



Lessons for Sustainable Transition Impact

Impact Assessment and Analysis of the CEI Trust Fund
Supported Know-how Exchange Programme (KEP)



the Central European Initiative

The CEI is a regional forum for cooperation and consultation which promotes collaboration at political, economic and cultural level in central and eastern Europe. Founded in 1989, the CEI now counts 18 member states: Albania, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Italy, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, the Slovak Republic, Slovenia, and Ukraine.

Since its inception, the Initiative's main aim has been to support transition countries in the process of integration with the European Union. To achieve this, the CEI seeks to make a sustainable impact in strengthening the capacities of its member states remaining outside the EU to consolidate their institutional and economic background and bring them closer to the Union.




In 1992 Italy signed an Agreement with the European Bank for Reconstruction and Development (EBRD) on the establishment of a CEI Fund at the EBRD "to assist the Bank's countries of operation in central and eastern Europe in their economic and social transformation process." A Secretariat for CEI Projects was established to manage the Fund and carry out activities of pre-investment and capacity building for the identification, promotion and appraisal of projects in the CEI region, as well as activities related to project implementation.

The Fund, towards which the Italian Government has solely made a total contribution of €32.5 million, mainly provides grant-type assistance for specific components of Technical Cooperation (TC) projects. Since its inception, the Fund has provided around €19 million for funding TC projects. The CEI Fund also contributed a total of €1.1 million to the Know-How Exchange Programme (KEP), which is its second most important instrument and a specific CEI tool.



European Bank
for Reconstruction and Development

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Foreword



In 2010, the Italian Ministry of Foreign Affairs and the EBRD signed a new agreement for the management of the CEI Trust Fund at the EBRD. Originally established in 1992, the Fund has acted as a powerful force in the transitions processes of countries in central, eastern and south-eastern

Europe. The programmes it has funded have acted in tandem with impressive investments and have played an important role in the success story of uniting our continent, once divided by political, social and economic borders.

Since 1992, the Italian Government has allocated to the CEI Trust Fund €32.5 million for such projects and activities. The Fund's most resounding impact is generally attributed to the CEI Technical Cooperation Programme. Having mobilised more than €2.9 billion of international investments in the 18 CEI countries of operation, the Fund's technical cooperation activities, undoubtedly, describe the contours of a success story of transition and development.

The CEI Trust Fund, however, also paints another success story, which sometimes has received less visibility. Besides technical cooperation projects, the CEI Trust Fund at the EBRD launched in 2004 the Know-How Exchange Programme (KEP). The programme co-funded, between 2004 and 2010, 43 projects, amounting to more than €1.1 million in commitments, and supporting the implementation of know-how transfer projects in the region for a total value exceeding €3.2 million.

With the KEP, the CEI intended to facilitate the transition processes in its countries of operation in a proactive manner, taking advantage of the great opportunity which, in 2004, existed in its member countries

joining, at that time, the European Union. The vast knowledge related to overcoming transition obstacles, which had been acquired by these countries, represented an asset to facilitate transition and adoption of EU standards by other CEI non-EU member states. The CEI Know-how Exchange Programme was created to systematise know-how transfer by CEI-EU to CEI non-EU members.

This impact assessment of KEP projects funded by the CEI Fund represents a unique picture of what has been achieved to date; by analysing individual projects, various lessons have been learnt about the Programme as a whole. The KEP made an impact in all four of its areas of intervention: capacity building, enterprise development, sustainable agriculture, and sustainable energy. The seven individual projects assessed in this report, represent all those sectors.

The Programme has grown significantly over its six years of operations, attracting more and more funds, and as shown by this impact assessment, perfecting the tools of transferring know-how, best practices and benchmarks.

The analysis also suggests possible ways for improving the Programme in the future. For this reason it does not represent merely an evaluation of past projects, but also a perspective on the way ahead, along the path of reforms which leads to our original goal – economic and social development for the entire CEI region.

The Italian Ministry of Foreign Affairs is pleased to acknowledge, through the CEI Know-how Exchange Impact Assessment and Analysis, the important contribution that the Programme has given to socio-economic development in the CEI area.

The Ministry will continue to cooperate strongly with the EBRD and with the Office for the CEI Fund to assure that the CEI Fund contributes further to accomplishing its ambitious goals.

Minister Plenipotentiary
Michele Baiano

Balkans Director /
CEI National Coordinator
Ministry of Foreign Affairs
Italy



Summary

Executive summary

The Italian Government set up the CEI Fund at the European Bank for Reconstruction and Development (EBRD) in 1992. Since then, under the supervision of the Office for the CEI Fund at the EBRD, the resources of the Fund have been predominantly used for grant-type technical cooperation. Additionally, the CEI Trust Fund has been a source of finance for the Know-how Exchange Programme (KEP) – a grant co-financing facility that supports capacity building and transfers of best practices carried out by institutions from CEI-EU countries to benefit recipients in the non-EU CEI member states. To date, 43 KEP grants amounting to €1.1 million were committed and the total value of assignments reached €3.2 million.

The specific objective of *Lessons for Sustainable Transition Impact* was to assess the development impact of the CEI Know-how Exchange Programme, the extent to which objectives of the Programme and of specific projects financed from the Programme's resources have been achieved. This represents the first attempt of the CEI to undertake such a detailed evaluation of KEP assignments. As detailed in the methodology (Chapter 2), the evaluating team chose seven projects that represented a relevant cross-section of the entire population of 43 assignments committed (and described in Chapter 1). The CEI evaluators then carried out fact-finding missions to project recipients and assessed the relevance, effectiveness, efficiency, impact and sustainability of each project's implementation and results. The seven projects are analysed in Chapter 4.

Attention was given in particular to the identification of lessons learnt (Chapter 3), which could enable the Office for the CEI Fund at the EBRD to strengthen the Programme's operations and aims in the future. These lessons were derived from the team's findings concerning the impact and sustainability of the seven projects. The findings suggested a continued and significant need for know-how transfers that help to create capacities in the non-EU CEI member states. A common feature of all seven projects was the high level of interest of beneficiaries in the interventions. Findings also indicated in a clear manner that the KEP is reaching one of its strategic original missions – to take advantage of the transition experience of recently admitted EU members to avoid obstacles and speed processes in the countries that aim to fill similar development gaps.

Furthermore, a comparison across the findings of the seven impact assessments showed insignificant differences in the impact and sustainability of projects based on the country of origin of donors. This has important relevance when comparing the results of projects undertaken by donors from 'old' *vis-à-vis* more recent EU member states, and two implications could be drawn. First, it demonstrates that emerging donor members of the CEI have developed comparatively effective aid activities. Second, it suggests the continuing need for the KEP in the future, as the CEI-EU members consolidate their development and learn lessons useful for the CEI members remaining outside the European Union.

In spite of this, however, only some types of know-how lend themselves to transfers through projects of this financial scope. The transfer of more practical skills appeared to create more significant impact. Additionally, the projects that were most successful at generating impact used a wide diversity of know-how transfer tools with a focus on combining theoretical training and more practical activities. Another lesson learnt from the evaluation was that the interventions, in which donors and recipients had previously interacted, seemed to have generated higher sustainability.

The present report puts forth (Chapter 3) a set of several recommendations drawn from the analysis of these findings. Many of them pertain to a need to fine-tune the extent to which the Office for the CEI Trust Fund at the EBRD should become involved in the monitoring of the projects' implementation. Another contribution of this report to the Programme's overall management lies in the definition of easily applicable criteria for the regular and systematic evaluation of KEP projects (Methodological notes). The evaluating team designed these five indicators in order to enhance the regular KEP evaluation within the project cycle.

Lessons for Sustainable Transition Impact concludes that the CEI Fund, through the KEP (as well as through its other instrument, the Technical Cooperation Programme) has enabled a momentous transformation: institutions from the new EU members have joined the efforts of their fellow organisations in 'old' EU members and became donors of know-how. This conclusion, alone, suggests the importance of continuing to finance KEP interventions. Strengthened by the implementation of this report's recommendations, the Programme is bound to achieve an even higher impact in the future.

This chapter provides an overview of the Know-how Exchange Programme of the Central European Initiative. The Chapter starts with an overview of the rationale, programmes and projects funded by the CEI Trust Fund at the European Bank for Reconstruction and Development. The second section of the chapter outlines the main aims and characteristics of the CEI KEP. The present Impact Assessment and Analysis acknowledges the information contained in previous publications of the CEI, such as previous Annual Reports or The CEI Trust Fund – a Retrospective Review (May 2010). This report was meant to complement these efforts rather than to duplicate them.



Know-how Exchange Programme

The CEI Trust Fund at the EBRD

Established in 1992 by the Italian Government, the Central European Initiative (CEI) Trust Fund at the European Bank for Reconstruction and Development (EBRD) was founded “to assist the Bank’s countries of operation in central and eastern Europe in their economic and social transformation process.”

With this Agreement with the EBRD, the Italian Government acknowledged the great opportunity that the newly created development bank presented for the objectives that the CEI had embraced at its foundation in 1989. Since establishing the Fund, the Italian Government solely contributed to it €32.5 million.

The overall mission of the CEI Trust Fund is to assist the CEI countries of operations to move forward in their economic transition processes through financial support leading to the sponsoring of specific project assignments and development programmes. Following the CEI priorities as indicated within the *CEI Plan of Action* and in line with the Italian Government strategies, the Fund, through the Office for the CEI Fund at the EBRD, has been predominantly used for grant-type technical cooperation (TC) projects supporting EBRD activities. The CEI TC Programme is coherent with the framework and general objectives of the EBRD and other international financial institutions (IFIs) and has become a fundamental means of development for CEI countries of operation.

In the period 1993-2010 ninety-five TC assignments were undertaken with a total cost of almost €19 million. The projects targeted the following areas of intervention: agriculture, transport, energy, small and medium-sized enterprises (SMEs), municipal infrastructure and services, banking, insurance, and institutional and capacity building. Concerning the countries of intervention, the CEI Trust Fund at the EBRD is focused on fostering the transition of the nine CEI countries that are not members of the European Union.

In addition to technical cooperation, the CEI Trust Fund has been a source of finance for the Know-how Exchange Programme (KEP) – a grant facility that supports capacity building and best practice transfers carried out by institutions from CEI-EU countries to benefit recipients in the non-EU CEI member states. In the period 2004-2010, 43 KEP grants amounting to more than €1.1 million have been committed. As KEP projects are co-financed by the CEI Trust Fund, the total value of the 43 assignments reached €3.2 million.

Finally, from 1998 through 2006 the CEI Trust Fund at the EBRD in cooperation with many partners in different CEI member states co-financed Cooperation Activities, which were projects of small scale and limited duration, and which mainly took the form of seminars, work-

shops, short training courses or other kind of meetings. Throughout the whole period 1998-2006 the CEI Trust Fund financed altogether 113 Cooperation Activities for a total of more than €1.6 million in various CEI countries.

The CEI Know-how Exchange Programme (KEP)

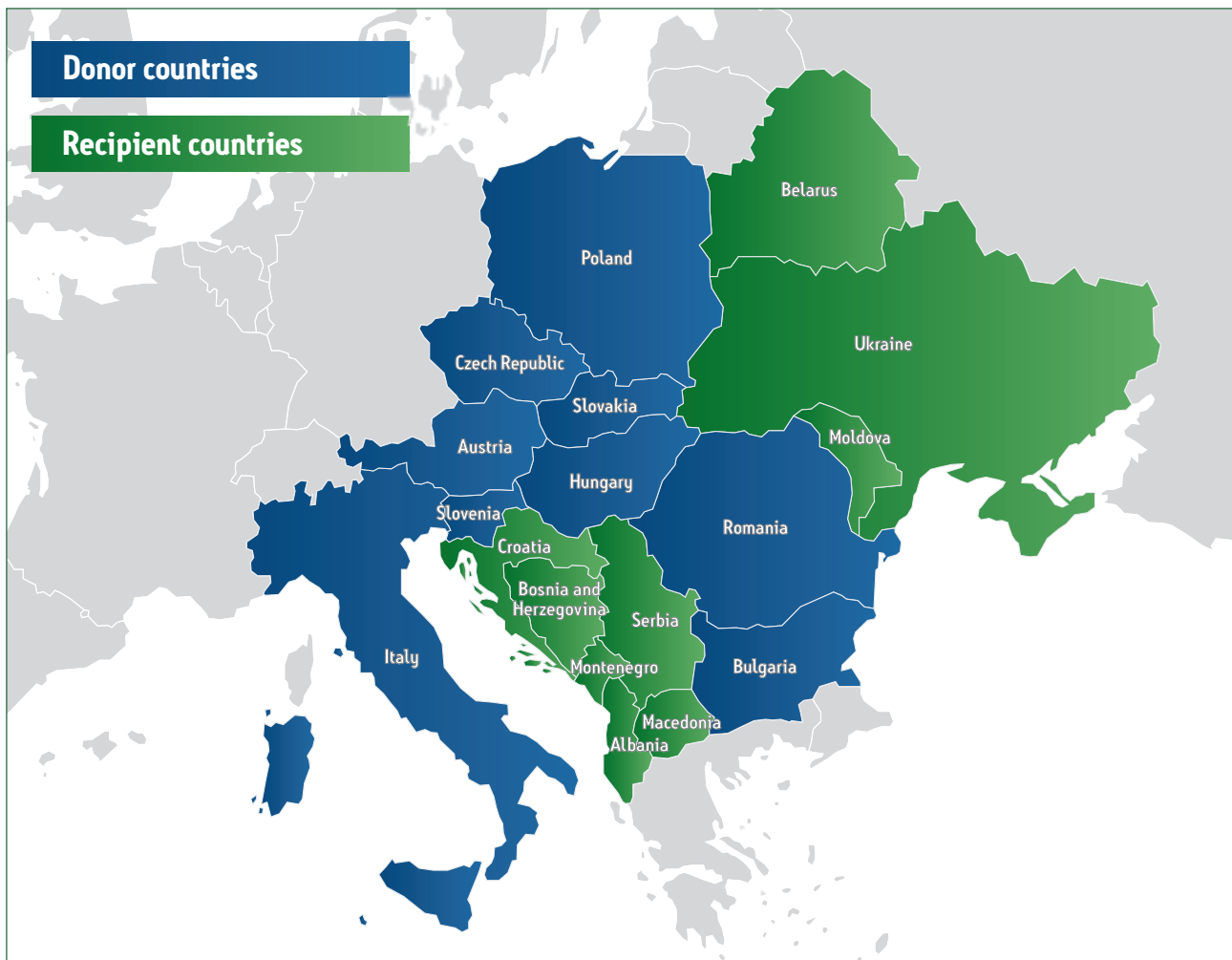
The 2004-2007 EU enlargement processes brought new challenges to the scope of the work of the Central European Initiative. The focus shifted at that time towards CEI countries which, for the moment, were not members of the European Union: Western Balkan countries (Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia) and the ENP CEI countries (Belarus, Moldova, Ukraine).

As a consequence of this shift in its focus, the CEI sought to become a facilitator for the dissemination of lessons learnt that its EU members – especially the seven new EU states (Bulgaria, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic, and Slovenia) – possessed in terms of transition experience. This knowledge was perceived as highly valuable and easily transferable to those economies which were undergoing similar transition processes and which aimed to achieve a sustainable rapprochement with the EU.

In this context, in 2004 the CEI Know-how Exchange Programme was launched. The KEP has been an instrument dedicated to offering co-financing to projects and programmes focused on the transfer of know-how and best practices from EU to non-EU member states of the CEI. As such, the KEP has offered grants to institutions from EU countries willing to share their experience with their partners in the non-EU CEI countries in south-eastern and eastern Europe. Besides the KEP’s ability to exploit the EU enlargement opportunities and challenges, the Programme has promoted the values of the UN Millennium Development Goals in the field of development assistance.

The core concept of the KEP has been the conviction that economic developments in non-EU countries can be strengthened by transferring sound approaches (good practices) already in place in more advanced CEI countries, so ensuring the maintenance of social cohesion and economic dynamism in the region.

KEP projects have been tailor-made interventions that enable recipient institutions or individuals to benefit from activities which address their needs in terms of capacity building or knowledge transfer. In doing this, the two parties of a KEP project are involved in a dialogue that allows for mutual understanding, and recipients are encouraged and expected to play an active role in the design of interventions.



The CEI KEP map. The CEI KEP enables institutions from the nine EU CEI member states to donate know-how and best practice expertise to recipient institutions in the non-EU CEI member states.

KEP financing and geographic distributions

The CEI Trust Fund has provided financing to KEP projects since the Programme's launch in 2004. In 2008 the Austrian Government joined Italy as a KEP donor through the Austrian Development Cooperation (ADC), and has thus contributed additional funds on an annual basis for projects managed by the CEI Executive Secretariat. This present Impact Assessment refers exclusively to KEP projects funded by the CEI Trust Fund at the EBRD, and to their management by the Office for the CEI Trust Fund.

Between 2004 and 2010, 43 projects were approved for a total CEI Trust Fund committed contribution of more than €1.1 million (see Table 1.1). The total value (including the mandatory co-financing by other donors for each assignment) of these 43 KEP projects has exceeded €3.2 million.

As shown in Chart 1.1, the projects targeted beneficiaries in all non-EU CEI member states. Since the establishment of the Programme in 2004, the countries in which recipients benefited the most from the Programme were Albania, Croatia, and Moldova. Recipients in each of these countries were targeted by projects with an overall cost exceeding €1 million. It must be noted, however, that twelve of the 43 CEI Trust Fund supported KEP projects targeted beneficiaries in more than one country. A clear distribution of the spread of the funds committed through such projects is very difficult and would present a limited advantage in the overview of the KEP.

Chart 1.2 shows that the countries from which most donors originated were Italy and Poland, a fact visible both in terms of the number of projects initiated by applicants from these countries, but also by the aggregate costs of these projects. Projects with donors from Slovenia have also neared €1 million cumulatively. It should be noted, however, that 14 KEP projects benefitted from know-how and financing from donors in more than one CEI-EU member state. A clear distribution along national lines of the know-how and the funds committed through such projects is very difficult and would present a limited advantage in the overview of the KEP.

Bulgaria and Romania have been the only countries in which institutions acted both as recipients and donors of KEP projects. This has been because of the two countries' entrance in the European Union in 2007.

KEP priority themes and areas of intervention

The fact that KEP financing has been provided from the CEI Trust Fund at the EBRD has had an impact on the Programme's priorities which, for the most part, have dealt with areas covered by the Bank's operations. Applications which suggested the possibility of an investment or which provided prospects for long-term development have been given a higher priority.

The Know-how Exchange Programme has focused on areas of intervention where CEI donor countries demonstrated strong-rooted experience, and where beneficiary states exhibited the strongest need for assistance. A number of priorities have been identified and grouped into three

Chart 1.1. Distribution of the number of KEP projects, the amounts committed by the CEI Trust Fund at the EBRD and the projects' total costs according to the country of recipients 2004-2010

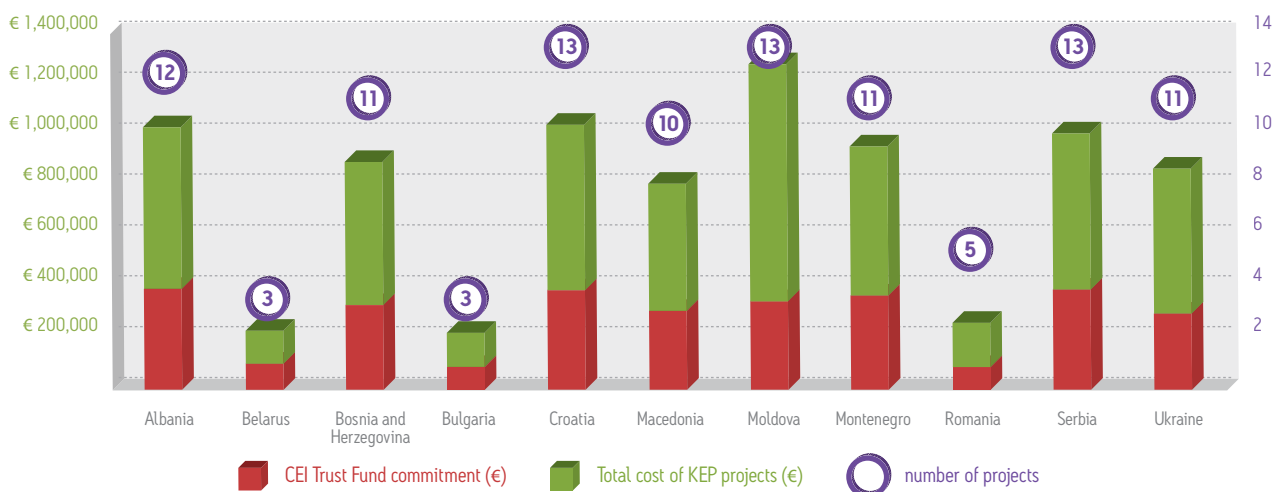
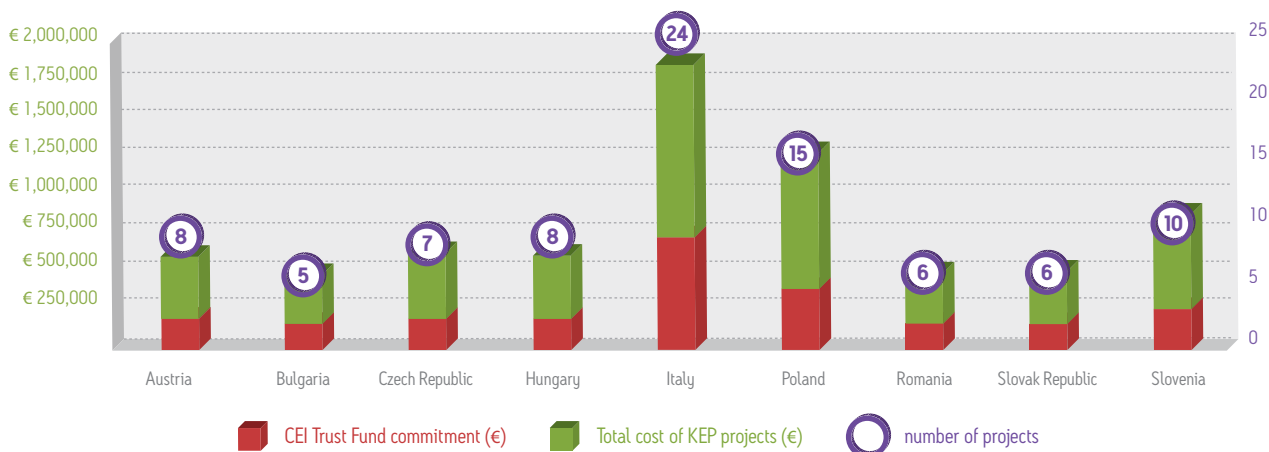


Chart 1.2. Distribution of the number of KEP projects, the amounts committed by the CEI Trust Fund at the EBRD and the projects' total costs according to the country of donors 2004-2010



thematic blocks described below. In drafting priority themes, the CEI looked into country and sector strategies of international organisations and IFIs operating in the region, as well as into the development assistance priorities of the new EU member states.

In principle, eligible projects have been required to have an economic rationale, covering investment aspects, economic transition, capacity building, or the business environment, in areas related to general development and European economic integration (such as privatisation, SME support and customs regimes). The following priority themes have been in place since 2004:

I. European integration, capacity building and market economy

- European integration related assistance;
- strengthening of the rule of law through the introduction of appropriate European standards;
- strengthening of capacities of the central administration;
- assistance in economic transformation (creating conditions for the transition to a free-market economy, privatisation and reform of the public sector finances);
- support to second-generation reforms (with particular attention to corporate governance, financial and banking sector services, and to capital markets);

- improvement of local labour market efficiency and development of the micro, small and medium-size enterprise sectors;
- strengthening of the administrative structures at regional and local levels; and
- strengthening of the social advancement of recipient countries (such as development of the civil society and promotion of corporate social responsibility).

II. Infrastructure planning and development

- technical assistance for infrastructure development (provision of consultancy in planning, rehabilitation and development of transport, municipal and other infrastructure of high economic impact; and support to the application of public-private partnership schemes); and
- development of Geographic Information Systems (GIS).

III. Agriculture, energy and environment

- energy (energy efficiency, renewable sources of energy, clean energy and climate change);
- environment (protection of the natural environment, waste management, water management and water resource development); and
- development of agriculture and rural areas (including food safety

and food quality applications and regulatory standards, development of infrastructure for wholesale trade of agricultural products, training of specialists in farming-related areas; and promotion of rural and environmentally sensitive tourism).

While these three priority areas have been used to define the rationale of projects, from an operational point of view, KEP assignments have been grouped in four areas of intervention:

I. Capacity building

Capacity building has been of particular importance among the Programme's priorities and it has been conceived both as the strengthening of appropriate policies and legal frameworks as well as human resource development. Thirteen projects in this category have been supported by the KEP for a total committed amount of €324,559.

II. Sustainable agriculture (including rural tourism)

Given that one third of the total population in the CEI region lives in rural areas, the agriculture and agribusiness-related sector was put on the list of priority areas in the KEP and there has been considerable interest in assignments in this sector. Twelve KEP grants in agriculture-related fields amounting to €232,079 were provided. Assignments tackled issues such as ecological agriculture and the quality control system for fresh fruit and vegetables.

III. Enterprise development

Included among priority areas, it was expected to address topics such as SME financing and promotion of spin-offs and innovative enterprises. Since 2004, 12 projects with a total KEP grant commitment amounting to €377,152 tackled enterprise development, dealing with issues such as the study of networking and cluster models, the development of the information technology sector and cooperation on information, communications and technology (ICT).

IV. Sustainable energy

Being among the eight UN Millennium Development Goals, energy and environment issues have been frequent areas of intervention of the CEI. In the KEP framework, six grants amounting to €176,687 have been approved dealing with topics such as development and improvement of technologies, methodologies and tools for the enhanced use of agricultural biomass residues, and a feasibility study of a biomass chain.

Concerning the areas of intervention, Chart 1.3 illustrates a rather balanced distribution of KEP projects among the following three areas: sustainable agriculture, capacity building, and enterprise development, while the sustainable energy area has been less addressed. Chart 1.4, on the other hand, shows that the four areas of intervention have been targeted differently by CEI Trust Fund grants: most funds have gone towards enterprise development projects (34 per cent) followed by capacity building assignments (29 per cent). Lastly, concerning total project cost – CEI grants plus additional mandatory co-financing – Chart 1.5 illustrates that the KEP has had the highest impact in the areas of capacity building (35 per cent).

Of the three main KEP priority headings listed above, no projects have been implemented in the infrastructure planning and development theme.

Know-how transfer tools

The Programme's rules have required that donors use various tools of know-how transfer in a combination that promises successful acquisition of the given skills or implementation of best practices in the recipient institution. The most commonly used know-how transfer tools included study tours (to the country of the donor), various training programmes and workshops as well as peer reviews carried out by donor experts in order to assess the recipients' policy or development stage in a specific field. Other tools used in review assignments involved assistance in the preparation of feasibility studies and business plans, assistance in the establishment of institutions, as well as development and access to online databases of public policy documents.

