For an example, the issue of Albanian integration in judiciary is still pressing. While in Preševo situation did evolve and is somewhat promising, in Bujanovac one can not help but notice that little has been done. The problem here is a lack of educated ethnic Albanians to fill the advertised vacancies. In Preševo OSCE started training scheme for several ethnic Albanians that enabled them to pass the bar exam successfully and fill some of vacancies.

It seems that the initial good work, led by OSCE, on creating multiethnic police has slowed down in Preševo, while in Bujanovac it still awaits commencement. However the safety problem about Albanian student not being able to go and study in Serbia is seriously impeding the effort of creating the multiethnic police leadership. Belgrade should have done more to ensure the safety for these young people. The fear is that the end of the Kosovo independence hype needs to be awaited in order for the tensions to diffuse and facilitate potential new efforts in this area.

Additional problems exist with safety of students going elsewhere in Serbia for necessary university education. There were incidents that made local Albanian families reluctant to send their children to study in Serbia proper for security reasons. Especially telling was the case of the two local Albanian police officers who went to Belgrade Police College in 2002 but after experiencing bullying had to give up their studies. After this no other Albanian wanted to follow the suit thus leaving Preševo Valley police reform without new highly educated local Albanian cadre, a prerequisite for creating a real multiethnic police. With students experiencing such problems, there seems to be a deadlock regarding the effort of helping enlarge the pool of local Albanian professionals. Mayor Arifi (Bujanovac) was frank about initial steps being made in the terms of the integration efforts. However, he stressed the problem with education, schools and Albanian language usage, which have yet to be tackled. Thus Bujanovac Police does not have Albanian language service and yet there are local Albanians who do not speak Serbian language.

End

ⁱ To illustrate why many in the Preševo Valley feel how nothing changes, a Tribunal's fugitive general Djordjevic's brother still works in the Vranje Police station. The police station in charge for the Preševo Valley. To him the entire 1999 police establishment responsible for shifting K-Albanians corps from Kosovo via Preševo and Bujanovac to Batajnica nearby Belgrade, where a mass grave was found later after the changes in October 2000, is at large and still operational. Given the fact that BIA and Serbian police went through little or none of lustration process, than these confidential allegations from Mayor Arifi do not come as a surprise. The issue here is that this kind of situation makes impossible for Albanians and their local political leaders to enter a positive dialogue with official Belgrade even should Belgrade decides to shift its stance and commence to play more constructive role.

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