Chart 1.3. Distribution of KEP projects according to their area of intervention 2004-2010 (share of a total number of 43 projects committed)

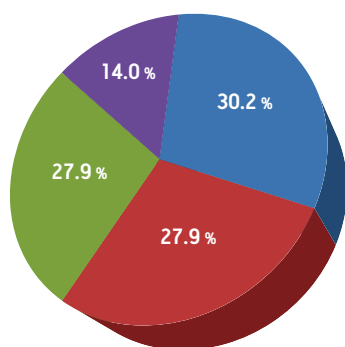


Chart 1.4. Distribution of CEI Trust Fund KEP committed grants according to areas of intervention 2004-2010 (share of €1,138,282 committed)

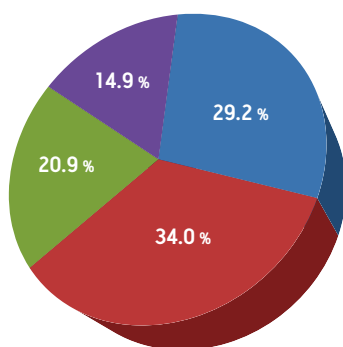
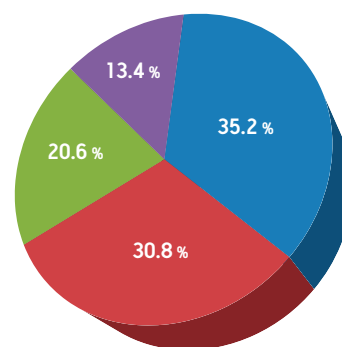


Chart 1.5. Distribution of CEI Trust Fund supported KEP projects' total cost according to areas of intervention 2004-2010 (share of €3,268,236, which includes CEI Trust Fund commitments and mandatory co-financing of a minimum of 50 per cent for each project)



The KEP project cycle and the role of the Office for the CEI Fund at the EBRD in the management of the Programme

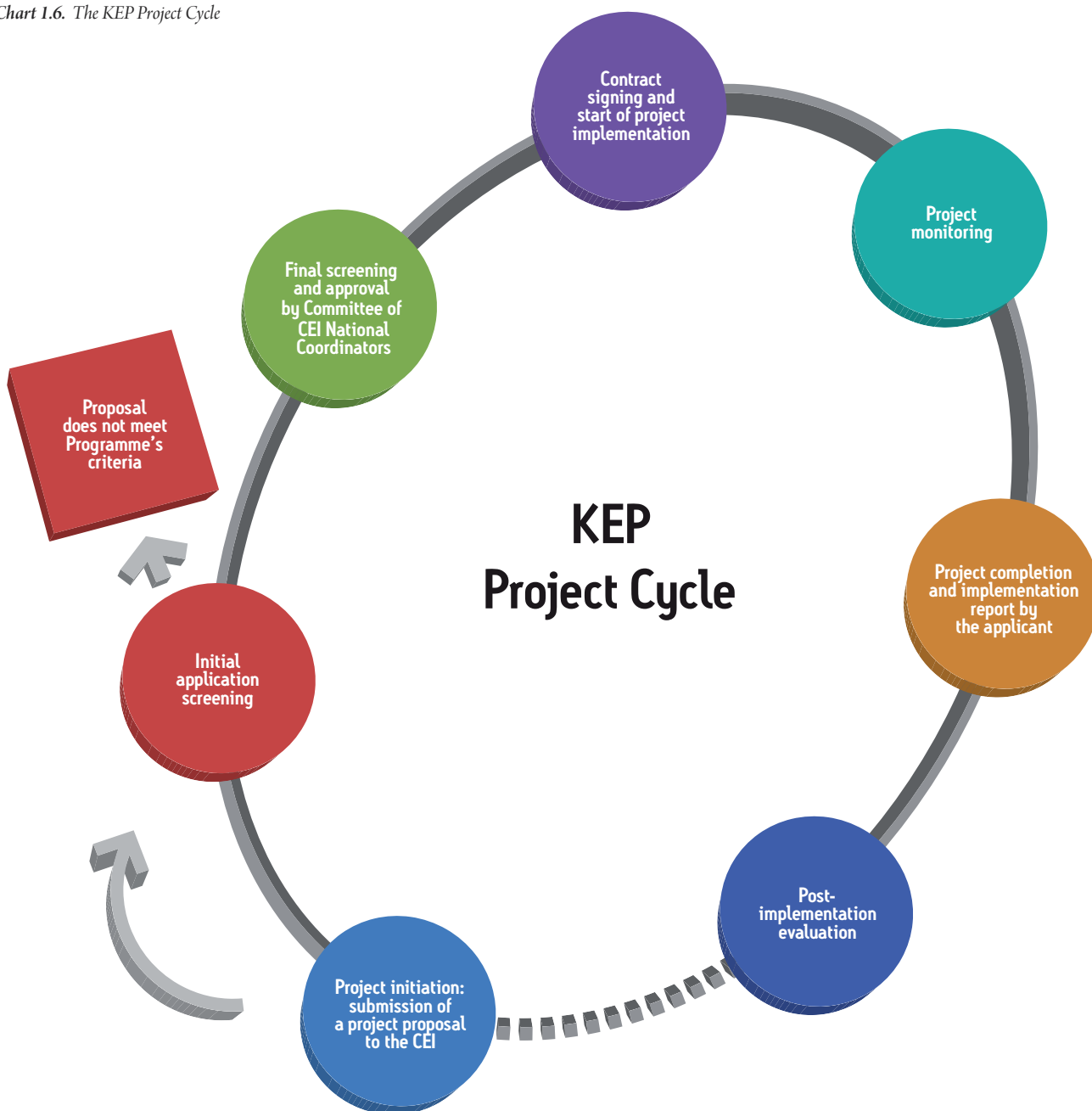
The Office for the CEI Fund at the EBRD has managed the KEP programme and has monitored the implementation of the KEP projects co-financed by grants from the CEI Trust Fund at the EBRD. The role of the Office for the CEI Fund at the EBRD has not been limited to the provision of grants. It has also concerned the whole project cycle shown in Chart 1.6, starting from the initial screening of applications, throughout the monitoring of project implementation, to ex-post evaluation of results.

Following the project cycle, during the phase of *project initiation*, sometimes even *preceding the submission of project proposals to the CEI*, the Office often engages with prospective beneficiaries of the Programme by

Know-how transfer tools

- study tours
- training programmes
- consultancy services
- workshops
- document drafting
- secondment of staff
- technology transfer
- feasibility studies
- surveys
- preparation of manuals, and
- peer reviews

Chart 1.6. The KEP Project Cycle



providing specific “pre-project” assistance. To this end, the CEI involves in the process of partners’ matching. Owing to a well-established network of contacts, the CEI is well placed to support institutions from the non-EU member states in identifying suitable know-how donors from the CEI-EU area.

A project enters the KEP cycle when a know-how donor submits to the CEI a project proposal (through an *Application Form* – see page 21). The proposal is required to provide details concerning the need of the beneficiary institution which the project aims to address; the activities through which it proposes to address the need; and other justification for the project. The donor must prove the recipient’s acknowledgment and approval of the proposed activities. As the CEI only co-finances up to 50 per cent of the cost of a project, the donor must also demonstrate appropriate additional financing.

The *initial application screening* is a phase during which the Office for the CEI Fund at the EBRD is very active. The criteria used for project selection include the extent to which the objectives of an assignment are suited to the priorities and policies of the target beneficiary and of the CEI, and to the know-how of the donor, and the extent to which the perceived need of the beneficiary is significant and suitable to address, given its greater context.

From time to time, CEI staff also assist partners in developing and streamlining project activities. In doing this, the Office actively supports the dialogue between the donor and the beneficiary of a KEP project, allowing for mutual understanding, and boosting the active role of the recipient in project development. Based on its staff’s experience with previous projects, the CEI is, among the actors of a KEP project, in the unique position of having seen which activities may have a higher potential impact. The staff, thus, make recommendations on project activities, in order to best tailor assignments to the recipients’ needs and capacities of assimilating know-how, while taking most advantage of the donors’ expertise.

Once the project rationale is fully designed and agreed on by the donor, by the recipient and by the CEI, the Office submits the project proposal to the Committee of CEI National Coordinators (CNC), which makes the final decision. Following the CEI’s recommendations, the CNC approves the commitment of a certain monetary amount for the project, expressed both in nominal form and as a percentage of the envisaged total cost of the project. As already mentioned, this percentage cannot exceed 50 per cent. The approved CEI grant is connected strictly to specific items in the budget of the proposed project. Along the life a KEP project, CNC approval moves the project into the next phase – *contract*

signing and start of project implementation. This is usually followed by the disbursement of an advance payment from the CEI Trust Fund to the donor. The advance payment cannot exceed half of the grant approved by the CNC.

During the phase in which projects are effectively carried out – *project implementation* – CEI staff conduct a process of monitoring to ensure the smooth execution of the know-how transfer. This is done on the basis of progress reports submitted by donors. Additionally, the CEI may also provide guidance, where needed.

Following the *project completion*, the donor must submit to the CEI a *Final Report* detailing the activities undertaken and their results, and the actual budget of the project (see page 22). The CEI assesses these data and usually proceeds to making the final payment to the donor. The final disbursement equals the amount of the approved grant minus the advance payment. In calculating the final payment, the CEI ensures the use of its grant exclusively for the specific budget items approved by the CNC. The CEI grant, however, does not increase, if the cost of these items exceeds their originally envisaged amounts. On the contrary, though, if the cost of these amounts decreases during project implementation, the CEI grant diminishes accordingly. Lastly, it should be noted that even if the cost of these items remains constant, but the overall project cost diminishes, the CEI grant is also reduced to match the percentage value approved by the CNC.

A project’s final phase in the KEP cycle consists of *post-implementation evaluation*. During this phase, as exemplified by this present Impact Assessment and Analysis, the CEI evaluates projects by analysing the impact and sustainability of their activities after completion. This work results in lessons and recommendations that feed into the Office’s management of the entire Programme.

As a programme, the KEP is characterised to a great extent by variety. Most KEP projects present particular challenges inherent to the needs of a certain beneficiary or the type of know-how transferred. Through its hands-on approach to each phase of the KEP project cycle, the Office for the CEI Fund at the EBRD ensures that all these challenges are monitored and addressed quickly and efficiently.

Table 1.1 provides the most up-to-date information available at the time of publication, on the 43 projects undertaken by the CEI under the Know-how Exchange Programme and supported by the CEI Trust Fund at the EBRD. The cut-off date was June 2011. The seven projects selected for this Impact Assessment are highlighted for reference throughout the analysis.




Table 1.1 List of CEI Trust Fund supported KEP projects 2004-2010

<i>Reference number</i>	<i>Project name</i>	<i>Country of donor /organisation</i>	<i>Country of recipient</i>	<i>Project total cost (€)</i>	<i>CEI co-financing (€)</i>	<i>Area of intervention</i>	<i>Project stage</i>
1206.009-04	Introduction to Public Finance Management	Slovenia	Macedonia	15,171.67	5,000.00	Capacity building	closed
1206.001-05	Sharing policy know-how in transition countries in CEI region	Czech Republic, Hungary, Poland, Slovak Republic, Slovenia	Regional	81,025.00	28,400.00	Capacity building	closed
1206.014-05	CEI support to Wholesale Markets Development in Ukraine	Italy, Poland / FAO as coordinator	Ukraine	65,163.64	36,501.92	Sustainable agriculture	closed
1206.016-05	AER PEER Review Initiative (APRI) in the CEI Region	Austria, Czech Republic, Hungary, Italy / AER as coordinator	Croatia, Romania, Ukraine	61,620.62	16,100.00	Capacity building	closed
1206.004-06	Prospects of EU-Ukraine economic relations	Poland	Ukraine	54,143.44	21,790.00	Capacity building	closed
1206.005-06	Entrepreneurship and Enterprise Development in South East Europe: identification and implementation of good policy practices	CEI-EU members / OECD as coordinator	Regional (Western Balkan countries)	95,900.00	38,200.00	Enterprise development	closed
1206.006-06	SMILE (Support for Moldova: Innovation, Leadership and positive Environment)	Italy	Moldova	83,182.76	22,708.00	Enterprise development	closed
1206.007-06	Introduction to Public Finance Management for Junior Governmental Officials Assigned to Public Finance Management Positions	Slovenia	Romania	15,829.79	5,239.66	Capacity building	closed
1206.008-06	Support to the development of rural tourism and setting up of a professional tourist organization with member municipalities of the Rose Valley, Bulgaria	Austria	Bulgaria	50,118.00	20,500.00	Sustainable agriculture	closed
1206.009-06	Building Effective Fresh Fruit and Vegetables Quality Control System in Moldova	Slovak Republic	Moldova	10,791.00	1,660.00	Sustainable agriculture	closed
1206.010-06	Study tour on EU co-ordination	Austria, Poland	Romania	8,523.00	3,689.00	Sustainable agriculture	closed
1206.001-07	CEI support to Wholesale Markets Development in Ukraine (phase 2): Wholesale Markets Training at Regional Level	Italy, Poland // FAO as coordinator	Ukraine	36,147.00	14,831.60	Sustainable agriculture	closed
1206.002-07	Improving transparency in local government finance in Moldova through better budgeting process	Poland	Moldova	67,190.81	18,065.00	Capacity building	closed
1206.003-07	Human resources development and improvement of internal control in administration of small cities of Moldovan-Ukrainian borderland – Floresti, Soroca, Yampil	Poland	Moldova, Ukraine	117,712.46	23,249.06	Capacity building	closed
1206.004-07	Ecological agriculture and agrotourism promotion and development in the Eastern Ukrainian Carpathian Region and Moldova	Poland	Moldova, Ukraine	83,853.22	24,308.00	Sustainable agriculture	closed
1206.012-07	CEI study tour and workshop: Networking and cluster model to support SMEs internationalization	Italy, Slovenia	Regional	88,043.83	34,583.62	Enterprise development	closed

Reference number	Project name	Country of donor /organisation	Country of recipient	Project total cost (€)	CEI co-financing (€)	Area of intervention	Project stage
1206.001-08	Pilot project on enhancing sustainable local and rural development in the SAP (Stabilization and Association Process) countries by introducing the LEADER experience	Hungary	Regional (Western Balkan countries)	40,376.46	18,597.72	Sustainable agriculture	closed
1206.002-08	1 st Ukrainian School of Civil Society Leaders	Poland	Ukraine	128,665.61	32,992.34	Capacity building	closed
1206.014-08	BIOM-ALBA: Analysis and study of the feasibility of a biomass chain in Albania	Italy	Albania	97,039.00	31,986.78	Sustainable energy	closed
1206.015-08	Promotion and development of agrotourism and ecological agriculture in Moldova	Poland	Moldova	109,061.47	13,272.78	Sustainable agriculture	closed
1206.018-08	MOLDAGROFOOD – Systems for the Organization of the Moldavian Food Farming Production Process	Italy	Moldova	83,185.28	36,023.24	Sustainable agriculture	closed
1206.020-08	Fostering Innovation in SMEs in the Western Balkans. Phase II	CEI-EU members / OECD as coordinator	Regional (Western Balkan countries)	91,591.00	35,084.38	Enterprise development	closed
1206.021-08	Monitoring SME policy implementation in the Western Balkans	CEI-EU members / OECD as coordinator	Regional (Western Balkan countries)	102,622.00	40,000.00	Enterprise development	closed
1206.026-08	Capacity Building in Public Accounting (CBIPA) in Moldova	Slovenia	Moldova	240,150.00	40,000.00	Capacity building	disbursing
1206.027-08	Transfer of Macrolotto best practice to the management of sustainable and equipped productive areas	Italy	Serbia	41,508.15	14,181.00	Enterprise development	closed
1206.002A-09	PORTRAIN	Italy	Albania	91,979.37	33,900.00	Capacity building	closed
1206.003A-09	Supporting Serbian SMEs in acceding to EU markets	Italy	Serbia	42,447.95	21,223.98	Enterprise development	closed
1206.004A-09	S.E.A. - System for Energy Autonomy	Italy	Moldova	121,600.00	40,000.00	Sustainable energy	disbursing
1206.005A-09	Assessment of energy sector in Bosnia and Herzegovina: AER Peer Review on Energy in Republika Srpska	Hungary, Romania / AER as coordinator	Bosnia and Herzegovina	25,992.45	12,092.22	Sustainable energy	closed
1206.006A-09	Development of decision support systems for integrated water management in Belarus	Italy	Belarus	64,305.72	31,287.72	Sustainable energy	closed
1206.007A-09	CEI Study Tour and Workshop: "The role of professional branch associations in fostering the competitiveness of SMEs in the IT sector – creating a common SEE IT brand"	Austria, Bulgaria	Regional	66,961.04	25,940.71	Enterprise development	closed
1206.008A-09	ICT Cooperation: Italy – Croatia Technology Cooperation	Italy	Croatia	58,227.00	25,230.00	Enterprise development	disbursing
1206.009A-09	Capacity building and transfer of knowledge for the development of organic farming in Blidinje Nature Park	Czech Republic	Bosnia and Herzegovina	76,230.00	19,030.00	Sustainable agriculture	disbursing
1206.011A-09	Technical assistance for the development and improvement of technologies, methodologies and tools for the enhanced use of agricultural biomass residues	Italy	Serbia	79,053.13	39,000.00	Sustainable energy	closed
1206KEP.005-10	Good governance in Chisinau - introduction of performance budget in the capital of Moldova	Poland	Moldova	128,829.00	34,823.00	Capacity building	disbursing

Reference number	Project name	Country of donor /organisation	Country of recipient	Project total cost (€)	CEI co-financing (€)	Area of intervention	Project stage
1206KEP.006-10	Farming and off farming activities in mountain areas and Natural Parks: "the Italian experience" a study tour for Montenegro	Italy / FAO as coordinator	Montenegro	74,998.00	30,498.00	Sustainable agriculture	disbursing
1206KEP.007-10	Technical assistance and good practices sharing in order to promote female entrepreneurship in the tourism and services sector	Italy	Croatia	103,000.00	40,000.00	Enterprise development	disbursing
1206KEP.008-10	AER PEER REVIEW ON ENERGY IN VOJVODINA "How to create sustainable energy communities within our regions?"	Italy, Romania / AER as coordinator	Serbia	44,780.00	22,320.00	Sustainable energy	disbursing
1206KEP.009-10	Financial facilities for SMEs: training and capacity building for Business Support Organisations in non-EU member states of the Central European Initiative	Italy	Regional	80,000.00	40,000.00	Enterprise development	disbursing
1206KEP.010-10	Monitoring SME policy implementation in the Western Balkan	CEI-EU members / OECD as coordinator	Regional (Western Balkan countries)	142,858.00	40,000.00	Enterprise development	disbursing
1206KEP.011-10	SAFE ADRIA - Technical assistance to Luka Bar for the development of action plans to improve the capacity in the domains of environment protection, safety and security at work	Italy	Montenegro	87,000.00	40,000.00	Capacity building	disbursing
1206KEP.012-10	COOPERADRIA: Support to the capacity in developing and managing cooperation projects: Institute of Transport	Italy	Albania	50,000.00	25,000.00	Capacity building	disbursing
1206KEP.013-10	Krapina Zagorje County Rural Development Strategy	Slovenia	Croatia	27,339.00	13,167.00	Sustainable agriculture	disbursing
TOTAL				3,234,215.87	1,110,476.73		

The background of the page is a close-up photograph of a coral reef. The coral is a mix of brown and tan colors, with intricate, porous structures. On the left side of the page, there is a vertical green bar that serves as a design element. The text is placed on this bar, with the first paragraph in white and the subsequent two paragraphs in a lighter green color.

This chapter outlines the methodology used for this impact assessment. This methodology was also the first major attempt of the CEI to enhance the regular and seamless evaluation process in the KEP project cycle.

The impact assessment was conducted by three staff members of the Office for the CEI Fund at the EBRD under the supervision of the Programme Manager, and with the support of an evaluation consultant.

The chapter starts by outlining the rationale behind the choice of a project impact assessment in order to draw lessons learnt and recommendations on the entire KEP programme supported by the CEI Trust Fund at the EBRD. The second section of the chapter describes the methodology and the main steps employed for the evaluation of each project. This part also aims to lay the foundation for regular KEP evaluation by defining easily applicable criteria against which each project could be measured. Lastly, the third section explains the selection of the seven projects assessed.

Impact assessment rationale and methodology

Evaluating a programme through selected projects (general rationale)

This current evaluation serves two main purposes. First, it has a direct and specific objective to offer insights into the findings of the selected projects. This leads to a subsequent goal, to extrapolate lessons learnt and recommendations for the entire Know-how Exchange Programme. This indirect objective is the link with the second major purpose of the present evaluation – to establish a structural framework for the assessment of the KEP. This publication represents the first effort to evaluate the Programme since its establishment in 2004.

The Know-how Exchange Programme is currently in its seventh year of operation. This impact assessment aims to offer insights related to the projects committed between 2004 and 2010, during the first six years of the Programme's operations.

Described in the roughest manner, the main role of the CEI, in the KEP rationale, is to match needs identified in a beneficiary country with the best fitting know-how available. This implies that, through its very nature, the KEP is a programme based on variety. Although the needs of institutions in recipient countries are somewhat similar, the availability of know-how is less universal and the precise fit with the structures and capacity of the beneficiary is constantly relative. The various donors of know-how are also unevenly specialised. Furthermore, different know-how lends itself to different tools of transfer and the various beneficiaries differ in their development and possibilities to access and use information. In other words, the great variation of the KEP projects is an asset of the Programme.

The evaluation of a programme, which encourages and thrives on variety, poses statistical challenges. Few general considerations can be drawn from comparisons of the entire project pool. When analysing the entire pool of projects, general considerations can only be made about very broad aspects of the projects (countries of origin of donors and recipients, areas of intervention). However, important issues of the know-how exchange projects cannot be evaluated by comparison. What may have rendered one project successful may not be equally efficient or even relevant for another project targeted toward a very different recipient.

This factor – statistical challenges inherent to diversity – shaped the methodology of the KEP Impact Assessment into a process evaluation rather than a standard programme evaluation. In order to achieve this, the evaluating team has selected a pool of projects which were evaluated in detail. The findings of this exercise were then extrapolated to the entire Programme as they revealed lessons for the process through which the CEI Trust Fund supported KEP operates.

Methodological limitations

There are two main limitations to this study and both concern the typology of projects and funding:

1. Issue of attribution: as in case of the CEI-financed Technical Cooperation Programme, CEI KEP funding interacts with other donors' resources (in fact, the KEP is a co-financing instrument) and may even occasionally be linked to other interventions. Sometimes, co-financing provided by the CEI allows for involving additional know-how transfer tools, expanding activities or extending the project to a larger group of beneficiaries. In other cases, CEI KEP financing constitutes the core budget of the intervention and without this support the project could not take place. It is therefore impossible to verify what percentage of the outcome is attributable to the co-financing provided by the CEI.
2. Qualitative approach to evaluation: given that the projects touch upon such different topics and cross-cutting issues, evaluation relies mostly on judgment criteria that inevitably represent one of the limitations of this study. The benefits and drawbacks of the qualitative approach have been summarised in the box below by the World Bank¹.
3. The availability of data: since no independent external monitoring mechanism has been running since the inception of the KEP, the unavailability of independent implementation data should be seen as another limitation to this study.

¹ Judy L. Baker, *Evaluating the Impact of Development Projects on Poverty: A Handbook for Practitioners*, The World Bank, Washington D.C., 2000, p. 7-8.

Project impact assessment specific methodology

The Impact Assessments of the KEP projects was based on the OECD-DAC Principles for Evaluation of Development Assistance.

According to the OECD–DAC definition, an impact assessment/evaluation is a “systematic and objective assessment of an ongoing or completed project, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learnt into the decision–making process of both recipients and donors”².

The present assessment of KEP projects was designed to serve a three-fold purpose:

- To make an assessment, as systematic and objective as possible, of a sample of KEP competed projects (their design, implementation processes and achieved results);
- To determine the relevance and fulfilment of objectives, and the efficiency, effectiveness, impact and sustainability of their results;
- To report on the achievements of the projects, thus providing substantial elements for accountability for donors and the public in general;

To be more specific, the scope of this assessment entailed both an analysis of the projects’ implementation as well as of the projects’ results. The projects’ output analysis aimed to assess the results of each project, in terms of the products and the services delivered and included also an assessment of the overall objective of the project itself. This exercise also aimed at assessing the long-term sustainability of the impacts.

As previously mentioned in the first section of this chapter, this assessment also aimed to provide a useful revision tool for the whole management of the KEP, as a programme, in view of the improvement of the appraisal stage, the monitoring of on-going projects and the evaluation/impact assessment of completed projects.

Terminology and definitions

The evaluation of know-how exchange projects was based on three main components of each assignment. These components, in their natural order, are:

1. the perceived need of the recipient, which led to the project rationale,
2. the know-how transfer or project activities, and
3. the direct and indirect results of this transfer, or project results, impact and sustainability.

A know-how exchange project is usually generated through a recognised need or deficiency in the beneficiary. This need is identified by a potential know-how donor or, in some cases, by the beneficiary, itself. The donor then defines objectives for a transfer of know-how which would address the need, and would be justifiable in the context of the beneficiary’s transition background and capacity level. This constitutes the *project rationale*. Pending on the recipient’s acknowledgement that this

Pros and cons of qualitative approach to impact evaluation

The benefits of qualitative assessments are:

- flexibility
- adaptability – can be specifically tailored to the needs of the evaluation using open-ended approaches
- can be carried out quickly
- enhance the findings of an impact evaluation through providing a better understanding of the conditions and processes that may have affected programme impact

Among the main drawbacks are:

- subjectivity in data collection
- lack of a comparison group and of statistical robustness
- the validity and reliability of qualitative data are highly dependent on the mythological skill, sensitivity, and training of the evaluator

course of action is desirable and appropriate, the CEI also approves the respective project, with suggestions and conditions, where appropriate.

The proposed intervention consists of various activities and tools of knowledge transfer which are expected to involve various levels and various groups of participants. These are the *project activities*.

The implementation of these activities in the framework of the KEP intervention leads to both direct and indirect *project results*. These outcomes, in turn, create impact and sustainability, which should be assessed and evaluated against the transition background of the beneficiary.

The aim of a know-how exchange project is not to fully solve transition problems, fulfil needs or rectify development deficiencies. On the contrary, the aim of a KEP project is to contribute to the transition processes in which these needs, deficiencies or problems are being addressed. Besides the more obvious results, normally associated with technical cooperation, this contribution can often constitute:

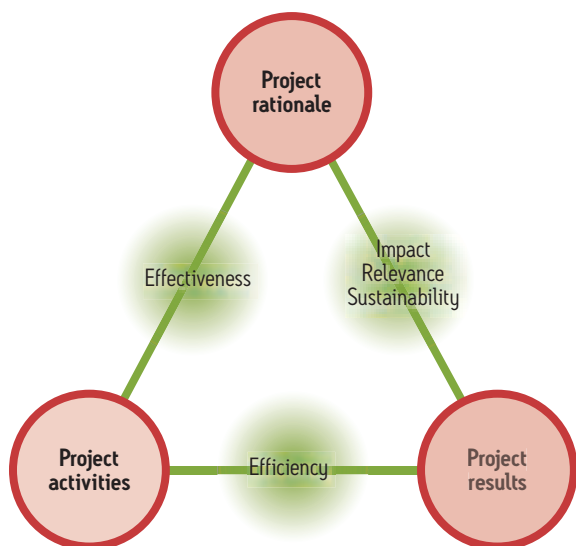
- empowering the beneficiary with a better understanding of the needs, problems and deficiencies;
- maintaining the momentum of a transition process;
- identifying appropriate measures and approaches to promote transition; and
- raising consciousness in beneficiaries.

² OECD – DAC, *Principles for Evaluation of Development Assistance*, OCDE/GD(91)208, Paris 1991, p. 5.

Evaluation criteria

Breaking down the life of each KEP assignment into these three components forms the basis for the impact assessment methodology of individual projects. The natural interactions between the project rationale, the project activities and the project results, yield all five of the OECD-DAC evaluation criteria. Visually, the relationship between the three project components and the evaluation criteria can be roughly summarised as such:

Chart 2.1. The relation between KEP project components and evaluation criteria



For the assessment of KEP projects, the criteria from the OECD Principles were adapted and used as such:

- **Relevance:** the extent to which the project objectives and activities were suited to the priorities and policies of the target group, know-how donor and recipient.
- **Effectiveness:** a measure of the extent to which the project activities attained the intended purpose and the overall objectives of the project.
- **Efficiency:** assesses the outputs in relation to the inputs. It ascertains whether the use of the project resources to achieve the desired results was done economically and efficiently.
- **Impact:** an assessment of positive and negative changes/outcomes produced by a project, directly or indirectly, intended or unintended. It also includes the positive and negative impact of external factors, such as changes in policy; delays in critical components of a larger programme, of which the KEP project was merely one component, etc.
- **Sustainability:** determines whether the benefits of an activity are likely to continue after donor funding and know-how transfer tools have

been withdrawn. It can also consider whether the project activities can be successfully replicated to cover more direct beneficiaries within an agency or the country as a whole.

Application of methodology to selected projects

The evaluation team employed a methodology in three steps for each project. Each of these steps was followed by a deliverable document:

- desk study of the relevant documentation, followed by the Project Questionnaire;
- beneficiary interviews (in most cases through site visits), followed by the preliminary Project Evaluation Report; and
- drafting of findings and of lessons learnt according to the evaluation criteria, followed by the present publication.

In some cases the last step was preceded by additional interviews with the donors.

The assessment followed a Logical Framework approach³ and applied the assessment criteria to the three aspects of the project identified above as such:

Project aspect	Criteria
Project rationale	relevance
Project activities	relevance, effectiveness, efficiency
Project results	impact, sustainability

In addition the internal consistency amongst the rationale, the activities, and the results were considered, as were changes between the original design of the project and its implementation.

Analysis of project rationale

The first step of the assessment was a review of the project context and the rationale underlying the proposed intervention. This review covered the project background and context and included:

- the recipient and its perceived needs;
- direct and indirect beneficiaries;
- project objectives and goals;
- the donor and its knowledge exchange capabilities, and
- the project justification.

The review also assessed whether the project as a whole was consistent with the policies and priorities of the CEI-KEP, of the donor, and of the recipient. The project rationale was analysed as described by the donor at the time of the project approval and also as perceived during implementation and at the completion of the project.

The analysis specifically aimed to determine:

- whether the project objectives were reflective of and consistent with the project context, the recipient's needs, and the donor's capability;
- whether the objectives were realistic and achievable;

³ The Logical framework is a tool to present an intervention strategy in a logical and transparent way. It provides all information to understand an operation and to enable a follow-up of an intervention. It sets out its objectives in a systematic and logical way. This should reflect the causal relationships between the different levels of objectives, and indicate how to check whether these objectives have been achieved, and establish what assumptions and risks outside the control of the partners may influence its success. In addition to analysis and design, the logical framework is also a powerful tool for ex-post analysis of project implementation using the project proposal as the primary source of information.

- whether the project rationale was relevant at the time of the project's approval;
- whether the project rationale was still regarded as relevant after the completion of the project; and
- whether there were risks to the project which had not been identified in the proposal.

Analysis of project activities

The analysis of project activities covered:

- details of the activities;
- the know-how transfer tools employed; and
- participation in the activities.

Project activities were analysed as proposed in the approved project and also as implemented. Changes to the activities were analysed in the context of the project rationale.

The analysis specifically aimed to determine:

- whether the activities were consistent with the project rationale;
- whether the know-how transfer tools were appropriate;
- whether the participation was relevant and effective; and
- whether the activities were efficient and effective.

Analysis of project results

The analysis of project results focused on:

- the outputs from the project activities;
- the impacts of the project, both intended/unintended, and direct/indirect;
- the sustainability of the results; and,
- the potential replicability of the activities.

Project results were analysed, as anticipated in the approved project and also after implementation.

The analysis specifically aimed to determine:

- whether the project outputs were consistent with the project rationale and project activities;
- whether the goals and objectives of the project were achieved;
- the incidence of any unintended results (positive and/or negative) from the project; and,
- whether the impacts of the project were sustainable.

Reviewed documentation

The team analysed the major documentation of each selected project. The step included active work of comparing the information in the *Application Forms* of each project against the *Final Reports*. These documents are mandatory for all KEP projects.

The *Application Form* contains important information related to the description of the applicant (know-how donor); the background and rationale of the project including objectives and expected results; the description of the planned implementation including the specific roles of the project donors, and the schedule of activities. Lastly, the *Form* includes information on visibility, budget and financial resources. The *Application Form* is completed by the know-how donor who must prove sufficient funding for the project and must also obtain the beneficiary's signature on the *Form*. The donor then submits the document to the CEI for approval by the Committee of National Coordinators of co-financing of up to 50 per cent of total project cost. A blank *Application Form* can be found on page 21.

Each approved project also has a *Project Appraisal Form* attached to the *Application Form*. This form is completed by CEI staff and recommends the project to the Committee of CEI National Coordinators for approval. The only relevant information in the *Project Appraisal Form* for the purpose of this current evaluation was the section with recommendations made by the CEI. These suggestions concern the implementation of the respective project. A blank *Project Appraisal Form* can be found on page 23.

The information in these two forms was analysed against the information completed by the know-how donor in the *Final Report*. As in the case of the *Application Form*, the beneficiaries must also counter-sign the *Final Report*. This report describes the executed tasks; elaborates on the impact and results of the project; and re-addresses the roles of the partners in the project implementation, and the visibility of the project. For about half of the selected projects, the know-how donors did not fill in the standardised *CEI KEP Final Report*. Rather, they used various styles, predominantly narrative. A blank standard *Final Report* can be found on page 22.

The evaluation team checked whether the projects were implemented according to the initially proposed interventions, and whether any elements pertaining to the project were not sufficiently addressed. Questionnaires were created for each selected project. These documents constituted the basis for the ensuing evaluation interviews.





CEI Know-how Exchange Programme (KEP)

PROJECT APPLICATION FORM

IMPORTANT

The application, other submitted documents, and information therein provided, may be made publicly available on the CEI website and to CEI bodies and partner organisations.

The project application should be submitted through a CEI National Co-ordinator in your country. A list of National Co-ordinators can be found on the CEI website: www.ceinet.org (chapter 9.5)

Read carefully "KEP Rules and Procedures" before applying for a KEP grant.

Read carefully part C "Application guidelines" of the KEP Rules before filling in this form. For further assistance in completing the application, write to: kep@cei-es.org

All financial data have to be stated in Euros.

Last update: February 2009

1. PROJECT SUMMARY		
1.1 Donor country(ies)	1.2 Recipient country(ies)	
1.3 Project title		
1.4 Estimated start date	1.5 Estimated end date	1.6 Project duration
1.7 Total project cost	1.8 Requested CEI grant	
1.9 Project summary (max. 1/2 page)		

2. APPLICANT AND PROJECT PARTNERS
2.1 Description of the applicant (max. 1 page)
2.2 Applicant contact details
2.3 Person responsible for project management/implementation
2.4 Project partners, if any
2.5 Description of recipients
2.6 Recipient institution
2.7 How did you learn about the availability of KEP grants?

3. BACKGROUND AND RATIONALE
3.1 Background and rationale
3.2 Ownership by the recipient
3.3 Objectives and results
3.4 Description of project activities
3.5 Evaluation

4. IMPLEMENTATION
4.1 Work plan and schedule

5. VISIBILITY
5.1 Project publicity and dissemination
5.2 Use of CEI logo and references

6. BUDGET								
6.1 Person responsible for expenditure								
6.2 Total cost and CEI contribution								
<table border="1"> <tr> <td>Total eligible cost of project</td> <td>in euro</td> <td>€</td> </tr> <tr> <td rowspan="2">Amount requested from the CEI</td> <td>in euro</td> <td>€</td> </tr> <tr> <td>% of total cost of project</td> <td>€</td> </tr> </table>	Total eligible cost of project	in euro	€	Amount requested from the CEI	in euro	€	% of total cost of project	€
Total eligible cost of project	in euro	€						
Amount requested from the CEI	in euro	€						
	% of total cost of project	€						

6.3 Breakdown of estimated costs				
No.	Budget items with description	Unit cost(€)	Subtotal(€)	CEI grant(€)
1.	Personnel			
2.	Travel			
3.	Accommodation			
4.	Meetings and conferences			
5.	Equipment			
6.	Promotion			
7.	Administrative costs			
8.	Other (please specify)			
Total				

6.4 Remarks (if any)

7. FINANCIAL RESOURCES				
7.1 Project financing				
Confirmed or requested sources of financing	To cover following budget item(s)	Amount (€)	of which in-kind contributions (€)	% of total project cost
CEI grant				
Applicant's own budget				
Contributions of other partners (in donor countries)				
Contributions of recipient organisation(s)				
Other (please specify)				
Total				100%
7.2 Remarks (if any)				

8. SIGNATURES
<p>FOR THE RECIPIENT: I confirm that I am duly authorised by [name of the recipient organisation] to sign this application and that information provided in the application is correct and accurate. I confirm that [name of the recipient organisation] by me represented is fully committed to the implementation of the project. Date: _____ Position: _____ Name: _____ Signature: _____</p> <p>FOR THE APPLICANT: I confirm that I am duly authorised by [name of the applicant organisation] to sign this application and that information provided in the application is correct and accurate. I confirm that [name of the applicant organisation] by me represented is fully committed to the implementation and managing of the project. Date: _____ Position: _____ Name: _____ Signature: _____</p>



CEI Know-how Exchange Programme (KEP)

PROJECT FINAL IMPLEMENTATION AND FINANCIAL REPORT

IMPORTANT

When the project is finished, a **final report** must be completed and sent to the CEI Secretariat.

A copy of the final report should also be sent to your National Coordinator.

The final report is to include a **narrative summary** and a **financial accounting** of the project.

The narrative summary should answer the questions below.

The financial part should include actual expenditures as compared to the original budget that was approved by the Committee of CEI National Coordinators.

The final report should be accompanied by lists of participants, copies of presentations, press releases and articles, photographic material, etc., as well as proofs of expenses as described in Parts F3 and F4 of the KEP Rules and Procedures.

Last update: April 2009

1. PROJECT INFORMATION

1.1 Project reference number		
1.2 Project title		
1.3 Proposed start date:	1.4 Proposed end date:	1.5 Proposed project duration:
1.6 Actual start date:	1.7 Actual end date:	1.8 Actual project duration:
1.9 Brief summary of completed project (max. 1/4 page)		

2. PROJECT IMPLEMENTATION

2.1 Description of project activities

3. IMPACT AND RESULTS

3.1 Achievement of original objectives and results	
Original objectives and results	Met (Yes, No, Partially)
3.2 Description of achieved objectives and results	
3.3 Evaluation of results	
3.4 Impact on the beneficiary (to be completed by the beneficiary)	
3.5 Difficulties and lessons learnt	

3.6 Project sustainability and follow-up activities
3.7 Additional comments

4. VISIBILITY AND DISSEMINATION

4.1 Project publicity and dissemination of results
4.2 Use of CEI logo and references

5. FINANCIAL REPORT

5.1 Breakdown of estimated and actual costs							
No.	Budget items with description	Unit cost		Subtotal		CEI grant	
		envisaged	actual	envisaged	actual	envisaged	actual
1.	Personnel						
2.	Travel						
3.	Accommodation						
4.	Meetings and conferences						
5.	Equipment						
6.	Promotion						
7.	Administrative costs						
8.	Other (please specify)						
Total							
5.3 Remarks (if any)							
Sources of financing	Amount (€)		of which in-kind contributions (€)		% of total project cost		
	envisaged	actual	envisaged	actual	envisaged	actual	
CEI grant							
Applicant's own budget							
Other (please specify)							
Total					100%	100%	
5.3 Remarks (if any)							

6. LIST OF ATTACHMENTS

6.1 List of attachments

7. SIGNATURES

I certify that the accuracy of the details regarding implementation of the project, its financing and our participation in it are correct as provided in Parts 1-6 of this Final Implementation and Financial Report.

FOR THE RECIPIENT:
 Date: _____ Position: _____ Name: _____ Signature: _____

FOR THE APPLICANT:
 Date: _____ Position: _____ Name: _____ Signature: _____



CEI Know-how Exchange Programme (KEP)

PROJECT APPRAISAL FORM

COMPLETED BY THE CEI SECRETARIAT

Last update: February 2009

PROJECT APPRAISAL FORM		
Project reference number	Project title	
Proposing institution		
Donor country	Beneficiary country	Sector of intervention
Responsiveness to the CEI Plan of Action and KEP priority areas		
CEI involvement and visibility		
Requested CEI contribution and recommended allocation		
Allocation to be provided from:		
<input type="checkbox"/> CEI Trust Fund at the EBRD <input type="checkbox"/> KEP Austria (contribution of the Austrian Development Agency – ADA)		
Additional requirements and/or recommendations by the CEI (if any)		
Submitted to the Committee of National Co-ordinators for decision		

Evaluation interviews

The CEI evaluation team conducted evaluation interviews for all selected projects. For six of the seven projects, the team ran site visits to the know-how beneficiaries. Five countries were visited for this purpose – Albania, Bosnia and Herzegovina, Moldova, Serbia, and Ukraine. For all seven projects, the CEI evaluating team tried to contact as many direct beneficiaries as possible. Following this process of information gathering, several of the know-how donors were also interviewed in order to clarify any final inconsistencies.

This stage of the methodology resulted in the completion of preliminary project evaluation reports. These documents mainly consisted of all the relevant information gathered from the comparison of the project documentation and of the evaluation interviews. These documents, however, followed little structure and served mainly as a skeleton for the ensuing methodology step.

Drafting of findings and of lessons learnt

The final step of the evaluation methodology was the drafting of the findings on the seven selected projects. This phase included the elaboration of the evaluation criteria for specific KEP projects as described above. The evaluating team also analysed the programmatic relevance of any of the lessons learnt on a project basis evaluation. Findings were extrapolated and translated into recommendations.

Selection of projects

In the period 2004–2010, the CEI Trust Fund at the EBRD co-funded 43 KEP projects. The total CEI support provided for these projects surpassed €1.1 million, with an average contribution per project of €25,825. The overall value of all 43 projects (CEI grants + co-financing) reached €3.3 million.

This assessment took into consideration a sample of seven projects. Special importance was given to the relevance of these projects, in order to allow for findings and conclusions pertinent to the entire KEP. As previously mentioned, the assessment of the seven projects was a means towards extracting lessons learnt for the entire Know-how Exchange Programme.

The CEI team examined the population of 43 projects that the Programme had undertaken during the first six years of operation to ensure that the selected sample resemble the Programme's general characteristics. This process showed that the seven selected projects can be considered relevant for the entire population spread of the Programme. They reflect the Programme's diversity in terms of financial contributions, donor characteristics and country of origin, number and origin of beneficiaries, and area of impact. A detailed description of the characteristics of the seven selected projects in comparison with the pool of 43 KEP assignments, and the rationale behind their choice can be found in the Methodological notes at the end of this publication.

The image is a full-page background featuring an aerial photograph of a severely dry and cracked landscape. The ground is a mix of light tan and brown, with deep, irregular fissures cutting through it. On the left side, there is a vertical green overlay that serves as a background for the text.

This chapter outlines the main findings of Lessons for Sustainable Transition Impact, the CEI's efforts to assess the impact of the Know-how Exchange Programme supported by the CEI Trust Fund. By looking at the seven projects selected, the evaluating team aimed to find patterns, lessons worth learning that would have an impact on the management of the entire Programme.

The chapter starts by providing and analysing the lessons that transpired from the seven assessments. It continues with a set of recommendations delineated from the findings. Recommendations are both general and quite detailed. Finally, the chapter ends with the conclusions of the evaluating team.

Findings, lessons learnt and recommendations

Analysis of lessons learnt

This impact assessment report, Lessons for Sustainable Transition Impact, evaluated what the CEI Fund has achieved, through the Know-how Exchange Programme. The KEP is a CEI specific tool, whose chief mission is to foster social and economic development in the CEI region.

In general, the impact assessment found that the supported KEP projects were successful in helping to achieve the CEI's objectives and strategies in the Programme's four areas of intervention. The analysis of the five evaluation criteria, defined by this report especially for the KEP, demonstrated that projects were mostly successful.

As exemplified by four of the projects evaluated, it is clear that the KEP is reaching one of its strategic original aims – tapping into the transition experience of recently admitted EU members (emerging donors) to avoid obstacles and speed transformation processes in the countries that aim to fill similar development gaps. The project *Assessment of energy sector in Bosnia and Herzegovina: AER peer review on Energy in Republika Srpska* is most striking in this respect: within the project, a county from Romania had a wealth of knowledge to share with a region in Bosnia and Herzegovina. The project took place in 2009, only two years after Romania's entry in the EU, and three years after having benefitted itself from CEI KEP assignments.

Furthermore, the findings of this Impact Assessment and Analysis show insignificant differences in the impact and sustainability of projects based on the origin of know-how and financial donors, whether

public or private. This conclusion is most relevant for a comparison of donors from 'old' or newer EU member states. First, it proves the effectiveness of aid activities developed by these emerging donor members of the CEI. Second, it also suggests the continuing need for the KEP in the future, as the CEI-EU members consolidate their development and learn more lessons useful for the CEI members remaining outside of the Union.

That the CEI has assisted emerging donors to develop effective aid activities through which they share lessons learnt over many years of transformation, is an accomplishment of one of the KEP's original objectives. It also stands as proof of the relevance of the CEI Trust Fund, which initiated the Programme in 2004.

Another lesson learnt has to do with the additionality that the resources of the CEI Trust Fund at the EBRD bring to know-how transfer and capacity building projects. Two of the projects assessed would have been implemented even without CEI support. When their donors applied for CEI co-financing, these projects had already secured sufficient funds to be implemented, albeit with fewer instruments than they included in the end, or reaching smaller target groups. CEI funds allowed the know-how donors of these projects to attain higher efficiency by supporting them to channel efforts in additional know-how transfer tools. Moreover, the activities facilitated by the CEI Trust Fund in these cases have had some of the highest impact of all activities undertaken by those projects. It is, thus, clear that through the KEP, the CEI is creating sustainable transition impact in its countries of operations.

Another conclusion of this report is related to the Programme's geographic spread. Coherent with the overall strategies of the Initiative, all KEP projects have focused exclusively on the CEI countries not included in the EU. However, although regional projects constitute a priority for the disbursement of the CEI Trust Fund, Lessons for Sustainable Transition Impact has proved that KEP projects targeting fewer and more geographically concentrated recipients have been relatively more successful. This may be attributed to the differences in the transition stages of the nine countries of operation for the KEP. Building capacities in institutions that function in such differing environments has proved to bring about challenges for project design and implementation.

The KEP is reaching one of its strategic original aims – tapping into the transition experience of recently admitted EU members to avoid obstacles and speed transformation processes in the countries that aim to fill similar development gaps

The Impact Assessment and Analysis recommends that there should be further investigation of the link between KEP projects and potential international investments. The evaluation of the seven projects selected, however, tends to suggest that this indicator may not be the most appropriate way to assess the success of assignments. KEP projects appear prone to deliver the highest impact over a long period of time. While short term impact was clearly achieved to various degrees by all of the seven projects evaluated, for many of them, their full effect remains impending in the longer term. For this reason, the connection between KEP projects and potentially related investments is very difficult to assess.

Consistent with the finding that higher project impacts are accomplished in the longer term, this report shows significantly increased rates of success for the projects in which donor organisations had previous experience in the beneficiary countries. Indeed, intimate knowledge of recipients seems to yield higher results – the highest impact and sustainability were generated by donor institutions cognisant not only of the beneficiary country of their project, but also of the specific region targeted or even of the actual recipients of know-how. This suggests that the KEP may thrive even more by following up on previous assignments; donors with a proven track record of collaboration with beneficiaries should represent an asset in the selection process.

Another variable which influenced substantially the impact of projects concerned the nature of employed know-how transfer tools. The Impact Assessment and Analysis found that the projects that were most successful at creating impact used a wide diversity of instruments and combined theoretical training (workshops, conferences, etc.) and more practical activities (site visits, on-the-job training, etc.). Innovative means of building capacity also proved highly effective. One of the assessed projects engaged its recipients – farmers in northern Moldova – in a bidding contest for small grants for the sustainable development of their farms. This activity merely supported traditional know-how transfer tools such as training on entrepreneurship and business (farm) development, but was extremely effective.

The CEI has assisted emerging donors to develop effective aid activities through which they share lessons learnt over many years of transformation

Recommendations

Most recommendations resulting from this Impact Assessment and Analysis concern the extent to which the Office for the CEI Trust Fund at the EBRD should become involved in the monitoring of the projects' implementation.

Several issues have surfaced regarding projects for which the CEI partners with a project coordinator – an organisation, such as the FAO or the OECD, which manages the implementation of the project, but does not provide actual know-how. In these cases, the CEI should become involved in the selection of the organisations acting as actual know-how donors. Nonetheless, participation of a project coordinator may bring an added value to projects when such a coordinator has direct expertise in the given field and/or can assure that the KEP intervention gets integrated in, or aligned with, other related interventions. The ability of know-how donors or project facilitators to fit KEP assignments into such wider frameworks should become one of the criteria for the appraisal of project proposals. The CEI could implement this by requesting applicants to provide information in the Application Form regarding the activity of



IFIs and of other aid donors in the recipient countries and in the targeted area of intervention. Such information would not only ensure non-duplication of previous or existing efforts, but could also place the KEP assignment in a greater context and, thus, enhance its potential impact.

The *Application Form* should be amended in three additional ways. First, it should require compulsory statements of potential implementation risks and related mitigating measures. Potential risks could include outstanding activities or decisions outside of the scope and/or control of the project, which could prejudice the successful implementation, outputs and impact of the project.

Second, during initial project screening, the CEI should pay more attention to ensure that all project objectives – general and specific – stated in the *Form* are well defined, attainable and linked to concrete project activities. This would prevent applicants from listing objectives which are often overambitious, not directly linked to activities of the project or impossible to measure – a reoccurring finding of this Impact Assessment and Analysis.

A final recommendation regarding the *Application Form* is that where evaluation of project impact on final beneficiaries cannot be carried out as a project activity, donors should clearly define, concrete assessment indicators.

Based in most cases on the relationship between donors and recipients, KEP projects tend to vary in impact and sustainability depending on the level of the recipients' commitment. In its initial assessment of project proposals, the CEI should pay more attention as to whether the given proposal fits in the overall strategy, development plans, and other strategic documents of the recipient. Additionally, whenever a project engages more than one group of recipients, assurances should be made that the know-how needs of each of these groups are sufficiently addressed by the project.

As a final recommendation, the CEI should try, to the extent possible, to assess whether more appropriate know-how may exist in other countries/donor organisations. If possible, the most relevant expertise available should be engaged in projects. This would assure high levels of efficiency for the Programme.

Conclusions

In 2011 the Know-how Exchange Programme is in its seventh year of operation. Since 2004, thanks to the Italian Government, the CEI Trust Fund supported KEP assignments have contributed to the promotion of social and economic development in the CEI region. Economic reforms have accompanied important geo-political changes in the CEI region, and the CEI Fund, through the KEP has enabled a momentous transformation: institutions from the new EU members have joined the efforts of their fellow organisations in 'old' EU members and became donors of know-how.

The Office for the CEI Trust Fund at the EBRD has already started to work on putting these recommendations into practice. A task force has been formed to re-assess and amend the *KEP Application Form*, and to find solutions which will improve the initial screening process. As part of the strategies which govern the use of the CEI Trust Fund, the Office will work to establish more structured monitoring and continue working on post-implementation evaluations.

Looking to the future, the CEI Fund supported KEP, following the CEI priorities as indicated within the CEI Plan of Action and in line with Italian strategies, will keep on building capacity, transferring know-how and establishing relevant benchmarks in order to foster successful transition in the CEI countries that are not members of the EU.



The European Bank for Reconstruction and Development was initially established – and has dedicated its activities – to support transition to open market-oriented economies and private and entrepreneurial initiatives in its countries of operation. The EBRD adopted this mission in 1991 and its region of operations has been in a process of continual change. The Bank's ability to offer services to clients through such change has relied on constantly drawing lessons learnt from its operations and perfecting its understanding of transition processes.

The differences in the levels of development of our countries of operations' functioning market economies allow us to fine-tune financial instruments and programmes – to transfer expertise from one case to another. As the EBRD Board of Governors has endorsed, just recently, a major expansion in the Bank's regions of operations, we will rely even further on the lessons learnt from other countries. To support the transition in the southern and eastern Mediterranean region we intend to apply the lessons of the transition in central and eastern Europe.

In this context, the EBRD endorses the CEI Know-how Exchange Programme, which has earned its place among the financial instruments of the CEI Trust Fund at the EBRD.

The Bank has shifted the focus of its operations, over the years, to give institutional development, a wider significance in the definition of transition impact. The KEP programme, as demonstrated by the findings of this Impact Assessment and Analysis, has contributed to such dynamic institutional transformations. Irrespective of the small amount of each project, the Programme has broadly fulfilled its mission of enabling capacity building and developing the institutional underpinnings of effectively functioning market economies and democracies. This qualitative, rather than quantitative, approach has increased the sustainability of CEI operations, enabling its member states to deliver wider benefits to their citizens.

Richard Jones
Director
Official Co-financing Unit
EBRD



Project impact assessment reports

Featured

- Project 1.* Human resources development and improvement of internal control in administration of small cities of Moldovan-Ukrainian borderland – Floresti, Soroca, Yampil
- Project 2.* PORTRAIN
- Project 3.* Supporting Serbian SMEs in acceding to EU markets
- Project 4.* CEI support to Wholesale Markets development in Ukraine (phase 2): Wholesale Markets training at regional level
- Project 5.* Assessment of energy sector in Bosnia and Herzegovina: AER peer review on Energy in Republika Srpska
- Project 6.* Biom-Alba: Analysis and study of the feasibility of a biomass chain in Albania
- Project 7.* Promotion and development of agrotourism and ecological agriculture in Moldova



Human resources development and improvement of internal control in administration of small cities of Moldovan-Ukrainian borderland – Floresti, Soroca, Yampil

Project #1

i. Project fact sheet

Project title: Human resources development and improvement of internal control in administration of small cities of Moldovan-Ukrainian borderland – Floresti, Soroca, Yampil

Area of intervention: capacity building

Know-how donors:

- The Polish-Ukrainian Cooperation Foundation – PAUCI (www.pauci.org)
- The Silesian Voivodship Marshall Office (the regional level self-government)
- The Supreme Audit Office (www.nik.gov.pl)

Recipient institution: The Municipalities of Floresti and Soroca, Moldova, and Yampil, Ukraine

Start date: July 2007 (same as envisaged)

End date: May 2008 (envisaged March 2008)

ii. Financial data

Approved CEI contribution: €26,686.00 (22.30 per cent of total approved budget)

Total approved (envisaged) budget: €119,670.42

Disbursed CEI contribution: €23,249.06 (19.75 per cent of the total actual budget)

Total actual (spent) budget: €117,712.46

Financial contributors other than the CEI Trust Fund at the EBRD:

- The Ministry of Foreign Affairs, Poland (www.mfa.gov.pl)
- The Polish-Ukrainian Cooperation Foundation – PAUCI (www.pauci.org)

iii. Summary project description

Based on expertise provided by representatives of the Silesian Voivodship Marshall Office (the regional level self-government) and from the Polish Supreme Chamber of Audit – the project sought to strengthen capacities, increase professional skills of the managerial and basic staff, promote transparency of operations, and generally improve the quality of services in self-governments in Moldova and Ukraine. Enabled by PAUCI, a foundation aiming to share best practices of Poland's successful transition from a centrally planned economy to a liberal, market-oriented democracy, the project focused on management of human resources and internal control in three municipalities. The project added the Ukrainian element to give participants the opportunity to compare their systems and stimulate positive competition. The project used a wide range of know-how transfer tools to reach its purpose. It also expanded its scope both in terms of beneficiaries, including national decision makers, and in terms of the know-how transferred.



Findings, lessons learnt and recommendations

The project was successful at creating impact. This was achieved mainly because of the diversity of know-how transfer tools with a focus on practical and concrete lessons, which were reported as extremely helpful. Internships were useful in helping Moldovan officials to understand budgetary and fiscal matters. In general, the exchange of experience was considered a very effective aspect of the project. Participants still own the project materials and use them regularly. A lot of the practical exercises were interesting even if the project introduced internal audit concepts, which were not relevant to the project mission and the recipients' tasks.

In spite of its regional approach, the project generated great interest, not only among its target group, but also among the representatives of central administration, especially those from the Chamber of Clearing and the Department of Internal Audit of the Moldovan Ministry of Finance. Furthermore, regarding the project's impact in Ukraine, there is proof that equal relevance existed in the self-government of Yampil.

Based on the findings of this impact assessment, the following lessons can be drawn:

- The CEI should become more involved in the selection of specific topics for training. By including concepts of internal audit, the trainings took into consideration the local legal reality but they also presented a somewhat idealistic version of the status-quo. The main aspect of this is related to the lack of the proper legislation of decentralisation, which would allow municipalities to fully implement the concepts taught by the trainings.
- The Application should have raised the risks inherent of the implementation of a project by an intermediary. The fact that Pauci was not a direct source of the experience showed the rigidity of the *KEP Application Form* in terms of defining donors and recipients.
- In the case of such complex donor arrangements where a KEP donor is merely an intermediary, the CEI should ensure that the knowledge transfer entity is clearly identified in the *Application*, is fully competent and committed to managing the knowledge transfer process and is a co-signatory on the Application.

The present project shows very clearly the additionality that the CEI can bring with its funds. The project would have been implemented without the financial or otherwise support of the Initiative. However, the CEI funds significantly increased the impact and sustainability of the project by supporting specifically the internship component. This was reported by Moldovan participants as the most efficient of the know-how transfer instruments.

Analysis of Project Rationale

Description of background, perceived needs, objectives, justification

As proposed

Background

Early legislation in Moldova stipulated the decentralisation of public services and the principle of local autonomy. After 2001, however, the country was divided into 31 counties (raions) with less decision-making responsibility and financial independence. The country also featured low confidence levels of the population in government and a perception of corruption described by many international indicators.

At the time of the design of this project, the Moldovan self-government authorities at the lowest community level consisted of councils (law making branch) and mayors (executive branch). Most funds in communities' budgets represented subsidies given by the central government dependent county administration (headed by a prefect). This empowered the prefect, an unelected official. Additionally, low remuneration of local administration employees and inadequate training had resulted in a perceived shortage of qualified self-government staff.

Perceived needs

Uncompleted decentralisation and a lack of transparency were perceived as weaknesses of the transition process in Moldova. The country had inherit-

ed from the Soviet Union a centralised and highly bureaucratic system of state administration with limited policy-making freedom of local government, rendering it incapable to satisfy the needs of the local population.

Objectives

The project had several objectives outlined in the *Application Form*:

The general aim of this project is to strengthen local democracy and democratically elected self-government in Moldova through increasing of the work quality and the effective use human resources in local administration. Objectives:

1. increasing the effectiveness of using labour force in the municipal self-governments of Floresti, Soroca (Moldova) and Yampil (Ukraine)
2. development of the institutional and organizational solutions rising the level and quality of work of the internal control departments in the municipal agencies of Floresti, Soroca and Yampil.

The objectives were generally consistent with the needs of the recipients, the Polish experience (of the know-how donors) and capability, and the proposed project activities. Within the parameters of the project, the objectives were achievable.

Justification

Polish decentralisation in the 1990s not only introduced systemic improvements, but also changed the attitude and performance of public servants. Public administration started to provide services in accordance both to the law and to the needs of citizens. The consequent public trust in local governments is considered to have significantly strengthened local democracy in Poland.

This project proposed to increase the quality of human resource management in local self-government in Moldova by focusing on personnel management, professional skills of the managerial and basic staff, and transparency of administration operations. The project addressed two elements – management of human resources and internal control. The project added the Ukrainian element to give participants the opportunity to compare their systems and stimulate positive competition.

As implemented

During the implementation of the project a change was made to the training component, which in addition to elements of 'internal control' also focused on 'internal audit'. This change reduced the relevance of the intervention because it introduced a very complex notion into the framework of a relatively short and finely targeted project. Additionally, this made parts of the transferred know-how dependent on national legislation regulating internal auditing at self-government levels.



Analysis of Project Rationale



Donor and recipients/beneficiaries

As proposed

Donor

The Polish-Ukrainian Cooperation Foundation PAUCI was the main donor of the project. Since 1999, PAUCI had enabled the spread of best practices acquired from Poland's transition to a liberal, market-oriented democracy. The mission of PAUCI was to build capacity in Ukraine for integration with the European Union and NATO through the application of Polish and European experience. The foundation also aimed to involve Ukraine in the active support of democratic processes in neighbouring post-Soviet countries.

Pauci, however, was not a direct source of know-how in the area of the knowledge transferred. Pauci, thus, made available expertise from representatives of the Silesian Voivodship Marshall Office (the regional level self-government) and from the Polish Supreme Chamber of Audit. Moldovan experts, needed to contextualise the know-how into the domestic legal sys-

tem, included specialists from the Moldovan Chamber of Audit and the Academy of Public Administration. Lastly, PAUCI enrolled the help of the Business Consulting Institute (BCI), their local partner in Moldova. BCI had already worked on such projects in the country and was intimately familiar with the legal system and the needs of the beneficiaries.

Recipients

The know-how transfer targeted self-government employees from Floresti (circa 13,000 inhabitants, 90,000 in the county) and Sorooca (circa 28,000 inhabitants, 95,000 in the county) in Moldova, and Yampil (circa 12,000 inhabitants) in Ukraine.

The choice of the know-how donors and the recipients was correct and reflected the overall aim of the project. The project donor enlisted the help of specialists that possessed the skills and experience to effectively transfer the required know-how. Conversely, the benefiting municipalities appear the right size to ensure impact and relevance of a project of the proposed budget.

As implemented

No major changes occurred with respect to the inputs coming from the know-how suppliers engaged by the donor and their performance and participation, with the exception of the introduction of elements of internal audit in the project training. Accordingly, recipients' commitment exceeded anticipated levels – beneficiaries were satisfied both with the project implementation and the know-how acquired.

Findings and conclusions

A more efficient and transparent performance of regional government appeared appropriate for the general transition context of Moldova. The relevance of the project is also high in the context of a know-how exchange, as, in essence, the perceived need appears related to procedures and a way of performing tasks. The background analysis for the project identified many of the problems facing the development of local government administration in Moldova, particularly in the areas of human resources and financial management. It generally provided a good basis for the justification, objectives and proposed design of the project.

The project's relevance, however, was decreased by the omission of enough detail regarding the needs of Ukraine, and the introduction of concepts of internal auditing during the implemented training.

Considering the nature of the Polish experience which could be potentially transferred to Moldova, the decision to focus the main activities on recipients at the level of local administration was very appropriate. The project pursued its stated objective of promoting decentralisation in the long term by targeting such regional municipalities.

Analysis of Project Activities

Description of activities

As proposed

Following consultations with the beneficiary's representatives (mayors and adequate officers) as well as with Moldovan experts from the Ministry of Finance, the Chamber of Clearing, and the National Academy of Public Administration, the main activity of the project was proposed to consist of a cycle of workshops in HR management (two days), and internal control and financial audit (two days). Workshops were supposed to be followed by a one week study visit to Poland. The project also proposed to offer to local administrators, two-week internships at Polish local government offices.

Donors would also publish drafted materials and organise a Polish-Ukrainian-Moldovan conference in Chisinau about internal control in local administration. Lastly, the project was supposed to conclude with an evaluation meeting.

Regarding the implementation of the activities, PAUCI and BCI shared most of the responsibilities, while, the local administration in Floresti, Soroca, and Yampil were expected to help with the organisation of the training programmes, provide halls, assist in the participant's selection and engage in the implementation of project recommendations.

The number and mixture of proposed activities were relevant for the CEI KEP guidelines and indicated a high potential effectiveness of the project.

As implemented

A few changes occurred with the proposed activities during implementation. The workshops became training sessions and changed titles to: *Internal Control in Local Administration* and *Effective Personnel Management in Administration*. Nonetheless, they were perceived by recipients as practical: the representatives of self-governments from Soroca, Floresti and Yampil consulted internal regulations used in their town halls and elaborated reforms. More importantly, however, elements of internal audit were introduced in the training. This represented a partial change of the scope of activities by moving from financial audit (a very specific and straightforward activity) to internal audit (a complex auditing of processes).

During the study tour to Poland, the nineteen participants visited the administrations of Gliwice, Katowice, Opole, Kalety, Radzionków, Tarnowskie Góry and engaged in discussions to deepen their understanding of the Polish experience.

The international conference in Chisinau was titled *Internal Control in Administration*. The conference gathered approximately 70 participants, including self-government employees, deputies to the Parliament, representatives of the Moldovan Ministry of Finance, the Chamber of Clearing

and the Academy of Public Administration. Participants discussed the implementation of internal audit practices in Moldova, Poland and Ukraine and the relation with the agencies of external control. Other issues concerned the professional qualifications of auditors, verification schemes, and related European assistance.

The project publication – dedicated to personnel management in Polish and Moldovan administration and the implementation of internal audit – was published in 150 copies more than originally planned (500 copies in total) due to expressed interest.

Internships took place in municipalities similar (in terms of structures and size) as those of the visiting professionals. As such, two representatives of Floresti undertook internships in Katowice, and a staff member of the Soroca City Hall completed her internship in Radzionków. Participants were selected according to responsibilities – decision-makers dealing with personnel matters and with internal planning.

Lastly, after gaining consent for some budget alterations from the CEI, the project undertook in May 2008 an unplanned one-week study visit in Warsaw. The seven participants were representatives of the Department of Internal Audit and of the Ministry of Finance in Moldova, of the Town Hall of Chisinau and experts from BCI. Ten meetings were held in a variety of institutions which practice internal audit, such as the Ministry of Finance, the Ministry of Infrastructure, the Ministry of Regional Development, the Supreme Chamber of Control in Poland, audit departments in the enterprise of Polish National Railways, the Executive Office of the Mazowsze Voivodship Self-government, the Warsaw City Office, municipally owned companies and others.

Know-how transfer tools

As proposed

The know-how transfer tools envisaged – workshops, a study tour in Poland, an international conference, publications and internships – were substantial and extremely varied. They proposed to transfer technical concepts and skills, general and technical experience, and networking opportunities.

As implemented

The differences in implementation were the change of workshops into training sessions and the addition of the study visit in Warsaw. Generally, however, the choice of transfer tools for each type of knowledge transferred shows a concern to maximise the efficiency of the expected results. Technical concepts transferred through training sessions were ingrained through workshops, which transferred technical skills. These tools were used to transfer know-how to a high number of direct beneficiaries. Regional and national decision makers received more sophisticated types

Analysis of Project Activities

of knowledge such as the technical experience in which the three officials were immersed during their internships. Additionally, the study tour of Poland municipalities offered general know-how and networking opportunities. Representatives of the Moldovan central government were also exposed to technical concepts through the project publication and the international conference. These made possible the study visit in Warsaw, which further exposed them to the general approach (concepts) of internal audit implementation.

Participation

As proposed

The project failed to define in the Application Form the recipient participation for its activities with the exception of the internships at Polish local governments “for representatives of Soroca, Floresti, Yampil local administrations responsible for internal control or HR management.” Project training programmes targeted 50 direct beneficiaries (40 Moldovan; 10 Ukrainian) while the study visit was offered to 15 Moldovan and four Ukrainian participants. Trainees were selected based on their responsibilities, albeit imperfectly defined as they were previous to the introduction of appropriate terms of reference through this project. Most of them worked in the HR and control departments.

As implemented

Participants in the project activities seem to have been well selected as they covered multiple levels of management in the self-governments targeted by the project. Additionally, the activities which focused on issues of larger scope (the conference, the additional study visit in Warsaw) enlisted participants from higher levels of responsibilities including national government representatives. Participation in the project activities was also appropriate for the scope of each activity. Equally, the participants’ interest and commitment to the project were appropriate.

Findings and conclusions

The project activities proposed were generally consistent with the recipients’ needs, the Polish experience, the Moldovan context and the overall objectives of the project. The project appears efficient because of the scope and variety of its know-how transfer tools. Through their combination and timing, the activities of the project (know-how transfer instruments) helped to reach a large and diverse group of beneficiaries and to root new concepts into their daily activities.

The employed means of know-how transfer complemented each other: each activity and the type of know-how it transferred made the next one possible and its added knowledge relevant. Equally, each activity



reinforced previous efforts and made them more efficient. The effectiveness of the project publication and of the international conference is difficult to measure. However, they complemented other parts of the intervention and were potentially as efficient as other alternatives that could have been employed. On the other hand, the internships were singled out by the beneficiaries as highly efficient measures of transferring that specific know-how.

During project implementation there were two important changes to the project activities: the addition of the study visit to Poland, and the introduction of internal auditing concepts during training. The study visit to Poland was made possible because of efficiency savings made in the implementation of the project. This was a useful, relevant and effective addition to the local training component, which added to the range of knowledge exchange tools. Conversely, incorporating concepts of internal audit into the training introduced a significant risk factor to the project, since these practices tend to be regulated to a great extent by national legislation, outside the reach of the project’s recipients.

Assessment of Project Results

Description of results

As proposed

The project expected to deliver several results:

- a. introduction of new labour rules and transformation of internal structures according to ISO requirements in the town halls of Floresti, Soroca, and Yampil –resulting in increased effectiveness and transparency of their operations;
- b. training of self-government officials (and specialists from the Moldovan Chamber of Audit) in best possible personnel management and drafting of specific work post descriptions for the municipal agencies;
- c. development of institutional and organisational solutions to improve the work of the internal control departments in the three municipal agencies;
- d. training of self-government officials in modern tools allowing transparency in local administration operations – financial audit and the control on task execution – according to the Polish, Moldovan and Ukrainian conditions of internal control;
- e. dissemination of methods of improving quality in municipality operations;
- f. comparative study and Polish-Ukrainian-Moldovan discussion about internal control in local administration;
- g. establishment in the beneficiary municipalities of the departments of personnel and control, and amendment of the management system according to international standards such as ISO 9001:2000.

As implemented

In general, most of the expected results were achieved. The lack of clear signs of increased efficiency in the municipalities is partly due to the impossibility to measure current results with previously unrecorded personnel performance. Previously, positions had general descriptions prescribed by the national government with little knowledge of the specific needs of each particular municipality. Following the project, the concept of job-specific terms of reference was introduced for each position within the municipalities. Whereas previous performance evaluations were arbitrary, benchmarks based on these terms of reference and yearly objectives are currently used, raising transparency in the remuneration system.

There are some signs of increased quality of work and of awareness of internal control within the municipal agencies. The impact of Town Hall projects, for example, is currently monitored and evaluated by using a three alternatives scheme. Transparently, proposed public projects and the final decisions of municipalities are published online. In some of the administrations this represented a complete novelty and hence an

increase in structured procedures, general efficiency, and transparency.

Internal control departments, however, do not exist in any of the targeted municipal agencies. Pending appropriate financing and, where relevant, legislation, the 60 officials from Moldova and Ukraine will be prepared to further instil transparency in local administration operations – financial audit and control on task execution – according to the conditions of internal control. Audits were performed in the Town Halls at their own request following this project, and were performed by specialised national agencies. It is also important to mention that the staff of these agencies, in Moldova, has been trained by PAUCI experts during subsequent projects.

The Moldovan experts participating in the project acquired new skills in transferring know-how in the area of quality standards as they exchanged their experiences during project implementation with their Polish counterparts. The Moldovan trainers also gained insights into the didactic methodology used by their Polish counterparts. This positively affected the level of training they later conducted. The project, however, fell short of involving Ukrainian experts in this process.

An unexpected result of the project was the big interest it generated, not only among beneficiaries, but also among other Moldovan self-governments and the central administration. The expectation that the Polish-Ukrainian-Moldovan dialogue about internal control would incentivise the improvement of quality management at the local level is yet to materialise. However, the project resulted in the elaboration of the general concept for training Moldovan internal auditors, which was implemented in 2008 by the Polish and Moldovan Ministries of Finance supported by PAUCI, BCI and experienced auditors. The project was financed by the Ministry of Foreign Affairs in Poland within the framework of the programme Polish Aid 2008. Indeed, this project was jumpstarted during the post-implementation meeting of the currently evaluated activity and as a result of the interest shown during its implementation.

Impact

As proposed

The project had anticipated five areas of impact. First, it anticipated the development and introduction the new rules of personnel management in the targeted town halls. Second, the project foresaw the development (during active workshops) and introduction of the internal control standards in the local administrations. The new organisational and institutional solutions would raise the quality of work and consequently the image of internal control within the municipal agencies. Third, the project aimed to increase the professional skills of managerial and basic staff, and ensure the transparency of operations. Fourth, the project anticipated that the Moldovan experts participating in the project would acquire skills in transferring know-how in the area of quality standards. This

Assessment of Project Results

would positively affect the level of training they would conduct in the future. Lastly, the project aimed to convince its participants of the necessity of state decentralisation and of moving many state obligations to the self-government level. The participants would benefit from setting up international contacts and taking from them the experience of how to improve their professionalism and increase their effectiveness in solving their job tasks.

As implemented

The project seems to have achieved a national level impact as it generated further related projects in Moldova, involving branches of the national government as recipients. National legislators interviewed for this evaluation (some of them worked in the self governments of Soroca and Floresti during the project's implementation) indicated that decentralisation was one of the major priorities of the national government at the time.

The introduction of internal audit concepts, however, blurs Pauci's expectations related to the impact of the project. The activities undertaken could not result in the introduction of internal audit practises as they are regulated by the national government. Conversely, given the Moldovan administration's apparent shortage of staff adequately qualified for internal audit, the project claims to have created specialists ready to start working as soon as appropriate regulation is enforced. This, however, cannot be verified.

Sustainability

As proposed

The general aim of this project was to strengthen local democracy and democratically elected self-governments in Moldova by increasing the work quality and the effective use of human resources in local administration.

As implemented

The envisaged sustainability was achieved through some longer-term consequences of the project's activities. One effect of the project is the increase of professionalism of the self-government employees and

authorities of the participating cities. Additionally, they appear convinced that further decentralisation of the country is a necessity. Therefore, it might be assumed that the project contributed to strengthening local democracy and self-government. The project empowered the representatives of Floresti and Soroca with irrefutable arguments to start an open dispute with the representatives of the Ministry of Finance regarding the implementation of internal audit in Moldova. Such a dispute emerged during the Chisinau conference. The debate helped to promote decentralisation although it did not directly result in any actions. However, it showed the knowledge of the local governments of the relevant concepts and that the sheer need for decentralisation existed.

That participants in the initial classes disseminate the know-how through their daily work, also contributes to sustainability. Moreover, by generating further projects, due to the interest it created in Moldova both at the central and local levels, the project influenced the implementation of internal audit system to the public administration nationwide.

Unfortunately, few of these considerations are true also for the case of Yampil and Ukraine in general. There is little proof of sustainability of the project in Yampil, and justly so, as there had been no mention of it in the project final documentation.

Findings and conclusions

The results of the project were generally achieved effectively and efficiently. The relevance of the expected results partly stems from the amount of new concepts and practices proposed. Impact and sustainability remain high and apposite to the project's overall goal.

The expectation that "the project will result in creating in the beneficiary municipalities the departments of personnel and control and in changing the management system according to the international standards such as ISO 9001:2000" was clearly unachievable within the parameters of the project and not directly relevant to the project objectives.

Regarding the self-government of Yampil the project was only somewhat efficient in its expected results. Although highly enthusiastic about the project results, Ukrainian beneficiaries showed less proof of real impact. Fittingly, participants from Yampil did not benefit from some of the project's activities.



PORTRAIN

Project #2

Project Data

i. Project fact sheet

Project title: PORTRAIN

Area of intervention: Capacity building

Know-how donors: Consortium for the Intermodal and Logistics Training (CFLI) of the Port of Venice, Italy (www.port.venice.it)

Recipient institution: Durres Port Authority, Port of Durres, Albania (www.apdurres.com.al)

Start date: May 2009 (envisaged April 2009)

End date: February 2010 (envisaged January 2010)

ii. Financial data

Approved CEI contribution: €33,900.00 (42.38 per cent of total approved budget)

Total approved (envisaged) budget: €80,000.00

Disbursed CEI contribution: €33,900 (36.86 per cent of the total actual budget)

Total actual (spent) budget: €91,979.37

Financial contributors other than the CEI Trust Fund at the EBRD:

- Consortium for the Intermodal and Logistics Training (CFLI) of the Port of Venice, Italy (www.port.venice.it)
- Durres Port Authority, Port of Durres, Albania (www.apdurres.com.al)

iii. Summary project description

Based on know-how provided by the Consortium for Intermodal and Logistics Training (CFLI) – a training structure of the Venice Port Authority – the project sought to strengthen the capacities of and to assist the Durres Port Authority (DPA), Albania, in establishing the Port's own training structure for improving safety at work.

PORTRAIN aimed to provide the DPA management with the essential know-how required to effectively operate the training centre and provide instruction to workers in conformity with best European practices and standards. To this end, the project – through the involvement of CFLI experts – sought to offer assistance in several processes: drafting of a business plan, defining the centre's training needs, and accessing know-how on training standards and practices commonly used in the European Union. In addition, the project expected to offer professional preparation to future trainers of the new instruction structure of Durres and to produce a set of technical documentation for the future use of the DPA management.



Findings, lessons learnt and recommendations

The assessment acknowledged that the project activities were being implemented in a coherent manner and that the desired outcomes were generally achieved. The project was not carried out in isolation but, rather, played a role in a multi-year port development programme, which undoubtedly contributed to its success.

The difficulties faced during implementation were related to external factors and not to project design, although they might have been anticipated by the project partners.

The excellent performance of the assignment's know-how donor was a major factor in the success of the intervention, especially because of its strong expertise, previous experience in the implementation of similar activities, and its capacity to respond quickly to problems and adopt appropriate mitigating measures.

The beneficiary was highly satisfied with the received inputs, their quality and appropriateness. Importantly, the know-how donor and the beneficiary had enjoyed a fruitful collaboration before the KEP project was launched, which contributed to the correct assessment of recipient's needs and had a positive impact on the project's sustainability.

The training centre in the Port of Durres was, at the time of this report's completion, fully operational and its success could be partially attributed to the realisation of the KEP PORTRAIN project.

Based on the findings of the evaluation of the implementation of PORTRAIN, the following lessons and recommendations can be drawn:

- Potential implementation risks and related mitigating measures should be identified by project applicants. The KEP application form should be amended accordingly to ensure that such information is compulsory and always provided by applicants.
- Priority should be given to projects which build on existing collaboration between the know-how donor and the recipient, in contrast to rather irregular partnerships created exclusively for the purpose of a single specific assignment.
- In addition to the assessment of the donor's expertise, the appraisal of project proposals by the CEI should also concentrate on identifying the donor's previous experience in implementing similar activities and working with partners from less developed countries of the region.

Analysis of Project Rationale

Description of background, perceived needs, objectives, justification

As proposed

Background

The Port of Durres was the biggest and the most important Albanian port. It played a vital role in the economic development of the country as it handled roughly 90 per cent of the country's international maritime trade tonnage, and 65 per cent of the country's total export and import trade. The port is also part of the Pan-European Transport Corridor VIII, which runs east-west through south-eastern Europe, linking transport flows from the Adriatic and Ionian Seas to those from the Black Sea.

In order to transform the country's biggest maritime gateway into a main regional connection point and to upgrade it to European standards, the Government of Albania had taken some important steps to improve the port's infrastructure. Funding provided by international financial institutions allowed the implementation of a number of rehabilitation projects and the establishment of modern port superstructures. In parallel, other measures were adopted to reform the legal basis of the Port's functioning and organisation, including the reform of the management structure. Eventually, the Albanian Ministry of Transport and Telecommunication prepared and introduced a new *Master Plan* for the development of the Port and for achieving increases of efficiency of Port operations.

Perceived needs

The training of workers in ports has been growing in relevance to stimulate institutional innovation and maintain competitiveness, as well as to increase the level of health and safety for port workers. With many activities performed in ports in a limited space and in the presence of workers of different nationalities, companies and sectors, ports have become high risk work environments.

While considerable investments were made in the infrastructure and organisation of the Port of Durres' operations, the training of the Port's workers fell behind these rapid changes. To address this situation and assure continued and comprehensive training of workers – primarily in the area of safety at work – DPA management decided to establish its own dedicated training structure.

In order to offer high standard training services, the DPA required the assistance of an external expert to help its professional staff to define exact training needs and to introduce up-to-date training methodologies. In this context, the DPA identified a number of issues that needed the expertise of an external consultant:

- the lack of upgraded know-how and methodologies for the training of human resources in port infrastructures in Albania;

- the need to improve the formation and the skills of Albanian trainers, concerning not only the training itself, but also the management skills and knowledge to make the training centre sustainable; and
- the need of technical assistance and support in the start up phase of the training centre of the Durres Port Authority.

Objectives

The training of workers in ports has been growing in relevance to stimulate institutional innovation and maintain competitiveness, as well as to increase the level of health and safety for port workers. With many activities performed in ports in a limited space and in the presence of workers of different nationalities, companies and sectors, ports have become high risk work environments.

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- the need to improve the formation and the skills of Albanian trainers, concerning not only the training itself, but also the management skills and knowledge to make the training centre sustainable; and
- the need of technical assistance and support in the start up phase of the training centre of the Durres Port Authority.

Justification

In 2008, the Consortium for the Intermodal and Logistics Training (CFLI) and the Durres Port Authority participated in a cooperation project in the framework of an EU's cooperation programme. On this occasion, the DPA acquired information related to CFLI's extensive expertise in the area of human resource training and to the Consortium's portfolio of consultancy and training services offered to ports and other clients across Europe. When, shortly after, the DPA decided to establish its own training centre for workers, it turned to the CFLI as a reliable and already known partner to provide the necessary technical assistance. The CFLI agreed to offer its services on a non-commercial basis and applied to the CEI for co-financing of the project under the Know-how Exchange Programme.

Analysis of Project Rationale

The proposal presented by the CFLI and the DPA covered two of the CEI's sectors of intervention (transport and human resource development) and the project concept was fully aligned with KEP principles of best practice transfer between the EU to the non-EU member states of the CEI.

The set objectives were consistent with the project rationale and apposite to the needs expressed by the Port of Durres. Specific objectives were well defined and fully achievable, owing to the extensive expertise of the know-how donor and the demonstrated commitment of both the CFLI and the DPA. A minor concern regarded the general objective of the assignment, which appeared overstated and not directly linked to the overall reach of the project. The project's budget was accurate and apposite to the envisaged results and the scope of activities to be undertaken.

As implemented

During implementation, some elements pertaining to the project context partially changed due to a delay in the construction of the premises of the training centre, and to a reform of the DPA management structure. The CFLI and the DPA replied promptly to these new circumstances by adjusting activities and re-defining project objectives. The CEI assessed the introduced amendments as highly relevant, timely and well thought-out (more details in sections concerning implemented activities and resulting impact). Despite these changes, however, the original budget was respected and all activities were completed within the original time schedule.

Donor and recipients/beneficiaries

As proposed

Donor

The PORTRAIN was based on know-how provided by the Consortium for the Intermodal and Logistics Training (CFLI) – a training structure owned by the Venice Port Authority. Established in 1993, the CFLI had a long-standing experience in training human resources in ports. The Consortium offered training services to enterprises operating within ports' environment, as well as to other clients from the transport and logistics sector. Over the years, the CFLI had developed a range of training programmes, but it also specialised in delivering tailor-made services to address specific needs of its clients. Lastly, the CFLI had a vast experience in the implementation of EU-financed transitional maritime-related cooperation projects in the Adriatic area.

Recipients

The Durres Port Authority acted as the main beneficiary of the PORTRAIN. Recognising the importance of the Port of Durres, the Government of Albania decided to adopt the Port Authority status for the Port by a special decree in 2004. At the time of the project's design, Durres Port Authority (DPA) built, operated and maintained the port infrastructure and guaranteed fast and secure service. The DPA was responsible for the strategic planning and development of the port, taking into account the interests of related industry, business and trade.

The choice of the CFLI as know-how donor appeared to be correct and well thought-out. The Consortium had a proven track record of technical assistance assignments and its staff possessed extensive expertise in the field of training of workers in port infrastructures. In this context, the expertise of the CFLI seemed appropriate to address the DPA needs and to achieve the project's objectives. Importantly, the CFLI had been known to the Port of Durres from previous collaboration, which both institutions regarded as a fruitful partnership. Lastly, the solid reputation of the know-how donor was supported by the active involvement of Durres Port Authority in the project design and its expressed commitment to project realisation.

As implemented

The performance of and the inputs provided by CFLI were of high quality both with regard to project management as well as to the organisation and contents of training activities and dedicated technical documentation. The DPA demonstrated full commitment to project implementation, but failed to prevent the delay in the construction of the premises of the training centre. Although realisation of the centre was not directly covered by the PORTRAIN, the delay in the opening of the new structure forced the project partners to re-design some of the project activities.

Findings and conclusions

The project rationale proved successful and apposite to the needs expressed by the recipient. The performance of the know-how donor was of high quality as the CFLI contributed to the project activities beyond what would normally be expected. Although the implementation of the project in its full original scope was not possible due to external factors (and such risks should have been taken into account in the original project proposal), CEI evaluators recognised that the partners' response to the new circumstances was timely and appropriate. The implemented mitigation measures helped to create tangible results.

Analysis of Project Activities

Description of activities

As proposed

The CFLI and the DPA agreed to focus the project on three types of assistance:

1. coaching for trainers of the future training centre;
2. providing of technical assistance in the pre-establishment phase and during the start up phase of the training centre; and
3. preparation of technical documentation for future use of the DPA.

The CFLI grouped the proposed activities into four “Work Packages” under the following headings:

1. Management: management of project activities, monitoring, reporting and execution of the budget;
2. Technical assistance: organisation of a “training for trainers” and drafting of technical documentation;
3. Support to the institution of the Durres Port Authority training centre: DPA management training and drafting of guidelines, acquisition of computers, and provision of a CFLI expert to consult in the start-up phase of the centre; and
4. Promotion and dissemination: dissemination of results and organisation of final conference.

The CEI assessed that the proposed set of activities was consistent with the recipient’s needs and with the objectives of the assignment, and apposite to achieve the desired results. The actions to be undertaken were coherent with the donor’s previous experience in working with other clients. They were also realistic in terms of the budget and of the proposed time schedule.

As implemented

During project implementation, a partial amendment in the scope of activities was necessary: following delay in the construction of the premises of the training centre, the selection of trainers was put on hold. In these circumstances, the “training for trainers” component of the KEP assignment could not be implemented and was subsequently dropped out of the project. In its place, a supplementary training for DPA managerial staff was organised. Owing to these problems, Work Package #3 “Support to start up phase of the training centre” also had to be re-designed: the amended activities focused on the drafting of additional technical documentation requested by the DPA and on the design of a joint CFLI-DPA project proposal in the area of logistics for future presentation for EU funding. Other project activities were implemented in their original scope and format. They included the final conference which created an opportunity to disseminate project results and to discuss issues related to training in port infrastructures with local stakeholders, in particular with public authorities.



Analysis of Project Activities

CEI evaluators assessed that the measures introduced by the partners were apposite and helped to mitigate the drawbacks associated with the delayed construction of the training centre. In ensuring such successful adaptation to real conditions, the partners demonstrated determination not to compromise the project, and good management skills, which led to the implementation of alternative, but equivalent in terms of appropriateness, training activities.

Know-how transfer tools

As proposed

The know-how transfer tools envisaged the organisation of training events, delivery of experts' assistance (expert secondment to the recipient organisation), and preparation of technical documentation. The CEI considered that the tools were well thought-out and apposite to the project's objectives. They also employed a suitably diverse range of instruments, designed to offer both immediate expert assistance and to provide technical documentation for the future reference of the recipient.

As implemented

The revisions concerning the use and implementation of know-how transfer tools regarded the change of contents of training events (more details in the section above on implemented activities) and the cancellation of the secondment of a CFLI expert, who was expected to support DPA management in the start-up phase of the centre. With regard to the latter instrument, the CFLI agreed to provide the assistance of its experts at the time when the training centre became operational, albeit without any travelling of Italian experts to Durres.

Overall, the choice of tools used by the CFLI appeared to have provided an effective transfer of know-how. The quality of training activities and the usefulness of manuals and technical documentation were praised by DPA staff during evaluation interviews.

Participation

As proposed

The project envisaged to engage managerial staff members of the Durres Port Authority and future trainers of the Port's new training structure. No specific number of participants was provided in the original proposal. The CEI considered that the choice of participants was coherent with the project objectives, although the failure to describe the number of participants and their selection criteria created a risk for the impact and sustainability of the project. Equally problematic was the lack of information regarding details of the CFLI participants.



As implemented

Changes in the scope of activities had a direct impact on project participation. Cancellation of the "training for trainers" event resulted in excluding this participation group from the project. To compensate this exclusion, the project embraced support staff members of the DPA, who – together with DPA managers – took part in all training activities in Durres. Overall, approximately 10 managers and assistants took part in the project activities. As a result, although the profile of participants partially changed, the targeted participation group remained appropriate. In this situation, CEI evaluators assessed the changes introduced by project partners as correct and contributing to the overall success of the project.

Findings and conclusions

Implementation of project activities was carried out efficiently and within the original schedule. CEI evaluators recognised the ability of the organisers to respond to external factors affecting the project and to mitigate related drawbacks. The direct and hands-on involvement of the CFLI, the know-how donor, in every step of the intervention, doubled by its close relationship with the DPA, undoubtedly helped to update the training programme in a highly efficient manner and achieve considerable results.

Assessment of Project Results

Description of results

As proposed

The project had several expected results outlined in the *Application Form* and shown below:

- identification of the professional profiles employed in the Port of Durres and updating of the training needs;
- improvement of the methodologies, knowledge and management skills of the Albanian trainers, according to the experience developed by CFLI;
- definition of the development and management guidelines of the Durres Port Authority training centre;
- assisted start up of the training centre; and
- strengthened cooperation between the CFLI and the Albanian stakeholders for the development of common training procedures in port infrastructures of the Adriatic area.

The anticipated results were well defined and consistent with the overall context of the project.

As implemented

The expected results were generally achieved in their original scope, with the exception of the improvement of skills of Albanian trainers and, to a partial extent of the assistance in the start-up phase of the training centre. The former result could not be obtained following change in the scope of project activities, and the latter one was attained after the KEP project closed (see section on project activities above). On the other hand, additional training was offered to DPA managerial and support staff resulting in outputs not originally envisaged in the application, i.e. building capacities of DPA staff in the area of human resource management.

On the whole, CEI evaluators assessed that the overall accomplished results were equal in quality, quantity and impact to what was expected in the original proposal. This assessment was reaffirmed by the beneficiary during evaluation interviews, when DPA representatives underlined their satisfaction with the achieved results and praised the way the project activities contributed to improving operations in the Port and to building stronger capacities within the Port's managerial structure. In this context, among other issues, the recipient underlined the utility of the catalogue of professional profiles for the training centre (a document prepared by the CFLI and later used as a basis for drafting a catalogue of all professional profiles in the Port by a German consultant working for the DPA), and the value of human resource management training, which helped managers to improve skills in this particular area.

Impact

As proposed

PORTRAIN was designed to have a direct impact on the DPA by providing its management with technical assistance and the necessary tools to commence operations of the planned training structure. The project aimed to improve the skills of the trainers employed in the centre, and therefore, it was expected to indirectly impact the Port's workers – future beneficiaries of training programmes ran by the centre. In addition, in mid-term the project expected to lead to the strengthening of the DPA's participation in international cooperation programmes financed by the EU, thus, allowing the Port's management to benefit from further know-how exchange.

The anticipated impact was well defined. It was coherent with the project rationale and achievable in the context of the planned activities and the know-how transfer tools envisaged by the organisers.

As implemented

Although interviews with the CFLI and the DPA staff members were conducted by the CEI staff, the evaluators were unable to assess the full impact of the project. This was mainly attributed to the fact that the training centre was not yet operational when the evaluation mission to Durres was held. The centre was eventually opened in the first half of 2011, but CEI evaluators did not have the chance to re-visit the Port and assess the quality and the range of training programmes offered by the newly established structure. This report, therefore, did not attempt to evaluate the full impact of the project.

According to the information provided by DPA representatives during interviews, the impact the project created was equal in quality, albeit not in nature, to that of the originally expected impact. The DPA staff were very positive about the know-how they acquired. They assured CEI evaluators that they had received significant and appropriate expertise to establish and operate the training centre in accordance with the good management standards transferred by the CFLI. Importantly, technical materials produced in the course of the project demonstrated high quality and practicality. As an example, the DPA referred to the catalogue of professional profiles: based on the model developed with the assistance of the CFLI, the DPA was able to draft a catalogue of all professional profiles in the Port.

Upon the opening of the training structure, the CFLI agreed to provide further support in the start-up phase – as originally planned in the KEP project. According to the information received by the CEI, the centre was, at the time of publication of this report, fully operational and led by the DPA staff trained during the PORTRAIN project. As agreed, the CFLI provided further technical advice as needed. Certainly, it would

Assessment of Project Results

take time before the DPA could assess the quality of the training and whether it fully responded to the needs of the Port and its workers.

The collaboration between the CFLI and the DPA also extended to other areas as the two institutions worked together on developing project proposals for financing through EU programmes.

Sustainability

As proposed

The foreseen sustainability of the project proposal was assessed as very high. As the project aimed to create favourable conditions for commencing operations in the Port's new training structure, the project's impact was expected to extend over many years. The new capacities that the project intended to create would be used by the recipient in its daily operations, thus giving continuity to using PORTRAIN's outputs after completion of the project.

As implemented

The sustainability of the KEP intervention was put at risk when the opening of the training structure was delayed. This problem was eventually overcome as the new structure opened in 2011, ensuring sustainability of the know-how transferred during the project. This was further strengthened by the DPA's use of the technical documentation drafted by the CFLI for preparing further manuals and guidelines for the centre.

In addition, CFLI and DPA collaboration plans have been strengthened by the signing of a Memorandum of Understanding. The first practical outcome of this commitment was the elaboration of a joint project proposal submitted for financing to the EU.

Lastly, the overall rationale of the project proved replicable and its success prompted realisation of similar interventions. Building on the PORTRAIN model, in 2010 the CFLI and the Port of Bar in Montenegro developed a project focusing on the know-how transfer in the areas of environmental protection of human resource training in ports. This new proposal was also presented to the CEI for co-financing.



Findings and conclusions

External problems had an impact on the accomplishment of specific results: improvements of capacities of Albanian trainers were not realised and assistance in the start-up phase of the training structure was carried out after the conclusion of the KEP. Despite these problems and owing to prompt implementation of mitigating measures, the desired overall outputs were mostly attained and both project impact and its sustainability were at the expected level.



Supporting Serbian SMEs in acceding to EU markets

Project #3

i. Project fact sheet

Project title: Supporting Serbian SMEs in acceding to EU markets

Area of intervention: enterprise development

Know-how donors: Promofirenze (Special Agency of the Chamber of Commerce of Florence), Florence, Italy (www.promofirenze.com)

Recipient institution: Serbian Chamber of Commerce, Belgrade, Serbia (www.pks.rs)

Start date: March 2009 (same as envisaged)

End date: February 2010 (same as envisaged)

ii. Financial data

Approved CEI contribution: €26,917.50 (50.00 per cent of total approved budget)

Total approved (envisaged) budget: €53,835.00

Disbursed CEI contribution: €21,223.98 (50.00 per cent of the total actual budget)

Total actual (spent) budget: €42,447.95

Financial contributors other than the CEI Trust Fund at the EBRD:

- Promofirenze (Special Agency of the Chamber of Commerce of Florence), Florence, Italy (www.promofirenze.com)
- Serbian Chamber of Commerce, Belgrade, Serbia (www.pks.rs)

iii. Summary project description

Based on know-how made available by Promofirenze, the project sought to upgrade the skills of the staff of the Serbian Chamber of Commerce on issues related to internationalisation of enterprises. The project aimed to create conditions that would enable the Chamber to play a more active role in advising local companies on expanding their operations to foreign markets.

The staff of the Serbian Chamber was expected to obtain new skills and upgrade their capacities in the field of internationalisation through the participation in training sessions dedicated to market analyses, marketing strategies, price and communication strategies, product characteristics, e-communication tools, business contacts development, and others. The project planned to further build capacities of the Chamber's staff through the organisation of a dedicated seminar focusing on EU Market Access Strategy and through participation of three staff members of the Chamber in a week-long secondment to Promofirenze to complement theoretical training with hands-on experience.



Findings, lessons learnt and recommendations

The assessment carried out by the CEI in the project *Supporting Serbian SMEs in Acceding to EU Markets* revealed that project activities were implemented in a coherent manner and that the desired outcomes were generally achieved. The project rationale was enforced by strong trade links between Italy and Serbia. Both, the donor and the recipient institution were engaged in strengthening these ties. The only major drawback of the assignment concerned the general objective which was overambitious and could not be achieved.

The scope of project activities was tailored according to the recommendations of the recipient. Consequently, the beneficiary reported a level of satisfaction with the inputs received from the know-how donor, but also with their quality and the appropriateness of instruments employed. A combination of theoretical training and on-the-job mentoring proved a particularly successful combination of know-how transfer tools.

Importantly, both institutions had enjoyed a fruitful collaboration before the launch of the KEP project. This was considered to have contributed to the correct assessment of the recipient's needs and to have had a positive impact on the project's sustainability.

One weakness of the project was connected to the lack of mechanism that would allow to measure long-term impact and outcomes of the project (i.e. better services offered by the Serbian Chamber of Commerce) managed to create on the Chamber's clients.

Based on its findings regarding this KEP assignment, the CEI has drawn the following lessons:

- Priority should be given to projects which build on existing collaboration between the know-how donor and the recipient, in contrast to more irregular or untested partnerships created exclusively for the purpose of a specific assignment.
- Economic links between the donor and the recipient country may be an important factor having impact on project sustainability.
- A combination of theoretical training (workshops, conferences, etc.) and more practical activities (site visits, on-the-job training, etc.) have proved very effective.
- Applicants often tend to overstate project objectives. Initial screening of applications by the CEI should ensure that all anticipated results and objectives are measurable and strictly linked to project activities.
- Evaluation of project impact on final beneficiaries should be carried out, if possible.

Analysis of Project Rationale

Description of background, perceived needs, objectives, justification

As proposed

Background

The last ten years have been marked by the gradual harmonisation of Serbia's foreign trade system with WTO regulations and the implementation of trade policy reform. The international economic relations of Serbia have been further strengthened by the rationalisation of trade regimes and implementation of free trade agreements, including the 2008 *Stabilisation and Association Agreement* with the European Union and the 2006 *Central European Free Trade Agreement (CEFTA)* with the countries of central and south-eastern Europe.

Trade liberalisation has brought about some short-term apparent negative effects including an increased trade deficit: application of lower or "zero" tariffs led to increased imports of goods and services from abroad. This trend has not been offset by an equal increase in export activities of Serbian companies and the internationalisation of local enterprises remained at an unsatisfactory level.

Perceived needs

Inadequate information and insufficient institutional support have frequently constituted barriers to SME exports. Transition experience has shown that to offset these weaknesses, business support organisations, such as Chambers of Commerce, could often play an important role in assisting the internationalisation of local enterprises and the processes of

developing their ability to export. Such assistance may include support in the identification of business opportunities and potential partners, the provision of information on foreign markets and on export legal regimes, the organisation of thematic training in areas of export marketing and export financing, assistance with participation in trade fairs, and other such services.

In this context, the Serbian Chamber of Commerce was able to provide only basic assistance to local enterprises interested in the internationalisation of their businesses. However, the limited services offered by the Chamber did not form a complete and effective assistance package to export-oriented local enterprises. The Chamber was perceived as lacking the relevant know-how to upgrade its services and enhance the capacities of its staff. To this end, the Chamber sought external expertise to improve its competences in areas related to the enabling of SME operations in the EU market, the organisation of trade fairs and trade missions, and the facilitation of companies to participate in such events, and the implementation of innovative business support tools.

Objectives

The primary purpose of the project was to reinforce the technical skills of the staff of the Serbian Chamber of Commerce. In particular, the project aimed to upgrade the quality and the range of services offered by the Chamber to support internationalisation plans of local SMEs.

In the broader context, the project partners expected that the project would also lead to strengthening the competitiveness of the Serbian economy and would encourage business links with the 27 EU member countries.



Analysis of Project Rationale

Justification

Italy has been well-known both for the high number of SMEs active on its market, and for the exceptional ability of its SME sector, as a whole, to successfully operate on foreign markets. The country's economy has also been recognised for a well-established network of business support organisations, which have capacities to offer effective support to export-oriented enterprises.

In this context, the Chamber of Commerce of Serbia approached Promofirenze – a specialised agency from Florence, Italy, whose aim was to provide business development support to local companies and entrepreneurs – to organise a capacity building training. Importantly, the two organisations had enjoyed a longstanding collaboration and Promofirenze seemed a natural partner for the Serbian Chamber as a know-how transfer donor.

The overall rationale of the project was internally consistent and in line with the objectives and priorities of the KEP. Both the needs of the recipient and the purpose of the project were well defined. The general objective related to the strengthening of business links between Serbia and the 27 EU member countries, however, was clearly unrealistic and not directly related to the project's intervention.

As implemented

No substantial changes occurred during implementation with regard to the project context and its rationale. Specific goals of the project were mostly successfully met, although the overall objective as described above was overambitious, not directly related to the proposed activities. For these reasons, the project did not effectively manage to achieve it.

Donor and recipients/beneficiaries

As proposed

Donor

Promofirenze was a special agency of the Chamber of Commerce of Florence and a member of the Enterprise Europe Network, an initiative launched by the European Commission to help small companies to make the most of the business opportunities in the European Union. The agency also operated as a business innovation centre (BIC) for the purpose of spreading a culture of entrepreneurialism and innovation.

Since 1990 Promofirenze had represented the executive arm of the Chamber of Commerce of Florence for the development of export-oriented SMEs and the supply of assistance in the area of SME finance. In the field of internationalisation, Promofirenze offered a range of information tools, partners matching and marketing services to support those companies that wished to expand operations to foreign markets. It had a network of foreign offices where it offered assistance to companies inter-

ested in developing business opportunities in those specific markets. Since 2001, the agency had assisted over 500 companies in increasing their presence abroad.

Recipients

The Serbian Chamber of Commerce was a leading business association in the country. It gathered over 100,000 companies and 200,000 entrepreneurs. The Chamber's main goal was to assist and promote the Serbian economy by increasing exports and foreign direct investments. The Chamber was also active in the promotion of Serbian enterprises abroad. The institution was a member of ICC – the International Chamber of Commerce, the Association of European Chambers of Commerce and Industry – Eurochambres, in addition to benefiting from bilateral agreements with Chambers of Commerce from 35 countries worldwide.

The Serbian Chamber of Commerce and Promofirenze had enjoyed a longstanding cooperation and their partnership in this KEP project seemed fully justifiable. The Italian agency possessed demonstrated expertise in advising companies on foreign market business development and, therefore, it enjoyed the know-how necessary to provide effective assistance to its Serbian partner.

The choice of the Promofirenze as know-how donor appeared to be correct and well thought-out because of its extensive experience in matters related to internationalisation of SMEs. Furthermore, the partners had a proven track record of jointly implementation of projects related to trade issues. Lastly, Italy is the third trade partner of Serbia.

As implemented

The partners demonstrated strong commitment to the realisation of the project and to the fulfilment of their original goals. The expertise of Promofirenze proved highly relevant to the needs expressed by the Serbian Chamber of Commerce and the partnership between the two organisations functioned well. Both the recipient and the donor expressed satisfaction with the other party's performance and with the achieved results.

Findings and conclusions

The overall rationale of the project was internally consistent and in line with objectives and priorities of the KEP. Both the needs of the recipient and the purpose of the project were well defined, although the general objective related to the strengthening of business links between Serbia and EU countries was unrealistic, not related to the project's intervention and, thus, could not be achieved. The CEI recognised that the performance of the project partners was of high level and contributed to the realisation of the original assignment objectives.

Analysis of Project Activities

Description of activities

As proposed

The proposed activities of the project were to consist of a five-days training on internationalisation, a workshop dedicated to *EU Market Access Strategy*, both scheduled to take place in Belgrade. Additionally, the project proposed a five-days tutoring (practical training) in Florence. The initial five-day training aimed to improve the management and customer relations skills of the Chamber's staff as well as to develop competencies related to the implementation of a Specialised International Assistance Services model developed by Promofirenze. The follow-up workshop was intended to enhance knowledge on accessing specifically the EU market, while the final training in Florence attempted to complement the previous theoretical activities with a more practical approach. Lastly, the proposal envisaged a wrap-up meeting to discuss results of the project and examine areas of possible future cooperation between the two partners.

The CEI assessed that the proposed set of activities was consistent with the overall project rationale⁴ and relevant to the needs expressed by the recipient. The actions to be undertaken reflected the donor's expertise and were realistic in terms of the available budget and the proposed time schedule.

As implemented

The project was mostly implemented in its original format and within the time schedule. Although the first training was organised over a four-day period (instead of the originally proposed five days), assessments showed that this did not have a major negative impact on the activity. Indeed, the contents of the training were implemented in their original scope.

In addition, one positive unplanned outcome occurred during implementation: the tutoring in Florence was followed by a trade mission of Italian enterprises to Serbia, organised by Unioncamere – the association of Italian Chambers of Commerce. This created an occasion for the Serbian Chamber to apply their newly acquired skills in organising trade missions. To this end, under the supervision of Promofirenze, the Chamber assisted the participating Italian enterprises in building business contacts and in identifying opportunities during their stay in Serbia.

Satisfaction questionnaires revealed an overall contentment of the recipients' representatives and their positive assessment of the implemented activities. The project was concluded with the signing of a Memorandum of Understanding between Promofirenze and the Chamber to form the basis for future cooperation.



⁴ The original proposal also envisaged the organisation of a conference on environmental technologies, waste and water management. The CEI team, however, considered this activity irrelevant to the main purpose of the project. The know-how donor agreed with this recommendation and withdrew the event from the project proposal.

Analysis of Project Activities



Know-how transfer tools

As proposed

The project partners proposed to employ three know-how transfer tools which would allow them to combine theoretical and practical training: a theoretical training and a workshop were planned to be followed by a practical secondment at the Promofirenze office in Florence.

This selection of know-how transfer tools seemed appropriate and coherent with the project's goals. It also promised an effective transfer of the relevant know-how to the involved staff of the Serbian Chamber of Commerce.

As implemented

No major differences occurred with regard to the use of know-how transfer tools throughout the project implementation. Partial changes were, however, introduced in the contents of the training, following inputs provided by the Serbian Chamber of Commerce.

Participation

As proposed

The envisaged participants of the project included experts of Promofirenze involved in the Italian organisation's work related to issues of internationalisation of SMEs, and selected staff of the Serbian Chamber. The Serbian staff members were expected to be selected on

the basis of their roles in the Chamber. To this end, the envisaged participants would include members of the International Relations and the Marketing departments of the institution.

As implemented

No changes occurred with respect to the participation in project activities. The choice of recipients was appropriate and only staff of the Chamber involved in internationalisation related activities took part in the project implementation. The theoretical training in Belgrade was attended by around 10 people. The practical training in Florence was attended by three staff members of the Chamber: a senior and a junior officer working in the Italian office of the International Relations Department, and another junior officer from the Marketing Department.

Findings and conclusions

Analyses of the implemented activities revealed that the assignment was carried out according to the original proposal, timely and within the foreseen budget. The combination of theoretical training and a practical visit to Promofirenze was appreciated by the recipient and appeared to have contributed to the achievement of the planned results. CEI evaluators, however, assessed that an additional activity in the form of a post-implementation visit of Promofirenze experts to Belgrade could have potentially had a very positive impact on the implementation of the acquired know-how by the Serbian Chamber and could have helped to better assess the exact impact of the project.

Assessment of Project Results

Description of results

As proposed

The project expected to improve the skills of the Serbian Chamber of Commerce staff in the area of SME internationalisation. Specifically, the project aimed to:

1. improve the understanding of the participating staff members of the range of issues related to internationalisation of enterprises;
2. increase awareness on the topic of EU market access and potential related strategies;
3. improve the quality and range of assistance provided by the Serbian Chamber of Commerce to local companies in accessing foreign markets; and
4. allow for further exchanges of best practices and other collaboration among business intermediary organisations, i.e. the Serbian Chamber of Commerce and Promofirenze.

Consequently, the immediate results of the project were linked to the increased knowledge of the Chamber's staff, while the ultimate result was related to the availability of improved support services to local SMEs. The results were achievable and consistent with the overall proposal.

As implemented

The planned results were achieved at the end of the project's implementation. An evaluation interview held by the CEI revealed that the staff of the Serbian Chamber of Commerce improved their knowledge on a range of aspects related to internalisation and to the necessary operations for companies interested to access the EU common market. Furthermore, the Chamber staff members were able to apply the new skills in their daily work with enterprises. On the other hand, the practical impact that the project had on local enterprises remains unclear and would be difficult to assess (more details in the *Impact* section below).



Assessment of Project Results

Impact

As proposed

The expected impact of the project was twofold:

1. to improve the knowledge of the Serbian Chamber of Commerce staff on issues related to the internationalisation of enterprises, and
2. to enable the Serbian Chamber of Commerce to offer improved or new services to local enterprises.

In addition, the project was expected to intensify cooperation between the two involved institutions. Such stronger ties were, in turn, envisioned to lead to facilitating trade and business collaborations between enterprises from Italy and Serbia.

As implemented

The project had an immediate, measurable impact on improving the skills and capacities of the Serbian Chamber of Commerce. CEI evaluators were presented with concrete examples of new tools the Chamber was able to apply in their operations thanks to the know-how provided by Promofirenze during the course of the project.

The Chamber staff were able to apply in their daily work the know-how and the instruments presented by Promofirenze. A concrete example is the fact that the Serbian Chamber of Commerce is using a Customer Relationship Management database in its daily work. This tool, whose use had been explained by Promofirenze in one of the training activities, has reportedly increased the efficiency of the Chamber's operations. The database offers the possibility to Chamber staff members to create a single file per beneficiary company containing all information about markets of interest, participation to past events, privacy statements, satisfaction or claims documentation. Moreover, this instrument is linked with an accounting database, in order to verify the status of payments related to ongoing or delivered services.

On the other hand, at the time of this evaluation, no data was available to allow an assessment of the project's actual impact on its final indi-

rect beneficiaries – local and foreign enterprises clients of the Chamber. Such an assessment might have been obtained through the analysis of satisfaction questionnaires or other indicators of the Chamber's performance, which, however, did not exist.

Sustainability

As proposed

The project proposal envisaged that, after the implementation of this KEP intervention, the partners would carry on their collaboration, thus offering the Serbian Chamber of Commerce the chance for continuous support and skills upgrading.

The anticipated sustainability was based on the previous successful collaboration between the two institutions. It was coherent with the project's rationale and expected to strengthen the impact of the KEP over time.

As implemented

The project achieved its sustainability goal as the collaboration between the two institutions has been strengthened as a result of the KEP intervention. The partners signed a Memorandum of Understanding to create the basis for future, closer collaboration and further transfers of skills from Italy to Serbia.

As proof of the sustainability of the assignment, in 2011 the partners submitted to the CEI a new project proposal based on their experience during *Supporting Serbian SMEs in Acceding to EU Markets*. The new project aimed to assist the Serbian Chamber of Commerce in considering the implications of the EU-Serbia *Stabilisation and Association Agreement*.

Findings and conclusions

The expected results, impact and sustainability of the project were achieved for the most part. No data that would enable an assessment of the actual impact of the project on clients of the Chamber, however, was made available to the CEI, leaving this issue unmeasured.



CEI support to Wholesale Markets development in Ukraine (phase 2): Wholesale Markets training at regional level

Project #4

i. Project fact sheet

Project title: CEI support to Wholesale Markets development in Ukraine (phase 2): Wholesale Markets training at regional level

Area of intervention: sustainable agriculture

Know-how donors:

- The Food and Agriculture Organisation of the United Nations (FAO), Investment Centre Division (coordinator) (www.fao.org/tc/tci)
- Wholesale Market Bronisze, Poland (www.bronisze.com)

Recipient institution: The Southern Ukrainian Agricultural Wholesale Market, Odessa Oblast, Ukraine

Start date: April 2007 (same as envisaged)

End date: November 2007 (envisaged June 2007)

Financial contributors other than the CEI Trust Fund at the EBRD:

- The Food and Agriculture Organisation of the United Nations (FAO), Investment Centre Division (www.fao.org/tc/tci)
- Other partners (in donor countries)

ii. Financial data

Approved CEI contribution: €28,875.00 (49.33 per cent of total approved budget)

Total approved (envisaged) budget: €58,535.00

Disbursed CEI contribution: €14,831.60 (41.03 per cent of the total actual budget)

Total actual (spent) budget: €36,147.00

Financial contributors other than the CEI Trust Fund at the EBRD:

- Promofirenze (Special Agency of the Chamber of Commerce of Florence), Florence, Italy (www.promofirenze.com)
- Serbian Chamber of Commerce, Belgrade, Serbia (www.pks.rs)

iii. Summary project description

Wholesale Markets (WMs) have been essential market infrastructures which ensure the efficient distribution of fresh food products at competitive prices. Ukraine was an important fruit and vegetable producer; nonetheless, despite significant production and consumption of fresh food products, the country lagged far behind its central European neighbours in organising wholesale trade in fresh agricultural products. Following-up on the success of a previous CEI-KEP project, *CEI Support to Wholesale Markets Development in Ukraine*, the current assignment aimed to familiarise local stakeholders from the public and private sectors with the principles of wholesale markets operations. The project proposed to target two Ukrainian regions – Odessa and Kharkov – with significant potential for wholesale agricultural trade, and in which private investors had already conducted pre-feasibility studies and had started obtaining the necessary permits to establish WMs from local authorities. Managed by the FAO, this CEI co-funded assignment intended to introduce experience and best practices developed in Italy and Poland in areas such as investment schemes, legislation, organisation of markets' operations, public support mechanisms, and others. Project activities were expected to be carried out through two dedicated workshops and a study tour to Poland.



Findings, lessons learnt and recommendations

The CEI assessed that the project was implemented in its original scope and that it generally met its objectives. Activities were well-designed and implemented in an efficient manner, which led to a significant reduction in the overall cost of the project.

The performance of the project coordinator and of the know-how donors, and the commitment of the project's recipients were at high quality levels. The overall feedback from participants was positive and their active participation in the project exceeded initial expectations. Both of these factors undoubtedly contributed to the success of the intervention.

One feature of the project appeared to have received a particularly positive reception from the participants: the combination of theoretical training with a hands-on visit to a site showcasing best-practices. Such a combination of seminars and the study tour to a wholesale market in Poland was regarded by the recipients as especially effective and stimulating.

This relatively small KEP intervention was not only integrated into a larger technical assistance programme led by the FAO, but was also part of a series of interventions carried out by international donors to support the development of wholesale markets in Ukraine. This had a highly positive impact on the relevance, appropriateness and success of the KEP. In this context, it should also be noted that the long-term impact and, most importantly, the sustainability of this relatively small KEP intervention were linked directly to the creation of favourable conditions for wholesale market development by the Ukrainian Government. Consequently, the delay of implementation of public support measures had a negative impact on the sustainability of the impact created by the KEP.

At the time this assessment was drafted, a national programme of wholesale markets development was under implementation in Ukraine, and Government forecasts envisaged the construction of markets in Lutsk and Odessa by the end of 2011.

Based on the findings of the evaluation of the implementation of the project, the following lessons learnt and recommendations can be made:

- Potential implementation risks and related mitigating measures should be identified by project applicants when the proposal is presented to the CEI. The KEP application form should be amended accordingly to ensure such information is compulsory and always provided by applicants.
- Pre-implementation risk assessment should be particularly exhaustive in case of investment-related interventions. Such assessments should reflect both risks related to the KEP project itself, as well as threats that could jeopardise the investment activity.
- Participation of a project coordinator may bring an added value when such a coordinator has direct expertise in the relevant field and/or can assure that the KEP intervention becomes integrated in or aligned with other interventions carried out in the given area. The ability of know-how donors or project facilitators to fit KEP assignments into such wider frameworks should become one of the selection criteria when evaluating project proposal.
- Letters of intent may be requested by the CEI not only from direct recipients but also from all other stakeholders of the project whose participation is essential to assure the success of a given KEP project.

Analysis of Project Rationale

Description of background, perceived needs, objectives, justification

As proposed

Background

Ukraine was an important fruit and vegetable producer. Although not as widely recognised as other international traders in agriculture, the country ranked in 2007 as the world's second largest producer of sour cherries, and fourth largest producer of blueberries, currants and gooseberries. Ukraine was also the fifth largest producer of carrots and raspberries and the sixth largest producer of cucumbers. Despite significant production and consumption of fresh food products, however, Ukraine lagged far behind its central European neighbours in organising the wholesale trade of fresh fruit and vegetables.

Assisted by a policy dialogue initiative provided by major international donors, Ukrainian authorities decided to encourage the development of a wholesale market system in the country. The process involved the drafting and the implementation of a dedicated legal framework, as well as strategic planning and awareness rising activities among all future stakeholders.

Perceived needs

The concept of the project derived from efforts of the Ukrainian authorities and international agencies – including the FAO – to stimulate the development of market infrastructures which would ensure the efficient distribution of fresh produce around the country. In this context, significant resources were made available to offer technical assistance at central government level. At the same time, access to information and the level of awareness of related issues at local levels were also perceived as highly inadequate. Local policy makers did not possess the knowledge on the functioning of wholesale markets, were not acquainted with the roles and the mechanisms that local authorities could play and employ to support the creation of markets, and they were not familiar with the beneficial impact WMs could have on local economies. Moreover, private investors likely to engage in the sector faced equal deficits of expertise in the development and management of wholesale terminals. Lastly, the relationship between the authorities and the private sector – a prerequisite for the development of market infrastructure – was perceived as marred by distrust and by a lack of constructive collaboration.

Objectives

Three objectives were identified in the original project proposal:

1. to explain the role of wholesale markets to local authorities and to the private business community;
2. to assist in designing possible public-private arrangements; and

3. to answer technical questions on the wholesale markets functioning raised by local authorities and business community representatives.

Justification

To achieve its objectives, the project proposed to introduce experience and best practices developed in CEI-EU member states: Italy and Poland – two countries with significant expertise in fresh produce distribution through large-scale market terminals. The proposal submitted to the CEI was part of a larger initiative: an FAO-led technical assistance programme which aimed to assist the Ukrainian Government in the drafting of the sector's development plan and pass relevant legislation on wholesale markets. While the core activities of the FAO project focused on high level policy dialogue, the parallel KEP assignment sought to raise awareness and disseminate know-how in the area of wholesale markets at the local level, in the two selected beneficiary localities.

The proposal submitted by FAO for CEI co-financing covered directly one of the areas of intervention of the KEP. It also regarded the field in which the CEI had already invested significant resources over the years. The CEI assessed the project's concept as highly relevant. The proposed intervention was coherent with the wider background of challenges related to fresh produce distribution in Ukraine, and complemented ongoing technical assistance programmes of international agencies, including European Union organisms, the World Bank, the FAO, and bilateral donor agencies. Additionally, the objectives of the assignment were well defined, achievable, and coherent with the planned project activities. At the same time, the CEI recognised that the long-term impact and sustainability of the proposed KEP intervention were partly dependent on the progress made by the Ukrainian central authorities in creating a legal basis for the development of wholesale terminals. This represented a risk factor for the KEP project.

As implemented

The project rationale proved well-designed and contributed to the efficient implementation of the planned activities and the accomplishment of the original objectives. The two seminars and the study tour to Poland, the main project activities (more details in the Activities section below), helped to bring together stakeholders from public and private sectors and acquaint them with specific issues related to the functioning of wholesale markets, including the roles of public and private sector stakeholders. Unlike most of the internationally financed interventions on the matter of WMs at the time, the KEP was one of very few attempts to launch policy dialogue and awareness raising activities at the local level.

Analysis of Project Rationale

Donor and recipients/beneficiaries

As proposed

Donor

The Investment Centre of the Food and Agriculture Organisation of the United Nations (FAO) carried out the responsibility of project coordination. The Centre facilitated the transfer of know-how from Italy and Poland, made available its own wholesale markets experts and, most importantly, it integrated the project into a wider FAO-financed technical assistance programme.

Prior to implementing this KEP assignment, the FAO Investment Centre had undertaken – alone or with investment partners from the World Bank Group or the EBRD – projects in the area of wholesale market development in Albania, Croatia, Bulgaria, Poland and Ukraine. At the time the KEP project was drafted, the Centre launched a technical assistance programme which aimed to assist Ukrainian authorities in preparing a regulatory framework for the development of wholesale market terminals.

Furthermore, the project aimed to bring in know-how from Italy and Poland – two CEI-EU countries, in which the distribution of fresh produce was being carried out through wholesale market terminals. To this end, Italian experts were expected to present their country's experience in setting up public-private partnerships, implementing various management models and public support mechanisms, as well as to illustrate Italian cooperatives' strategies to market local fresh produce. The project also aimed to introduce more recent experience related to modernising fresh produce distribution systems. This was expected to be achieved through a study tour to Poland and presentations by representatives of the Polish Ministry of Agricultural and Rural Development and professionals from the Warsaw Wholesale Market Bronisze.

Recipients

The project proposed to target a broad group of recipients among local stakeholders in the targeted communities: Kharkov and Odessa. Primarily, interventions were addressed to local authorities and to private investors potentially interested in wholesale terminals. Other recipients also included the Ministry of Agrarian Policy of Ukraine and representatives of other central administration bodies in the two concerned regions.

The choice of the know-how donors and recipients was correct and reflected the overall aim of the project. Both the project coordinator (FAO) and the WM experts from Italy and Poland possessed apposite skills and experience to effectively transfer the required know-how. Importantly, the FAO Investment Centre was already involved in technical assistance supporting the wholesale market programme in Ukraine. In this context, the involvement of the Ukrainian Ministry of Agrarian Policy (which also played an active part in designing the KEP) seemed



highly appropriate to ensure a direct linkage between the CEI co-financed intervention and the larger FAO project. Also, the choice of Italy and Poland, as sources of best practice examples, appeared fully justifiable; both countries enjoyed valuable expertise in fresh produce distribution through wholesale terminals.

As implemented

The performance of the coordinator and the donors was highly professional and the level of know-how provided was at the highest level. The inputs provided by the donors fully met, or exceeded, the expectations of the beneficiaries.

Although Kharkov was initially indicated as one of the recipient regions, it was quickly replaced by Lutsk before even the start of activities. The change was caused by local elections in Kharkov during the planned implementation period of the project. To mitigate risks related to implementation of the project during a political campaign, Kharkov was dropped and replaced by Lutsk, which featured many similar developments and relevant conditions in the area of WMs. No other changes occurred with respect to the project participation, although involvement of local authorities from Odessa was weaker than initially expected.

Findings and conclusions

The overall project rationale proved correct and, together with the high quality performance of the know-how donors, it led to the achievement of initial objectives. However, project sustainability and long-term impact were influenced by a few external factors, which are explained under Sustainability and Impact sections.

Analysis of Project Activities

Description of activities

As proposed

The project coordinator proposed organising two day-long training sessions in Odessa and Kharkhov to acquaint the Ukrainian beneficiaries with WM operations, management and ownership models, as well as the role of local authorities and other aspects related to the functioning of wholesale terminals. In the second stage, the project envisaged a three-day study tour to Bronisze – the biggest wholesale market in Poland – with a twofold objective:

- i. to further discuss topics relating to WM functioning and management, and
- ii. to illustrate previously analysed issues on the concrete example of the Bronisze Market.

As implemented

Due to upcoming local elections in Kharkov, the FAO decided to move one of the two seminars to Lutsk to prevent any potential risks related to the implementation of the project during a political campaign and ensuing establishment of new administration priorities. Aside from this change, no other amendments were required and the project took place

in its original scope and schedule. Significant savings were made during implementation, allowing for the considerable increase in the cost-benefit ratio.

The active involvement of the participants exceeded initial expectations of the project coordinator. In terms of the project schedule and organisation of activities, some participants pointed out that the limited duration of the study tour to Poland did not permit to cover all issues initially envisaged in the programme (e.g. Polish legislation on WM was hardly discussed and relevant material was sent to the interested participants only after their return to Ukraine). Additionally, some participants of the study tour stressed that additional benefits could be obtained if, in addition to meetings with the market's management, they would have been given the chance to engage in meetings with other stakeholder groups, including vendors, clients and local authorities. Nevertheless, the overall organisation of project activities and their contents were rated by recipients as effective and highly satisfactory.

Know-how transfer tools

As proposed

The know-how transfer tools envisaged a theoretical training (two seminars and a practical visit to a modern wholesale market. These tools were apposite to the overall project rationale, objectives and the available



Analysis of Project Activities

budget. They promised to provide beneficiaries with both theoretical knowledge of best practices and a more practical presentation of a state of the art site, thus, maximising the know-how transfer.

As implemented

CEI evaluators assessed that the chosen know-how transfer tools proved successful. In addition to the tools envisaged in the application, the FAO organised a dedicated workshop for the participants of the study tour in Poland.

Participants praised both the informative role of the seminars and the usefulness of the study tour (it is worth mentioning that private sector participants travelled to Bronisze several times following the conclusion of the KEP project). The combination of the two types of events was seen by many recipients as one of most important aspects that contributed to the overall project success.

Participation

As proposed

The project envisaged to engage Ukrainian decision-makers involved in the market infrastructure development at local oblast and municipal levels, academics advising governments on market infrastructures, as well as selected private stakeholders involved in fresh produce market operations and farmer associations. A larger group of stakeholders was invited to take part in the two seminars in Ukraine, while the participation in the study tour to Poland was limited to ten participants: four local officials from Odessa, four from Kharkov and two representatives of the Ukrainian Ministry of Agrarian Policy.

The envisaged participation was adequate to the project's objectives and covered all relevant stakeholder groups, although limited participation in the study tour event (due to organisational and budgetary issues) might have potentially led to limiting the overall impact and sustainability of the project.

As implemented

Roughly thirty local participants took part in each of the two seminars in Ukraine. One negative outcome concerned the absence of local authorities in the seminar in Odessa. Overall, the training session in Lutsk recorded a higher and more diversified level of attendance: participants represented all major stakeholders. The study tour to Bronisze involved the major groups of recipients, including Odessa local authorities. CEI evaluators assessed that the participation in project activities was appropriate with the exception of the case of the seminar in Odessa, where local authorities were not engaged.

Findings and conclusions

The selection of project activities and know-how transfer tools proved appropriate and led to the accomplishment of original objectives. In this context, the evaluation revealed that the combination of theoretical training (seminars in Ukraine) with a visit to a site showcasing best practices (study tour to Bronisze) proved to be highly effective and to have a stronger impact on beneficiaries.

CEI evaluators assessed that implementation activities were carried out efficiently and led to major savings in the project's budget. The participants expressed satisfaction with respect to both the organisation and the contents of the activities in which they were engaged.



Assessment of Project Results

Description of results

As proposed

The project expected to deliver a twofold result:

1. to disseminate international know-how in the area of wholesale markets investment and management; and
2. to acquaint participants with the distribution of roles and responsibilities between private and public stakeholders.

Both of the anticipated results were achievable and consistent with the project's objectives and with the perceived needs of the recipients.



As implemented

The results were generally achieved in an efficient manner, and the feedback received from the participants was highly positive. The project was successful in familiarising beneficiaries with a range of aspects related to the development and the organisation of markets, and the roles of and interactions between public and private sector stakeholders. Long and lively discussions (which extended until late hours during the seminars and on the occasion of the study tours) could be regarded as a measure of success and clearly reflected the elevated level of the recipients' curiosity in the matters discussed. The only significant drawback regarded the absence of local authorities in the seminar in Odessa. While in Lutsk the project succeeded in bringing together and starting a dialogue between private investors and public stakeholders, this objective was not fully achieved in Odessa and the involvement of local authorities remained low.

The evaluation carried out by the CEI also revealed that not all subjects of interest to the Ukrainian beneficiaries could be addressed or discussed in a significant level of detail due to the limited time dedicated to project activities.

Interestingly, the project led to one unexpected outcome related to the drafting of Ukrainian legislation on wholesale markets: following the visit to Bronisze, the Ukrainian Ministry of Agrarian Policy used Polish legislation on wholesale markets as a best practice example. Consequently, selected provisions from the Polish legislation were incorporated into the new legal act in Ukraine.

Impact

As proposed

The project was expected to provide the recipients with essential information related to the functioning of wholesale markets. It also aimed to bring together stakeholders from the public and the private sector, thus raising local awareness and creating favourable conditions for a further dialogue between these two groups, and the eventual establishment of actual market infrastructure. In the mid- and long-term, the project impact was however dependent on the implementation of support mechanisms at the central government level (including introduction of relevant laws) to create a framework constructive for actual investments and markets development (more below in the Sustainability section).

As implemented

The implementation of the assignment brought some changes to the planned impact of the project. The intervention was successful in bringing together stakeholders representing local authorities and the private

Assessment of Project Results

sector, and in launching a dialogue between the two groups, particularly in Lutsk. As indicated by one of the participants, the seminar in Lutsk was one of the first events where investors had the chance to approach local authorities and to discuss opportunities for WM development in a mutual dialogue. A more diminished impact was achieved in Odessa, where the local authorities did not take part in the seminar.

Regarding the public sector participants, the KEP project successfully explained the roles of local authorities in creating favourable market conditions and potential partnering options with private investors which would incentivise investments in wholesale terminals. On the other hand, concerning the private sector, the project provided extensive practical knowledge related to market establishment and daily operations. This know-how was then effectively applied in business plans (in at least one case the know-how acquired during the project helped an investor to improve business practices and to design plans for the development of the market – the project was taking off the ground at the time this report was being written). Eventually, participation in the project enabled decision makers in the Ukrainian Ministry of Agrarian Policy to use Polish regulation on wholesale markets as a best practice example in their efforts to draft wholesale market legislation.

In a longer term perspective, the lack of investments in market developments has limited the impact of the project. A large investment in the sector, planned by the World Bank Group, was cancelled and the implementation of public support mechanisms took much more time than originally expected. Due to these factors as well as to a worsening economic situation in Ukraine, local investors were either unable or unwilling to sustain alone the entire costs related to the construction of wholesale terminals. In this sense, although the project helped to raise awareness among various groups of stakeholders, it could not create an immediate sustainable and practical impact as it was not followed by investments in WM infrastructure.

Sustainability

As proposed

The project proposal envisaged that the initial dialogue between private and public sector stakeholders would be sustained after the project

implementation. Although the KEP assignment did not aim to create auspicious conditions for related investments, the project sustainability remained linked to the creation of such conditions and to the actual realisation of investments.

As implemented

The participants of the KEP seminar in Lutsk continued to interact after the conclusion of the project, although this did not translate into any concrete investment initiatives. There is no available data whether similar activities took place in Odessa. Furthermore, following the conclusion of the KEP, private and public sector (the Ministry) participants travelled to Bronisze several more times to acquire additional expertise in the specific areas of their interest.

Overall, the sustainability of the project was influenced by the absence of major investments in WM infrastructure in the two beneficiary regions during the following four years. Only in 2010 more concrete plans for market construction in these two localities were announced and the two projects appeared, at the time of the present evaluation, to be taking off the ground (according to the most recent plans announced by the Ukrainian Government, the first five markets – including Lutsk and Odessa – were expected to be finalised by the end of 2011).

Findings and conclusions

The project generally achieved its original objectives, although it did not have the same impact in the two beneficiary locations: the response from local stakeholders was stronger in Lutsk than in Odessa.

The sustainability of the KEP intervention should be placed in the broader context of WM development, which was severely influenced by economic downfall, political turbulences and rapid development of super- and hypermarket chains in Ukraine. In addition, the public awareness that the project succeeded to create was undermined by the withdrawal of interest by the World Bank Group to invest in wholesale market infrastructure and by the inability of local investors to finance such projects alone. These three factors had significantly diminishing implications on the sustainability and impact of the project.



Assessment of energy sector in Bosnia and Herzegovina: AER peer review on Energy in Republika Srpska

Project #5

i. Project fact sheet

Project title: Assessment of energy sector in Bosnia and Herzegovina: AER peer review on Energy in Republika Srpska
Area of intervention: sustainable energy

Know-how donors:

- Assembly of European Regions (AER) (coordinator) (www.aer.eu)
- Heves County, Hungary
- Maramures County, Romania

Recipient institution: The Ministry of Industry, Energy and Mining of Republika Srpska, Bosnia and Herzegovina (www.vladars.net)

Start date: May 2009 (envisaged June 2009)

End date: October 2009 (envisaged September 2009)

ii. Financial data

Approved CEI contribution: €15,350.00 (49.92 per cent of total approved budget)

Total approved (envisaged) budget: €30,750.00

Disbursed CEI contribution: €12,092.22 (46.52 per cent of the total actual budget)

Total actual (spent) budget: €25,922.45

Financial contributors other than the CEI Trust Fund at the EBRD:

- Assembly of European Regions (AER) (coordinator) (www.aer.eu)
- Other partners (in donor countries)
- The Ministry of Industry, Energy and Mining of Republika Srpska, Bosnia and Herzegovina (www.vladars.net)

iii. Summary project description

Republika Srpska sought to restructure its use of electricity by investing in alternative energy productions technologies. At the time the project proposal was designed, the region was developing a strategy aimed to diversify its energy mix and to incentivise increases in the sustainability of energy production. The drafting of the strategy was coordinated by the Ministry of Industry, Energy and Mining of the Republika Srpska. In this context, the peer review aimed to provide the authorities with additional inputs on the energy situation in the region. Under the coordination of the Assembly of European Regions (AER), experts from know-how donor regions were expected to draft recommendations to make the region's energy policy more sustainable.

This project proposal was based on a peer review methodology set up by the Assembly of European Regions. The methodology was developed in 2006 with financial support also from the CEI.



Findings, lessons learnt and recommendations

The project was carried out according to the original schedule, and project activities were implemented efficiently. However, the scope of the peer review was changed owing to the fact that a few topics the review was initially expected to focus on had already been covered by studies performed through other donors. This could be attributed to the fact that the project coordinator did not possess direct know-how in the area of sustainable energy and was unable to assess correctly the background of the proposed intervention. This also showed insufficient coordination between the AER and the beneficiary in the project design phase. Nevertheless, the changes adopted by AER with regard to the peer review scope were assessed by CEI evaluators as appropriate taking into account the actual context of the project.

Considering the new scope of the peer review (biomass sector), the assessment raised concerns over the choice of the know-how donor regions. Although the peer review team appeared to provide highly professional and valuable feedback, concerns remained whether donor regions with more extensive experience in the biomass field should not have been selected for this assignment.

The recipient expressed satisfaction with the outcomes of the project and with the performance of the reviewers. The only concerns raised by the Ministry of Industry, Energy and Mining of Republika Srpska, regarded the limited know-how transfer element that the peer review offered.

Some problems were revealed with regards to some of the envisaged project outcomes, which were over ambitious, not directly related to project activities, or insufficiently defined. As a result, two out of the three outcomes were either not attained or impossible to measure.

The project's impact and its sustainability largely depend on the capacities of the recipient to implement required legislative and regulatory frameworks as well as on the abilities of local stakeholders to mobilise sufficient funding for development of pilot investment projects. Both of these issues have been addressed by the peer review final report, but given their complexities, recommendations to tackle them were unable to create visible results in the short term.

Based on the assessment of the implementation of the project, the following lessons and recommendations were drawn:

- Correct identification of project background (needs of the beneficiaries, availability of studies, strategies and other data concerning the area of KEP intervention, activities of other donors, etc.) appears to be a decisive factor in the correct fine-tuning of the project's design. Particular attention will be paid by the CEI in the pre-approval screening of projects to this aspect of applications.
- Assignments where the project coordinator does not have direct expertise in the area of intervention may result in incorrect assessments of the recipients' needs and of the background of the intervention. Assurances should be made that organisations expected to act as actual know-how donors are involved in the project already at the intervention design phase.
- The applicants tend to list objectives which are often overambitious, not directly linked to activities of the project or impossible to measure. During initial project screening, attention shall be drawn to ensure that all project objectives – general and specific – are well specified, attainable and linked to concrete project activities.
- Projects whose outcomes are linked to recommendations which should be then translated into legal acts should refer to the process of adoption of such recommendations by the competent authorities (timeline, list of legal acts that the project may concern, etc) and include a definite related commitment of the beneficiary.

Analysis of Project Rationale

Description of background, perceived needs, objectives, justification

As proposed

Background

Republika Srpska is one of the two entities which form Bosnia and Herzegovina. The region extends over an area of 25,000 square kilometres, which constitutes roughly 49 per cent of the territory of Bosnia and Herzegovina. At the time of the project's design Republika Srpska was a self-sufficient region in terms of energy production and consumption. The share of renewable energy in the total energy production was around 42 per cent, most of which resulted from hydro-accumulation.

The project was motivated by the expected high potential in renewable energy perceived in Republika Srpska. In the framework of the *EU Energy Community Treaty*, the region had undertaken the obligation to implement EU directives on energy, environment, competition and renewable energies. These directives included a clear requirement concerning renewable sources, as stipulated, for example, in the *EU Biomass Action Plan*.

Furthermore, Bosnia and Herzegovina's membership to the European Union would also heavily depend on progress made towards the implementation of the EU environmental *acquis*.

Lastly, the ratification of the Kyoto Protocol in May 2008 opened an opportunity for Bosnia and Herzegovina to reduce its greenhouse gas emissions, to mobilise resources for low-carbon technologies, and to contribute to the sustainable development of the country.

Perceived needs

The project proposal was a consequence of the Government of Republika Srpska's efforts to draft an energy strategy for the period 2010-2012. The Government, thus, approached the AER to obtain assistance. The project proposal highlighted the following issues of concern to the Government:

- Promotion of the use of renewable sources of energy,
- Diversification of the sources of energy production, and
- Creation of public awareness regarding the use of renewable sources of energy.

Objectives

The project's overall objective was to support the Government of Republika Srpska to prepare an energy strategy focused on the diversification of energy sources and greater sustainability. The peer review aimed to provide recommendations on how to achieve these goals set up by the authorities. More concretely, experts from AER donor regions were expected to carry out analyses of the host region's energy potential

and draft a report outlining policy recommendations towards more sustainable and diversified energy production.

Justification

The Ministry of Industry, Energy and Mining of Republika Srpska did not have the capacities to carry out the analysis necessary for a new energy strategy. The Government of Republika Srpska, thus, expected that by engaging a team of experts from fellow AER members would provide them a cost efficient opportunity to capitalise on the experiences of other regional authorities. The peer review was also perceived as an instrument facilitating Republika Srpska to engage in cross-border cooperation.

As implemented

During the assignment's implementation, project objectives partially changed as the peer review focused on a single specific energy field – biomass – rather than on examining the entire sector in the region.

CEI evaluators learned that before the peer review was implemented, the Republika Srpska Government had benefited from a number of studies dedicated to a range of energy-related topics, in particular:

- Study on solar energy executed with funds/expertise from Spain. The project was expected to lead to the construction of a small power plant. At the time of this evaluation, the CEI was not aware whether such a plant had been built.
- Study on wind generated energy potential executed with funds/expertise from Germany. The project resulted in the drafting of the wind map of Republika Srpska.

Existence of the two above-mentioned studies, however, was not mentioned in the project proposal submitted to the CEI. Nonetheless, considering that topics of solar and wind energy had already been covered by the two studies, the AER experts decided in consultations with representatives of the Government of Republika Srpska that the peer review would focus exclusively on biomass related issues. CEI evaluators, however, noted that biomass had also been the subject of a project carried out by UNDP in Bosnia and Herzegovina concomitantly with the KEP intervention. The project titled Bosnia and Herzegovina Biomass Energy for Employment and Energy Security Project was launched in 2009 and was expected to be completed in 2012. The assignment aimed to enhance the biomass energy market by installing and retrofitting biomass boilers in primary schools in the three municipalities of the Srebrenica region.

The existence of the three projects should have been recognised by the Assembly of European Regions as they had a direct impact on the relevance, scope and structure of the KEP project.

CEI evaluators assessed that the amended project proved appropriate as it addressed an area not yet covered by other studies and in which

Analysis of Project Rationale

local authorities had need for external assistance. Findings of the peer review together with studies financed by other donors were then used for the draft-ing of the *Energy Action Plan 2010-2012*. According to information provided by the Ministry of Energy, Energy and Mining, recommendations of the peer review report were integrated in the document.

Donor and recipients/beneficiaries

As proposed

Donor

Established in 1985, the Assembly of European Regions was the largest independent network for interregional cooperation and a lobbyist for regional interests on the European stage. With about one third of its member regions in European countries outside of the EU, the AER was a valuable bridge between the European Union and its neighborhood. The AER's mission was to promote the principles of subsidiarity and regional democracy, while increasing the regions' political influence within European institutions. Additionally, the AER supported its interested member regions in the process of European enlargement and globalisation, facilitating interregional cooperation across wider Europe and beyond.

AER had developed sound expertise in the implementation of peer reviews. The methodology had been first tested with three pilot projects in 2006, of which one had been financed also by the CEI – APRI: *AER peer review Initiative* (for details regarding the peer review methodology see the section below dedicated to know-how transfer tools). The success of these three mentoring visits in the field of economic development encouraged AER members to adapt the methodology to other policy areas. The AER was also involved in two Interregional Cooperation Programme INTERREG IVC projects which also employed the peer review process.

The peer review expert team for the present project was supposed to be formed by experts from the following three regions:

1. Heves County, Hungary: the region had high potential in renewable energy sources, including wind energy, thermal water and solar energy. Since January 2007 the region had been active in an EU Intelligent Energy Europe project entitled *European Energy Efficiency Improvement for SMEs*.
2. Friuli Venezia Giulia County, Italy: the region had sound expertise in the energy sector. It had developed a waste-to-energy plant for the industrial waste. The project was jointly implemented by a university located in the region and by local entrepreneurs.
3. Maramures County, Romania: this region was a partner in an INTERREG IVC project which was meant to carry out peer reviews on energy for policies linked to efficiency and renewable sources. The County thus had expertise in the methodology at hand as well as knowledge of good practices in the field of energy.

Recipients

Republika Srpska was a member of the AER and at the time of this assignment's design, it had received assistance from the AER in other previous projects, especially in the area of EU integration. The Ministry of Industry, Energy and Mining of Republika Srpska was the main beneficiary of this project. The Ministry was engaged in assessing the most cost-effective way of implementing EU legislation in the field of energy efficiency.

The choice of the know-how donors and recipients was correct and reflected the overall aim of the project. Importantly, the AER already coordinated other similar projects for the assessment of energy potential in some regions of non-EU CEI countries. Furthermore, the involvement of know-how donors from both new and 'old' EU member states would provide a successful mix to the project.

As implemented

Due to external factors, the expert from the Friuli Venezia Giulia County could not participate in the peer review and was replaced by another expert from the Maramures region, Romania. CEI evaluators were unable to assess whether this modification had any impact on the project, although the recipient expressed regret that Italian know-how could not be used in the project.

Nonetheless, the recipient was ultimately satisfied both with the project implementation and with the know-how provided by the experts. The CEI assessed that all project stakeholders demonstrated appropriate commitment to the project implementation.

Findings and conclusions

A significant change was introduced in the scope of the project in comparison to the original proposal. This was attributed to the fact that wind and solar energy sources had been already analysed by assignments undertaken by other international donors. The original proposal did not take into account the availability of these studies, which resulted in the necessity to adjust the scope of the project after approval of the grant by the CEI. The changes introduced by the project partners were correct and allowed to avoid, for the most part, duplication of existing or ongoing studies of the energy sector. This demonstrated, however, insufficient coordination between the AER and the recipient in the project design phase as well as inadequate identification of the beneficiary's needs.

Moreover, taking into account the final scope of the project, the appropriateness of the choice of the peer review experts could also be questioned. An earlier targeting of the project on the bio-mass sector, might have led to the selection of different know-how donor regions, i.e. those with more extensive expertise in the utilisation of biomasses.

Analysis of Project Activities

Description of activities

As proposed

The project was expected to consist of three phases:

- i. Preparatory phase
- ii. Implementation of review
- iii. Evaluation

The preparatory phase was expected to allow project partners to discuss in more detail the specific needs of the recipient and, thus, to accordingly adjust the focus of the review. This stage would also allow the project partners to prepare a thorough plan of peer review visits, including interviews with relevant local stakeholders. Prior to the peer review visits, the beneficiary was expected to complete a predefined questionnaire pertaining to general information about the economic situation of the region and more specific data related to the energy mix of the region.

The project proposal envisaged the implementation phase to consist of a four-day visit of the peer review team to Republika Srpska. The visit would include interviews with the main local stakeholders as well as site visits to various relevant sites. The review was expected to be tailored so as to respond to the energy needs of Republika Srpska, focusing on the areas of particular interest or concern to its regional Government. As such, the peer review was also meant to analyse key areas of energy related policies, such as the development of a green energy market, to suggest the mould of the required policy and ways to promote energy citizenship. On the final day of the visit, the review team was expected to present its draft key findings to the beneficiary authorities.

Finally, the evaluation phase of the project was aimed to provide to the experts and the beneficiary a platform for further evaluation of the peer review findings. This was expected to be achieved through the preparation of the final peer review documents and through a discussion on the effectiveness of the applied methodology.

As implemented

Major differences occurred with regard to the scope of the peer review, which focused exclusively on the biomass sector and did not attempt to provide analysis of the overall energy sector in the region. The change was partially caused by the fact that the Government of Republika Srpska had benefited from studies which covered other fields of renewable energy sources. In order not to duplicate already existing analysis, the peer review concentrated on biomass, an area in which the authorities still needed for assistance.

All of the proposed key areas of energy policies were addressed in the peer review final report, with the exception of considerations on fostering green energy markets.

The recipient was satisfied with the activities undertaken and recommendations provided by the peer review experts. No major obstacles occurred during project implementation. Activities were completed within the original time schedule and savings were made with regard to the overall project cost.

Know-how transfer tools

As proposed

The main know-how transfer tool proposed to be utilised in the project was the peer review based on a methodology developed and tested by the Assembly of European Regions and its member regions. A sustainable energy AER peer review was a mentoring visit, undertaken by a group of international experts, in order to assess a region's energy policy. Peer reviews were expected to help regional authorities to understand how well their policies were working, and to support these authorities in making improvements. During visits to the host region, the review team would hold meetings with energy stakeholders in order to ascertain the strengths and weaknesses of the host region's energy policies. After the visit the review team was expected to prepare a report with a series of recommendations on how to amend the region's energy policies. The team's conclusions were expected to assess the region's performance against a set of energy sector specific benchmarks, based on international best practices. The host region was then expected to consider the conclusions and to prepare an action plan, setting out how it intended to implement them.

The CEI endorsed AER peer reviews as a valid tool for KEP projects and in the case of the present assignment; the CEI assessed this as an appropriate tool for the scope of the intervention and the perceived needs of the beneficiary.

As implemented

The peer review methodology was applied as proposed in the original application. The recipient was mostly satisfied with the process, which not only proved cost efficient, but also allowed the Government of Republika Srpska to learn from the experience of other European regions and to establish collaboration links. These cross-border relationships were seen by the Ministry of Industry, Energy and Mining as an added value of the project.

On the other hand, the Ministry noted that the project did not allow for the organisation of a sufficient number of thematic meetings, or of workshops that could lead to a deeper and more significant transfer of know-how to the recipient institutions. In interviews with CEI evaluators, the Ministry also proposed improvements to the composition of peer review teams in order to ensure that host regions take even further advantage of the know-how transfer aspect. The Ministry's suggestion pertained to the inclusion in

Analysis of Project Activities

the peer review team of an expert from the host region. Besides the obvious transfer of benchmarks and best practices inherent to the peer review methodology, the inclusion of a local expert would facilitate also the transfer of researching, assessing and drafting policy recommendations in the particular field of the undertaken peer review. CEI evaluators agreed that the Ministry's suggestion might have been apposite to the project.

Participation

As proposed

The proposed participants in the assignment included an AER coordinator, and three peer review international experts with "concrete experience in the field of energy" from the donor regions, representing the know-how donor project partner. The recipient project partner was supposed to consist of representatives of the Ministry of Energy, Industry and Mining. They were envisioned to enable the international experts to gather relevant information and set up meetings with energy users, politicians, relevant sector institutional players, representatives of other ministries, as well as to undertake site visits. Lastly, the peer review team would present its key findings to senior staff members of the Ministry and to regional politicians. Equally, the Ministry of Energy, Industry and Mining had committed to presenting the review report to fellow Government entities, in order to ensure that results and recommendations would be discussed thoroughly and options for their implementation would be properly identified.

This design of the participation was considered appropriate to the project's objectives and scope. It was perceived also as enabling a significant and sustainable impact for the project.

As implemented

One of the initially proposed experts – the representative of the Italian region of Friuli Venezia Giulia – could not take part in the project and was replaced by a second representative of the Romanian region of Maramures. No other changes occurred concerning the participation in the project. The experts involved in the project included:

- the Director of the Maramures Energy Management Agency, Romania;
- an Energy Consultant from the region of Maramures, Romania; and
- the Head of the Division for International Programmes from the North Hungarian Regional Innovation Agency, Hungary.

Together, the three experts held both public and private-sector experience in the energy field, and all had worked previously for various amounts of time in international environments.



Representatives of the Ministry of Energy, Industry and Mining participated in the project's activities as envisioned originally. Furthermore, the Ministry appointed a Senior Energy Expert in charge of the peer review follow up.

The peer review team also met with market regulators, private investors and other government officials. The Ministry of Energy, Industry and Mining chaired the preparatory and final meetings, which gathered representatives from the Ministry of Agriculture, Forestry and Water Management, Ministry of Spatial Planning Civil Engineering and Ecology, Elektroprivreda Republike Srpske (public electricity company), and the Regulatory Commission for Electricity of Republika Srpska.

During field trips, the peer review experts also met representatives of one of the forestry companies within the Public Forest Company of RS "Sume RS," of one of the two waste landfills in the region and of other relevant organisations – a cattle farm, a fruit orchard, a pellet company, and a biodiesel plant which at the time was under construction.

Findings and conclusions

The recipients were generally satisfied with the peer review as a process and an instrument. However, representatives of the Ministry of Energy, Industry and Mining also noted the tool's somewhat limited effectiveness to transfer know-how. To address this issue, the review could have been combined with a number of specific seminars that would have allowed the recipient region to take advantage to a larger extent of the expertise of the peer review team. Another issue closely related to this concerned AER's omission in the project proposal of any information related to the level and nature of know-how of the experts participating from the recipient institutions.

Assessment of Project Results

Description of results

As proposed

The project's *Application Form* outlined the following envisaged results:

- i. outcomes:
 - to encourage more sustainable policies in the field of energy;
 - to allow an exchange of experience between regions; and
 - to develop new methodologies in sustainable energy policies.
- ii. three concrete outputs:
 1. Peer review report. The report was supposed to analyse the strengths and to point out the specific issues that needed to be addressed within the energy sector of Republika Srpska. The peer review team was also expected to point out various recommendations based on their findings.
 2. Publication of a project leaflet with key recommendations from the donor partners on carrying out effectively a peer review on energy.
 3. Action plan draft by the recipient project partner. The document was supposed to outline measures to be implemented and considerations to be integrated in the region's energy strategy, based on the recommendations of the peer experts.

As implemented

Not all of the expected project outcomes were achieved. First, CEI evaluators assessed that the project did not lead to the development of new methodologies in the formulation of sustainable energy policies. Second, the outcome related to "increase of sustainability of energy policies in Republika Srpska" was difficult to measure and the CEI did not make such an attempt. The third project outcome and all outputs were successfully achieved.

Impact

As proposed

The proposed impact of the project as outlined in the *Application Form* dealt directly with the development of a coherent *Energy Strategy 2010-2012* concerning the host region and aimed to be implemented by the Republika Srpska Government.

As implemented

Upon request of the CEI, the AER carried out a post-implementation

evaluation survey on the effectiveness of the project. The survey was undertaken six months after the conclusion of the KEP assignment and concerned, among other issues, the integration of the peer review recommendations in the Government's energy strategy and the impact that the project managed to create in the recipient region.

The findings of the survey showed that the Ministry of Industry, Energy and Mining took steps to implement peer review conclusions. This included:

- inclusion of the peer review recommendations in the sustainable energy action plan;
- preparation of a pilot plant project on biomass (steps had been taken to realise this goal but major aspects – such as project financing – were yet to be sorted out when this assessment was made by the CEI); and
- promotion of biomass-based activities in the region. Local stakeholders were informed about the outcomes of the peer review and about the potential benefits of biomass utilisation.

The survey also revealed obstacles in implementing peer review recommendations. The Ministry affirmed that the main difficulties concerned insufficient investment capacities and regulatory obstacles. These two barriers did not allow to fully translating peer review recommendations into concrete actions and, thus, hampered project impact. It is, however, important to mention that both of these issues had been addressed by the report of the peer review team and recommendations had been proposed. The expected impact of their recommendations may have been high, but certainly not achievable in the short term, which may sometimes influence decisions made at the ministerial level of administration. The team's report itself suggests that centralisation and bureaucracy may pose constraints in Republika Srpska.

Policy recommendations, for example, aimed to tackle the price differentiation which negatively impacted renewables versus conventional sources of energy; the lack of end-user awareness; the misleading conclusion of exploiting forests for biomass that a cost-efficiency rationale may lead to; or the introduction of Life Cycle Assessment based improvements to environmental performance.

Concerning cooperation and partnership prospects which could enable the Ministry of Industry, Energy and Mining of Republika Srpska to access funds for the implementation of its *Strategy Plan*, the peer review report also listed several opportunities (international organisations and specific funding programmes). The report clearly recommended the Ministry's investment in a team of specialists in EU and international project management able to promote infrastructure projects.

Assessment of Project Results

Sustainability

As proposed

The project proposal envisaged that peer review recommendations would be integrated in the *Energy Strategy 2010-2012* of Republika Srpska. Furthermore, the recommendations would be transformed by the recipient region into legislative and regulatory proposals, which – in the longer term – would create the conditions for investment activities in the sector.

As implemented

The sustainability of the project could not be fully assessed at the time the CEI evaluation was made. However, interviews with the recipient revealed a number of threats that could impact the sustainability of the KEP.

The Ministry stated that although peer review recommendations were taken on board when drafting the *Action Plan* for the strategy's implementation, the time schedule of the *Plan* turned out unrealistically ambitious. CEI discussions with the beneficiaries also revealed a clash of opinions between the various Ministries concerned (e.g. the Ministry of Industry, Energy and Mining, and the Ministry of Environment) regarding the utilisation of forestry biomass. Clearly, common positions would need to be agreed on within the Government and translated into regulatory acts before any investment activities could take place. This proved the complexity of the issues tackled by the peer review and the risks that could undermine the sustainability of the KEP project's outputs.

There are several steps that the Government could take in order for Republika Srpska to achieve its goals, which were aligned with the EU *Europe 2020* strategy. Accomplishment of these goals would also ensure sustainable impact for the peer review. These steps include:

- the pilot plant project's completion, which was seen as vital also in raising awareness of biomass potential in the region but which, at the time of completion of this evaluation, still needed personnel training and education (the pilot project consisted of building a heating and electricity plant through cogeneration);
- the need to analyse deeper the waste of all kinds;
- the need for more concrete studies to facilitate an accurate evaluation of potential;

- the need for investments (while potential investment existed in other areas, such as solar energy, there was none in biomass);
- regulatory efforts in all relevant areas; and
- promotion of using biomass by means of training within the administration institutions and local communities.

In order to maintain the sustainability of the project's impact, the Ministry of Industry, Energy and Mining considered undertaking efforts to strengthen its capacities to better shape energy policies and follow related developments. To realise this objective, new employees were expected to be hired. The Ministry also undertook other further steps to build know-how among its stakeholders, including a visit to a Czech power plant. The visit's purpose was to develop administrative capacity and public policy know-how. The project had been going on for a year at the time of the present evaluation.

The Ministry's departments were drafting a suitable action plan for the proper use of investment opportunities in the region. Ministry officials affirmed that the issue of funding was the greatest problem encountered in the development of biomass-based energy in Republika Srpska.

These findings suggest that professional experts within the administration of Republika Srpska were given responsibility and were empowered to move forward the know-how transferred from the peer review team. As their report suggested, appropriate specialists may need a long time to achieve visible results – creating market conditions for sustainable energy sources, building awareness, or accessing and utilising funds. This would ensure the full impact of the project, and create the potential for significant sustainability.

Findings and conclusions

The envisaged outputs of the project were successfully achieved, although, two out of three project outcomes were either impossible to measure or were not attained.

The project impact and sustainability largely depend on further actions to be undertaken by the Government, including the drafting and implementation of improved legal and regulatory frameworks for the utilisation of biomass as well as the investment in appropriate human resources which would secure financial capacities to engage into biomass utilisation at a relevant scale.



BIOM-ALBA: Analysis and study of the feasibility of a biomass chain in Albania

Project #6

i. Project fact sheet

Project title: BIOM-ALBA: Analysis and study of the feasibility of a biomass chain in Albania
Area of intervention: sustainable energy

Know-how donors: Faculty of Agriculture, University of Bologna, Italy (www.agraria.unibo.it)

Recipient institution: Department of Agro-environment and Ecology, Agricultural University of Tirana, Albania (www.ubt.edu.al)

Start date: July 2008

End date: April 2009

ii. Financial data

Approved CEI contribution: €36,000.00 (35.99 per cent of total approved budget)

Total approved (envisaged) budget: €100,040.00

Disbursed CEI contribution: €31,986.78 (32.96 per cent of the total actual budget)

Total actual (spent) budget: €97,039.00

Financial contributors other than the CEI Trust Fund at the EBRD:

- Faculty of Agriculture, University of Bologna, Italy (www.agraria.unibo.it)
- Other partners (in donor countries)

iii. Summary project description

Based on expertise provided by the University of Bologna, the activity sought to support development of biomass research and analyse conditions for the creation of a pilot biomass-powered plant in Albania. The project engaged a number of local stakeholders, including Agricultural University of Tirana, National Agency of Natural Resources as well as the Association of Olive Oil Producers. The main result of the project was the realisation of a study assessing the economic and technical feasibility of the realisation of a small scale pilot plant for the direct combustion of biomass made up of olive mill solid waste. The study identified three potential locations for the construction of the plant. The project also supported building capacities of the Albanian stakeholders in the field of renewables and biomass. It also helped to introduce the subject of biomasses in the didactical programmes of the Albanian University.



Findings, lessons learnt and recommendations

The assessment revealed that the project was implemented in a coherent manner and that the desired results were mostly achieved. The project did not accomplish some of its general goals as they were overambitious and not directly linked to project activities. However, all specific short-term objectives were successfully attained.

The project was carried out according to the original schedule and all activities were implemented according to their original scope. The performance of the know-how donor was of a high level and the main beneficiary was greatly satisfied with the know-how obtained during the project.

The project failed, however, to address the needs of the various groups of beneficiaries in an equal manner. Activities were predominantly designed to benefit the Agricultural University of Tirana. Consequently, the role of the other recipients was marginal and their needs were less recognised.

Previous collaboration between the know-how donor and the main beneficiary contributed to the correct recognition of the recipient's needs and the overall success of the intervention. It also had a positive impact on the project's sustainability.

The know-how donor possessed proven expertise in the area of project implementation, albeit, lacking the proven technologies and examples of olive oil residues utilisation as biomass fuel which existed in other countries. This experience should have been brought to the project.

Based on the lessons learnt in the implementation of the Biom-Alba project, the following recommendations can be made:

- Applicants (donors) tend to list objectives which are overambitious and impossible to achieve. During the initial project screening, the CEI should pay closer attention to ensure that all project objectives – general and specific – are attainable and linked to project activities.
- Priority should be given to projects which build on existing collaboration between the know-how donor and the recipient, in contrast to ad hoc partnerships created exclusively for the purpose of a concrete assignment.
- Whenever a project engages more than one group of recipients, assurances should be made that know-how needs of each of these groups are sufficiently addressed by the project. Equally, the CEI should ensure that concrete specifications regarding the actual participants in each project activity are detailed in the *Application Forms*.
- To the extent possible, the CEI should try to assess whether more appropriate know-how exists in other countries/donor organisations. If possible, the most relevant expertise should be brought into the project.

Analysis of Project Rationale

Description of background, perceived needs, objectives, justification

As proposed

Background

Over the past years Albania suffered from several energy shocks, with negative effects on its economy. Its low resilience to external factors was attributed to high dependency on hydropower – accountable for circa 90 per cent of domestic electricity production. Additionally, the country's economic growth combined with low energy costs for end-users has led to a noticeable increase in electricity consumption. This trend, however, was not sustained by the production supply.

Given ever-growing international energy prices and an expected increase in demand in the country, Albania's *National Energy Strategy* outlined plans to diversify the energy system, by encouraging the development of renewable energy generation assets, including biomass.

Perceived needs

The perceived needs of the Albanian stakeholders were threefold:

1. to update (as only outdated studies existed) analyses of the feasibility of biomass utilisation as a renewable energy source;
2. to strengthen capacities and engage the staff of the Agricultural University of Tirana in biomass-related research; and
3. to lay the ground for the potential creation of a pilot biomass plant.

Objectives

Overall, Biom-Alba aimed to support sustainable development policy in the Adriatic Ionian countries, with particular reference to aspects related to energy, environmental protection, public awareness and public administration. The project partners, thus, identified two general objectives:

1. the reduction of dependency on imports of non-renewable energy sources, and
2. the minimisation of the environmental impact by using controlled processes of combustion and treatment of effluents.

In support of these general goals, the project proposal referred to the following specific objectives:

- Promotion of collaboration between the involved institutions;
- Capacity building and know-how exchange;
- Development of biomass related curricula by the research staff of the Agricultural University of Tirana;
- Assessment of technical feasibility and economic viability of the establishment in Albania of integrated energy systems based on the

- extensive use of local biomass sources;
- Analysis of the agro-energetic supply chain;
- Dissemination of results of the project at academic, institutional and business levels.

Justification

The University of Bologna and its Faculty of Agriculture had a proven track record of expertise and long-standing experience in research, training and know-how exchange at international level, in particular in central and eastern Europe. Their staff had conducted a variety of research programmes, specialisation courses, and Master's degree programmes.

Methodologically, Biom-Alba was based on a conceptual framework established and tested by the Biom-Adria project, which had been carried out in Serbia. Biom-Adria had aimed to develop an institutional framework for the exchange of good practices concerning energy policies. An additional goal of Biom-Adria had been to assess the feasibility of a demonstrative pilot biomass power plant. Positive outcomes of this initial project enabled the University of Bologna to extend it for two subsequent phases, which led further feasibility studies and access to financing for the construction of the envisaged pilot plant in Serbia.

Building on the successful work carried out under the Biom-Adria project, Biom-Alba was expected to strengthen cooperation between Italy and Albania in the field of biomass and to contribute to the development of a replicable model of a small biomass power plant.

As implemented

The general objectives of the project proved over ambitious and, in part, impossible to attain. Primarily this was because the project did not attempt and could not lead to the realisation of biomass power plants. Nevertheless, the overall rationale of the project proved coherent and the specific objectives set out in the proposal were mostly achieved.

The donor had been aware prior to the start of the KEP intervention of the insufficient availability of biomass by-products (agricultural or forestry related) other than olive oil residues. This information should have been reflected in the application and the project should not have attempted to analyse the use of other biomass products.

Another drawback of the project concerned the manner in which it addressed the needs of the different recipients. The KEP intervention chiefly targeted the Agricultural University of Tirana. Post implementation interviews carried out by the CEI revealed that the needs of the private sector participants were not adequately recognised and tackled. For example, the project did not attempt to provide information on thoroughly tested technologies functioning in a number of European countries, where olive oil residues were used as biomass fuel. Information on such existing technologies would have been of interest to the Albanian Association of Olive Oil Producers – one of the project beneficiaries.

Analysis of Project Rationale

Donor and recipients/beneficiaries

As proposed

Donor

The Faculty of Agricultural Economics and Engineering of the University of Bologna led the project. Its mission was to provide advanced programmes of education and training in a wide range of topics in the areas of agriculture, food, and agribusiness. In parallel to educational activities at graduate and post-graduate levels, the Faculty carried out re-search projects spanning various topics including energy, biomass and biodiesel. The Faculty also managed a didactical and experimental centre in Cadriano where it operated a modern plant for physical and energy related characterisation of diverse biomass obtained as by-products of agricultural activities. The Faculty's portfolio of cooperation and research projects, both in Italy and internationally, especially in eastern and south-eastern Europe, demonstrated experience in biomass, its relation with agriculture and rural development, as well as in related policy issues.

Recipients

On the recipient side, Biom-Alba envisaged the direct involvement of the Agricultural University of Tirana and of the National Agency of Natural Resources. The Albanian Association of Olive Oil Producers – which represented the interest of private operators – had an observer status in the KEP intervention and its participation was limited to selected project activities.

The Agricultural University of Tirana was the sole centre in Albania for studies and scientific research in the areas of agriculture and food. The University was committed to the application of research to agricultural practices through farmer education. It offered numerous courses in such fields as agro-environment and ecology, horticulture and plant protection, farm management, agrarian policy, forest protection and wood processing. Research was carried out in the context of the University's participation in national and international scientific projects as well as in other programmes financed by international donors.

The National Agency of Natural Resources was a public entity, which protected and regulated the interests of the Albanian Government in the areas of mining, hydrocarbons, hydropower and energy. The Agency, as a subordinate institution under the Minister of Economy, Trade and Energy, advised the Government on studies and projects within its sector of activity. It also supervised the rational exploitation and post-exploitation of natural resources based on Government policies.

The know-how donor demonstrated sufficient expertise both in the area of biomass as well as in the implementation of research and cooperation projects, to ensure an effective and efficient implementation of the project. Importantly, the Faculty of Agricultural Economics and Engineering of the University of Bologna had enjoyed a successful previous collaboration with the Agricultural University of Tirana and was regarded as a desirable

know-how donor by both Albanian partners.

The Agricultural University of Tirana was active in the design of the project and demonstrated full commitment to its realisation.

As implemented

No major changes occurred regarding the donor's inputs and performance, and the participation and commitment of recipients. The latter components were adequate to each beneficiary's role in the project. Recipients were predominantly satisfied both with the project implementation and the know-how provided by the University of Bologna, although the project did not address equally the needs of the various recipients.

The participation of the Agricultural University of Tirana and of the National Agency of Natural Resources assured the dissemination of project findings at the academic level and among policy makers.

The post-implementation evaluation of the project revealed some concerns regarding the selection of the know-how donor. As the project effectively focused on a single biomass source (olive oil residues), the question of whether an Italian university was the most appropriate know-how donor surfaced. CEI evaluators noted that the utilisation of olive oil residues as biomass fuel was widespread and performed on a commercial basis only in a few European countries. These countries possessed both proven technology and experience in utilising olive oil residues, whereas in Italy, olive oil waste had been used only in a few small demonstration plants, and not commercially.

Upon thorough analysis and interviews with the project partners, however, the CEI acknowledged that the choice of this assignment's know-how donor was, to a large extent, correct. The University of Bologna had demonstrated experience and documented results in the field of biomass research, thus satisfying the chief requirements for the scope of this project. Biom-Alba was a research project primarily aimed at building capacities within the Agricultural University of Tirana, and with no stated purpose to transfer existing commercial technology. Consequently the choice of the donor was appropriate.

CEI evaluators also noted that the project design favoured the Agricultural University of Tirana. The needs of the two other recipients were addressed to a lesser extent (see Participation and Impact sections).

Findings and conclusions

No major changes occurred throughout the implementation phase and the overall project rationale proved correct. The choice of recipients corresponded to the objectives and scope of the intervention, but the project failed to recognise the different needs of the various groups of recipients. While some questions were raised with regard to the selection of the know-how donor, the choice was later assessed as correct and having contributed to meeting the needs of the main recipient.

Analysis of Project Activities

Description of activities

As proposed

The project was structured into three main components. The first stage concerned data collection and analysis of the general setting in Albania with respect to agriculture, energy supply and renewable energy. Its findings would form the basis for analytical work undertaken during the second component. The stakeholders were expected to carry out analyses of agricultural, energy and environmental policies in the country as well as to prepare a comparative evaluation of the current and prospective situations in the development of renewable energy sources in Albania, in the Italian region of Emilia Romagna, and in eastern Adriatic countries.

Based on these findings, the second project component aimed to investigate and draft a study on the economic and technical feasibility of the use of biomass as an energy source in Albania. The study was expected to cover considerations concerning biomass materials obtained as by-products of agricultural, agro-industrial and forest activities, as well as to provide analyses and characterisation of selected biomass. The paper would draw its conclusions from analyses carried out in at least two Albanian prefectures. Lastly, the study was also expected to examine issues related to the general planning of a combustion plant based on the model developed under the Biom-Adria project.

The third project component aimed to provide training and to build capacities among the Albanian stakeholders. It was also geared towards the dissemination of project results. These objectives would be achieved

through a series of meetings in Italy and Albania, mutual secondment of researchers, the organisation of a training course, and a study tour to Bologna and Cadriano. This project component also envisaged the implementation of awareness raising activities and the organisation of a final project conference.

The proposed activities appeared to be consistent with the beneficiaries' needs as well as with the objectives and anticipated results of the project. Both the budget and the time schedule were realistic in terms of the resources and time needed to implement the designed activities.

As implemented

All project components and relevant activities were implemented in their original format and within the planned time-schedule. The only substantial variation regarded the analyses of availability and practicality of the utilisation of various biomass sources. The post-implementation evaluation revealed the stakeholders general awareness of the unavailability of sufficient biomass other than resulting from olive oil residues, and that the project had not, from its design, aimed to analyse the potential use of such biomass by-products. This aspect, however, had not been sufficiently reflected in the original application.

The recipients were mostly satisfied with the activities undertaken. Nonetheless, the representative of the Albanian Association of Olive Oil Producers reported the organisation's higher interest in practical aspects related to biomass utilisation rather than the research-heavy work performed during the project. In this regard, the KEP assignment failed to fully address the expectations of this recipient.



Analysis of Project Activities

Know-how transfer tools

As proposed

The know-how transfer tools selected by the partners during project design seemed appropriate given the assignment's objectives as well as the experience of the donor and the recipients' needs and capacities. The tools included: joined collection and analysis of available data, participation in periodical meetings aimed to analyse relevant findings, the organisation of a study tour combined with a visit to an experimental biomass plant, the implementation of a training course, secondment of researchers, the organisation of a public final conference, and the publication of project results in academic and research journals.

As implemented

The implementation of the project confirmed the appropriateness and efficiency of the know-how transfer tools used. No major changes occurred with respect to the application of the selected instruments. Some emphasis was put on the fact that the study tour to Bologna and Cadriano provided valuable opportunity to combine theoretical training with practical research experience, although the recipients indicated that all activities of the project equally contributed to achieving final results.

Participation

As proposed

The proposed recipients' participation was appropriate and reflected the overall rationale of the intervention. In particular, the involvement of diverse recipient groups representing academia, state institutions and the private sector was highly valued as a source of effectiveness at the time the project proposal was submitted to the CEI. The organisers envisaged participation of a small group of recipients (1-3 representatives from each recipient institution) in core activities of the project (especially those taking place in Italy) and then dissemination of project findings to a larger audience – with the aim of optimising project costs.

As implemented

No changes occurred with respect to participation throughout the project's implementation. It came into sight, however, that a stronger impact could have been achieved, had more participants from each recipient institution been involved directly in the project implementation rather than only in the final conference. As the project application did not refer to any particular number of participants which would have been involved, no discrepancy between the original proposal and the implementation can be



claimed. Furthermore, CEI evaluators assessed that the direct involvement of representatives of the Albanian Ministry of Economy and Energy could also have resulted in increasing the impact of the project.

The activities of the assignment were primarily designed to meet the needs of the Albanian University. The two other Albanian stakeholders did not participate directly in the design of the project, although the project rationale had been broadly discussed with the National Agency of Natural Resources. In principle, the rationale behind the selection of all Albanian beneficiaries appeared to be correct, even though the participation of private sector representatives (Association of Olive Oil Producers) was very limited.

Findings and conclusions

The implementation of the project did not experience any significant obstacles and the KEP was concluded within the original schedule. It emerged that the selection of the know-how transfer tools was correct and it led to the overall success of the intervention. Lastly, although the involvement of the various beneficiary groups appeared apposite to the project's objectives, some shortcomings were revealed with regard to the levels of participation (in the context of dissemination of project findings).

Assessment of Project Results

Description of results

As proposed

The project proposal envisaged the realisation of technical documentation related to the prospects of using renewables – biomass in particular – for energy production in Albania. The collection of data and the analyses carried out under the project activities were to be presented through the following studies:

- analysis of the country's institutional and economic setting in relation to the energy sector;
- analysis of energy and environmental policies in Albania with respect to the development of renewable energy sources;
- comparative examination of the current situation and of possible future trends in the development of renewable energy sources in Albania and in the Italian region of Emilia Romagna;
- analyses of the current energy systems in at least two Albanian regions;
- evaluation of the feasibility for the potential use of biomass as an energy source in Albania; and
- identification, analysis and characterisation of available biomass materials.

In addition to the drafting of the technical documentation, the project aimed to:

- provide training to researchers and other professional staff of the Agricultural University of Tirana and of the National Agency of Natural Resources;
- transfer know-how and technical documentation to the concerned institutions;
- establish effective collaboration between the University of Bologna, the Agricultural University of Tirana, the National Agency of Natural Resources, the Service Centres for SMEs, and actual SMEs to develop a working plan for the future realisation of a pilot biomass plant (drawing from the experience of Biom-Adria in Serbia);
- implement a training course for the staff of the Agricultural University of Tirana and other Albanian academic and research institutions working in the field of renewables and biomass; and
- organise a final conference to disseminate project findings and good practices in the area of renewable energy sources.

The anticipated results were realistic and consistent with the proposal, including the project objectives and the needs of the two Albanian recipients: the Agricultural University of Tirana and the National Agency of Natural Resources.

As implemented

The anticipated results were generally achieved and no major difficulties occurred in this respect throughout the implementation of project activities. The project produced technical documentation, which illustrated the potential scenario for the utilisation in Albania of olive oil residues as biomass fuel. Three possible locations for the establishment of a pilot plant were selected in this context. The report, however, also revealed that the utilisation of the olive oil waste on a commercial basis would require greater availability of biomass (i.e. would depend on the realisation of the Government's plans to double the cultivation of olive trees in the following years).

Impact

As proposed

Based on the methodology and experience of the Biom-Adria project, Biom-Alba aimed to produce technical documentation that could lay the ground for the future realisation of a pilot biomass plant in Albania. In the longer term this was hoped to have a direct impact on olive oil producers, who would become the source of biomass fuel. Furthermore, the project aimed to create an immediate impact on the Agricultural University of Tirana by building capacities among the University's research staff. Lastly, it intended to create awareness in Albania by presenting the country's opportunities springing from the potential utilisation of biomass.

As implemented

The pre-feasibility study revealed the viability of olive oil waste utilisation as biomass fuel. The mid- and long-term impact of the project, however, will have to be analysed further. Moreover, this impact will largely depend on the ability of the Albanian stakeholders to undertake further biomass analysis and secure resources for the construction of a pilot plant. The construction of the pilot plant (and commercial plants in the longer future) would allow the utilisation of olive oil waste in an environmentally friendly way. This waste is currently often disposed of to local rivers causing environmental damage. Moreover, the development of biomass plants would create opportunities for olive oil producers who could gain an additional source of income by selling residues as biomass fuel (while also avoiding fines for polluting the environment).

One area where the project could have created a more significant immediate impact concerned the participation of the Association of Olive Oil Producers. Both in Europe and worldwide olive oil residues are widely used as biomass fuel. Plants powered by such biomass operate on an industrial scale and on a commercial basis in several countries (either naturally rich in olive cultivation, or importers of olive oil residue). CEI evaluators noted that the Biom-Alba beneficiaries had not been aware of

Assessment of Project Results

the existence of such working technologies and that the University of Bologna did not attempt to familiarise Albanian stakeholders with models used in other European countries. The CEI assessed this aspect as a shortcoming of the project. In this context, Biom-Alba created a positive impact on the Agricultural University of Tirana (which was interested in participating in a research project), but it partially failed to address the interests and needs of the Association of Olive Oil Producers, whose main interest concerned workable models of residue utilisation. Consequently, the project impact on the private sector remained limited.

Although relatively few people were directly affected by the project activities, Biom-Alba had a positive impact on building capacities among and transferring knowledge to the staff of the two Albanian recipient institutions. The Agricultural University of Tirana developed curricula for its research staff and extended the programme of biomass-related lectures at the university, which was consistent both with the expressed need of the beneficiary and with the anticipated results. On the other hand, the National Agency of Natural Resources was equipped with an updated study on the feasibility of biomass production chain – a useful tool for updating the country's policies in the field of renewable energy sources.

Sustainability

As proposed

The project was expected to create appropriate conditions for the future establishment of a pilot biomass-powered plant and for the development of biomass utilisation as an energy source in Albania. It was also designed to strengthen the scientific collaboration between Italy and Albania in the field of biomass.

As implemented

Similar to its long-term impact, the project sustainability will be influenced by the determination of Albanian stakeholders to carry out further analyses (preparation of a detailed technical feasibility) and their ability to secure financing for the realisation of a pilot plant.

In the long-term, the sustainability of the KEP intervention and, in general, of the analysed model for residues utilisation, also will rest on the progress of the Government's programme to double the number of olive trees in the country in the following three to five years. As indicated in the Biom-Alba study, only an increase in the cultivation of olive trees could lead to the production of a sufficient amount of biomass to supply biomass plants.

Upon completion of Biom-Alba, the Agricultural University of Tirana and the University of Bologna submitted an application to the European Commission for the financing of a small pilot plant.

Findings and conclusions

The project mostly achieved its objectives in terms of the envisaged immediate impact. Any mid- and long-term impact, as well as the project's sustainability, however, will greatly depend on whether further research will be pursued and whether funds for the establishment of a pilot plant will be successfully obtained. A further element which will have an effect on the analysed model of biomass utilisation is the ambitious Government's plan to double the cultivation of olive trees across the country – only realisation of this plan will ensure sufficient biomass supply.



Promotion and development of agrotourism and ecological agriculture in Moldova

Project #7

i. Project fact sheet

Project title: Promotion and development of agrotourism and ecological agriculture in Moldova

Area of intervention: sustainable agriculture

Know-how donors:

- Stowarzyszenie B4 / B4 Association, Poland (also coordinator) (www.b4.org.pl)
- Polska Izba Agoturystyki / Polish Agrotourism Chamber, Poland (www.pia.net.pl)

Recipient institution:

- Communities (households, administration, active NGOs) of Balti and Glodeni, Moldova
- Centrul Moldo-Polonez de Sustinere a Antreprenoriatului Polonus (Moldovan-Polish Centre for Enterprise Support POLONUS), Moldova
- Natural Reserve "Padurea Domneasca", Moldova

Start date: May 2008 (same as envisaged)

End date: December 2008 (same as envisaged)

ii. Financial data

Approved CEI contribution: €13,926.47 (12.17 per cent of total approved budget)

Total approved (envisaged) budget: €114,453.53

Disbursed CEI contribution: €13,272.78 (12.17 per cent of the total actual budget)

Total actual (spent) budget: €109,061.47

Financial contributors other than the CEI Trust Fund at the EBRD:

- The Polish Ministry of Foreign Affairs, Poland (www.mfa.gov.pl)
- Stowarzyszenie B4 / B4 Association, Poland (www.b4.org.pl)

iii. Summary project description

Based on expertise provided by representatives of the Polish Agrotourism Chamber and the B4 Association the project sought to support a balanced development of rural areas in the regions of Balti and Glodeni by promoting agrotourism and ecological agriculture activities. The project used a wide range of know-how transfer tools to reach its purpose and enable the two communities to develop while taking advantage of obvious assets. The main donor, B4, used its previous experience in the region and proposed several support activities to increase the effectiveness of the know-how transfer. The project achieved all of its specific short-term objectives and created a high degree of potential sustainability.



Findings, lessons learnt and recommendations

The project was highly successful and the CEI has drawn several lessons from it:

- The use of activities in support of know-how transfer tools was highly effective. The awarding of financial grants of low cost for the donors (relative to the entire project cost) created competition and incentivised participants to acquire several skills and best practices.
- There is a great interest among beneficiaries in practical skills, and projects that can simulate real market conditions generate significant sustainable impacts.
- Previous experience in the recipient regions can generate innovative tools for development.

The present project shows very clearly the additionality that the CEI can bring about with its funds. The project would have been implemented even without the financial or otherwise support of the Initiative. However, the grant from the CEI Trust Fund at the EBRD significantly increased the impact and sustainability of the project by supporting specifically part of the costs related to the training sessions, workshops and individual assistance, and to the information and marketing campaign. Regarding the latter budget item, the CEI covered about 13 per cent of its entire cost. This amount was spent entirely on the 60 hours that advisors spent individually helping farmers to perfect their *Plans of Farm Development*. The remainder contribution from the CEI Trust Fund covered roughly 70 per cent of the expenses incurred by the project in the information and marketing campaign. As such, the CEI supported entirely the costs of drafting in four languages and disseminating information regarding the project and the regions to potential tourists.

These were both important elements in the project. According to interviews, the individual assistance helped farmers to fine-tune their business plan writing skills. The promotion campaign was instrumental in jumpstarting tourism traffic in Balti and Glodeni.

The evaluating team would also like to note that during the field mission in which a CEI representative assessed the impact of this project, agrotourism facilities that benefited from this project were exclusively used for accommodation and board.

Analysis of Project Rationale

Description of background, perceived needs, objectives, justification

As proposed

Background

The territory of Moldova was perceived as possessing outstanding environmental and landscape advantages, which, however, appeared developed below their potential. Factors that led to this situation were high unemployment rates and low-income levels. While many sectors of the economy were relatively weak, agrotourism and ecological farming showed potential to have an impact on entire communities. Projects dedicated to these areas were, consequently, perceived as a way to boost the sustainable development of the country. This effect had been seen in some small rural communities in Moldova, mostly surrounding the capital – Chisinau. However, this trend had not yet reached more remote areas of the country. Lagging in development, these regions also suffered from a lack of entrepreneurial culture and of know-how.

Perceived needs

The rationale for this project emerged from the donor's experience gained during a previous project co-financed by The Polish Ministry of Foreign Affairs and by the CEI KEP⁵. The B4 Association was, thus, aware of the need for know-how and financial resources to increase the pace of development in Moldovan rural areas. The intervention was also proposed by the Natural Reserve Padurea Domneasca, which is a Moldovan governmental institution and which manages the main touristic attractions of the communities of Balti and Glodeni. These two areas were perceived as not taking advantage of the potential for tourism inherent in their surroundings. This was attributed to a lack of knowledge related to activities that would support a balanced development, and to a lack of financial resources to jumpstart commercial activities.

Objectives

In the long-term the project aimed to support a balanced development of rural areas in the regions of Balti and Glodeni by promoting agrotourism and ecological agriculture activities. In support of this overall aim, the project proposal outlined a set of outcomes (immediate and mid-term effects), which included:

- Increasing the social and vocational mobility of community members (farmers);
- Raising awareness of agrotourism and ecological agriculture as alter-

native income sources for rural households and possible means for regional development;

- Popularising agrotourism and ecological agriculture in Moldova;
- Enabling Moldovan households to become agrotourism farms;
- Increasing awareness of environment protection and sustainable development; and
- Promoting sustainable development as an essential factor in developing regional competitiveness.

Justification

To achieve its goal, the project proposed to focus on activating local communities to take up activities related to ecological agriculture and tourism (agrotourism), and to the promotion of the region (local products, environment and cultural advantages).

Thanks to its previous activities in the region, the B4 Association had become aware that although Moldovan rural households had acquired some know-how, they remained unable to start running agrotourism households. Additional to the need for more expertise, this was attributed to a lack of financial support. To address this issue, the project proposed to combine best practice transfers with direct financial support. The envisaged financial grants were included as one of the forms of assisting households and enabling them to run agrotourism activities and ecological farming.

The project rationale appears consistent with the perceived need and internally sound. The donor had tested in previous projects the willingness of the beneficiaries to gain knowledge and achieve sustainable development based on agrotourism and ecological agriculture. The B4 Association used this project to support the know-how transferred with financial means in order to overcome low-income levels. The project's reach into direct beneficiary's daily lives further strengthened its relevance, making a sustainable impact on social and vocational mobility realistically possible.

As implemented

The aims and anticipated results were achieved to a high degree thanks to the proper implementation of all activities. The goal of the project was to support a balanced development of rural areas in the field of agrotourism and ecological agriculture in Moldova (regions of Balti and Glodeni). This goal was achieved by activating the communities of these regions to start up relevant commercial activities, and by promoting the regions. Lastly, the project was apposite to the CEI KEP structures and guidelines; its scope concerned the manner in which communities manage their resources – a perfect fit for know-how transfer.

⁵ At the time of the application for the financing of this project, B4 had already implemented two projects in the region, including *Ecological agriculture and agrotourism promotion and development in the Easter Ukrainian Carpathian Region and Moldova*, which aimed to promote agrotourism and ecological agriculture in Ukraine and Moldova. The project had been co-financed by CEI KEP and the Polish Ministry of Foreign Affairs.

Analysis of Project Rationale

Donor and recipients/beneficiaries

As proposed

Donor

The B4 Association (Stowarzyszenie B4), the main donor of this project, was a Polish non-governmental organisation with extensive experience in project development in areas of local communities empowerment, EU values promotion, labour market and HR development problems, unemployment and social exclusion counteraction, as well as enterprise development. The activity of B4 was financed by grants, in-kind contributions and membership fees, which totalled more than €575,000 per year.

The B4 Association partnered with the Polish Agrotourism Chamber in order to access the most relevant know-how for this project.

Recipients

The main recipients of this project included farmers and institutional decision makers in Balti and Glodeni. The project aimed to target a group of 80 people in total. The entire communities of Glodeni and Balti were expected to benefit from a promotional campaign, *Agrotourism and ecological agriculture in Moldova*.

The project also aimed to involve two local organisations in an extensive way – both as partners in the implementation and as know-how recipients. These organisations were the Natural Reserve Padurea Domneasca, and the Moldovan-Polish Centre for Enterprise Support Polonus. Giving them a role in carrying out project activities, B4 also dedicated specific activities to enhance their staff's know-how.

By targeting a range of stakeholders involved in the development of agrotourism – relevant domestic NGOs, representatives of the administration and individual farmers – the project very appropriately maximised its impact. This choice also enhanced the project's sustainability, as NGOs and the administration could promote policies for further development. The donor's previous experience was equally appropriate, given B4's proved knowledge of the region and of the topics framing its transition processes. Polish Agrotourism Chamber experts, who could draw lessons from the successful Polish transition, transferred the actual know-how. Lastly, B4's partnership with this organism and with local partners insured the potential to filter the best practices appropriate for the Moldovan reality.

As implemented

No major changes occurred with respect to donor inputs and their performance and participation, and the commitment of beneficiaries. The recipients were satisfied both with the project implementation and the know-how provided by the donors. Commitment of recipient organisations was adequate to their roles in the project.

Findings and conclusions

No major changes occurred throughout the project implementation with respect to rationale. The issues tackled and the overall goals of the project showed a high degree of relevance.



Analysis of Project Activities

Description of activities

As proposed

To fulfil its objectives, the project envisaged a set of activities, which included:

- A four-day study trip for 20 Moldovan farmers to agrotourism households in Poland;
- Training sessions and individual assistance for 60 Moldovan farmers (including preparation of *Individual Plans of Farm Development*);
- Training session for 20 representatives of administration, NGOs, and institutions active in agrotourism development, covering local agro-tourism development, marketing, support for local products, local cooperation on agrotourism development;
- Awarding 15 financial grants of around €2,000 each towards costs necessary to run agrotourism activities;
- Information and promotional campaign including the creation of a project website, and the organisation of a conference; and
- Project management and support to local partners, including both technical (workshop on project management) and organisational assistance.

The proposed set of activities was consistent with the recipient's needs, and with the project rationale and objectives. The actions were also coherent with the donor's experience gained during previous agrotourism projects in Moldova, and intended to address identified bottlenecks. Importantly, the range of proposed activities promised a good potential impact on the recipient regions.

As implemented

Project components were implemented in their original format and within the time schedule. The implemented activities proved consistent with the objectives of the project and addressed in a targeted and efficient manner all recipients. Unfortunately, the relative divergence of participant groups in the various activities does not provide indications regarding the effectiveness of particular elements of the project. For example, not all of the farmers who were awarded grants had also participated in the study visit in Poland. Nevertheless, the number of farmers in this situation was too small to infer that the study tour could have been replaced by a different activity or that it could have been eliminated altogether.

The only activity that was not implemented as planned was the participation of six beneficiary representatives in an international tourism fair. Instead, following the project, members of the recipient communities participated in several fairs and conferences promoting their develop-

ment. The communities were included in national campaigns that promoted tourism in Moldova, and won the national prize for the most developed touristic area in the northern region (of five regions) of Moldova. This contributed to national and international awareness.

The project website became available at www.agromd.b4ngo.pl in three languages and was at the end of the project a source of information and experience sharing. The project could have also included training on internet website maintenance and updating. No members of the local communities were trained in related skills, decreasing the sustainability of the informational and promotion campaign.

The procedure for awarding grants was based on the Individual Plans for Farms Development prepared during training and individual assistance. The criteria for selection were: the feasibility and profitability of the investment, and overall quality and diversity in the communities. Many business plans applied for purchases of equipment, which would have enabled farmers to provide services at an appropriate level. Some of the local authorities opined during interviews that, had farmers received grants in a more concentrated region, the project's impact would have been larger and more practical. Such an approach could have created a touristic "village" permitting organised busses to transport tourists each weekend. This, however, would have lowered the sustainability of the project. First, awarding grants to beneficiaries belonging to several communities created potential long-term economic spill-over effects from their tourism activities. Second, the selection process of a concentrated area would have undermined the entrepreneurial drive of individual farmers.

Know-how transfer tools

As proposed

The project proposed several know-how transfer tools and supporting activities. The two main instruments were the study trip to agrotourism households in Poland (Podkarpackie Region) and the training sessions –workshops and individual assistance for farmers and for representatives of administration, NGOs, and other institutions active in the field of agrotourism development in Moldova. Additionally, the conference *Agrotourism and Ecological Agriculture in Moldova* gave participants the possibility to exchange experiences, interact with policy makers and lobby for their interests.

The primary purpose of the remaining activities of the project was to support these instruments and enhance the relevance and impact of the know-how transferred through them. They included:

- Informational and promotional campaign aimed to raise beneficiaries' awareness about agrotourism, and to create awareness among potential tourists;
- Recruitment process of project participants aimed to establish

Analysis of Project Activities

benchmarks and instill lessons about how to undertake such activities, especially for the local project partners;

- Technical and organisational support for local partners; and
- Grants for agrotourism households and related approval process.

The most important support activity was the award of grants. The Application Form of the project suggested that without it, the transfer of knowledge would have been impossible. The project proposed to award, as a pilot activity, 15 financial grants of around €2,000 each, depending on individual circumstances, for households' development. This meant to ensure that the trained farmers avoided the obstacle of insufficient financial resources when trying to run agrotourism households or start ecological agriculture practices. The grants' proposed worth was explained to equal the value of about 20 average monthly salaries in Moldova at the time. This amount was, thus, expected to accommodate expenses related to households' modernisation/decoration works and purchase of necessary equipment.

As implemented

The implementation of the project confirmed the appropriateness and efficiency of the know-how transfer tools used. No major changes occurred with respect to the application of the selected instruments. The use of support activities to maximise the impact of the transfer of know-how also appears highly appropriate and successful in the context of the project's objectives and the capacity of the beneficiaries. In particular, the combination of theoretical and practical training with financial grants seems to have been highly effective. While courses covered a wide range of areas, including sanitation or fiscal and juridical issues, most grants were used to enhance restrooms. Additionally, all interviewed beneficiaries reported to have appreciated the gained knowledge of business plan writing skills, whose impact would have been reduced in the absence of actual grants awarded through a competitive process.

Participation

As proposed

The project proposed to target three sets of beneficiaries: farmers and members of their households; representatives of administration, NGOs, and other institutions concerned with agrotourism; and staff of the two local partner organisations.

A recruitment process for potential beneficiaries was expected to result in a group of 80 individuals from the communities of Balti and Glodeni (60 farmers; 20 representatives of administration, NGOs, and other entities). Among them, 20 were supposed to take part in the four-day study trip to agrotourism households in Poland. All 60 selected

farmers would participate in the training and receive individual assistance to increase their skills in drafting the Individual Plans of Farm Development. Fifteen of them were supposed to receive financial grants for households' development.

In parallel, the 20 representatives of administration, NGOs, institutions interested in agrotourism development were targeted by a specialised training session. Similarly, the staff of Padurea Domneasca and Polonus would benefit from a workshop, and various working meetings dedicated to technical and project content-related know-how.

Lastly, the conference proposed by the project was meant to engage about 60 participants from all three beneficiary target groups of the project.

As implemented

Some minor variations occurred with regard to participation numbers without any major influence on project results. Most notably the conference attendance exceeded expectations by 55 per cent.

The transferred know-how was targeted for each set of beneficiaries, proving a thorough preparation of the project, and contributing to its effectiveness. Participation also yielded appropriate project impact: consistent with its aim not only in terms of the diversity of its participants, but also concerning their sheer number. With 80 direct beneficiaries and several other indirect ones (participants to the conference otherwise not involved in other activities), the project maximised its potential to attain its immediate and long-term goals.

Project implementation also paid special attention to the selection of beneficiaries. Transparency, especially with regards to the award of financial grants contributed, in and of itself, to the transfer of best practices. Publicising the winning Plans of Farm Development proved what the selection committee – formed of advisors, trainers, and representatives of the donor partners – considered most feasible. This also contributed to the project's sustainability as these benchmark Plans of Farm Development could serve to farmers applying for any other sources of financing.

Findings and conclusions

The project employed a correct selection of know-how transfer tools in relation to its objectives, the experience of the donor and the recipients' needs and capacity. The pilot activity of offering grants in support of know-how transfer proved very successful. Equally, the recipients' participation was apposite with respect both to project objectives and employed know-how transfer tools. Lastly, the diversification of the target group was coherent with the project rationale and objectives.

Assessment of Project Results

Description of results

As proposed

The project proposal envisaged the realisation of several results:

- Create awareness of the touristic heritage of the region among potential tourists and of the need for development among policy makers and other stakeholders;
- Enable participants to learn experiences and best practices of Polish agrotourism (developing and running agrotourism households, promotion and marketing of related services, local products, and ecological agriculture);
- Transfer relevant know-how to Moldovan farmers, representatives of administration, NGOs, and other institutions concerned with agrotourism;
- Ensure that insufficient financial resources did not pose obstacles to trained farmers when trying to run agrotourism or ecological agriculture activities; and
- Offer extensive technical and organisational support to local donor partners.

As implemented

All anticipated results were achieved and no major difficulties occurred throughout the implementation of project activities. The project also created added value in two ways: by offering a chance to Moldovan and Polish farmers to share knowledge during training sessions and the study trip; and through the establishment of new contacts, generating ideas for new activities, and a better understanding for potential future projects of the beneficiaries and of market needs.

The high interest of participants in the project, as shown by the increased participation in the training for farmers and in the conference, can be seen as a measure of success. The *Final Report* estimated that the audience reached by the informational and promotional campaign of

the project totalled about 3,000 people. This is of great importance given that the development of agrotourism in the regions of Balti and Glodeni cannot occur in the absence of awareness of potential tourists.

As a result of the proper use of the grants for farms' development, the project reduced the financial barrier, which would otherwise have hindered the sustainability and impact of the project. Despite an efficient transfer of the necessary knowledge and practices to properly set-up and run an agrotourism farms, in the absence of grants, beneficiary households would have been significantly less likely to meet the required minimum standards for potential customers.

Impact

As proposed

This project's *Application Form* defined its long-term impact as "support of balanced development of rural areas in the field of agrotourism and ecological agriculture in Moldova (regions of Balti and Glodeni)." It also stated that "in the long-term, mobility and activity of farmers and organisations interested in these fields would be remarkably higher." The approval and evaluation of grants for agrotourism households' development was the activity that was identified in the *Application Form* as potentially having a particularly significant long-term impact on beneficiaries.

As implemented

The project is expected to contribute in the long-term to increasing the living standards of farmers and development of the targeted regions. It indirectly contributed to one of the Millennium Development Goals by following the principles of sustainable development. Moreover, activating the local communities, by improving the living standards of beneficiaries, will increase public awareness, and thus, enhance the willingness of community members to participate in the creation of civil society.

The project's long-term impact (significant income increases from agrotourism activities and spill-overs to other community members) is yet to be observed. Nevertheless the immediate impact was linked to the purchase of equipment, which indeed led to a reported increase in economic activity. Although no statistics exist, farmers and local administrators gave an account of a slight rise in tourism directly linked to the developments introduced by this project – farms that benefited from grants reported the highest increase in the number of tourists. An estimate of the rise, however, was not provided.

Local authorities assessed that domestic tourists (the most significant group) amounted to three thousand to four thousand per year. Adequately, the entrepreneurs of Balti and Glodeni hoped to attract tourists, at least initially, during weekends rather than necessarily for extended periods of time. All interviewed subjects attributed the small overall increase of tourists in the regions to the absence of structured information and the uncertainty related to safety, personal security, and poor road infrastructure. Additionally, it appears there were still too few agrotourism enterprises that offered accommodations.

The CEI assessed that the combination of theoretical training, promotional activities, and investment grants created the highest impact. It is clear that the financial aid had a direct impact. Of the 16 farmers with winning business plans (an additional grant was awarded beyond the 15 originally envisaged), 12 had already been active in tourism; four started due to the financial help offered by this project. Two of the former 12 significantly extended their activities, although, they also benefitted from

Assessment of Project Results

additional (personal) funds. Only seven, of the total 16, offered accommodations at the completion of this project. Eight of the participants had also been part of previous B4 projects in the region.

The project also created employment, although it is difficult to estimate the exact amount of jobs directly related. Although, this is a unique case, one of the 16 grant-winning farms hired eight more employees, doubling its staff, following the project. In most cases, however, as these are family businesses, employment is a murky indicator, as all family members work on the farm without registering as legal employees.

Evidence also shows the impact brought about solely by the transfer of knowledge – as exemplified by households that participated in the training and that improved their already established agrotourism enterprises in spite of not qualifying for a grant from this particular project. Additionally, the intervention seems to have instilled a sense of community conducive to agrotourism. As the grants were mainly used to buy various materials, farmers cooperated with each other to make bulk purchases in Chisinau, where prices were cheaper. Apparently, due to the low volume of local sales, such materials would have been significantly more expensive if bought locally.

The decision of the donor to help farmers that were relatively spread out also suggests a higher impact relative to alternative approaches. This “contaminated” multiple communities with the skills learnt by the winning farmers, and also with direct benefits such as higher economic dynamism. The neighbours of the winning farmers were reported to have expressed interest in offering similar touristic services.

Interviewed recipients reported that the project’s most relevant benefits were the balance between theory and practice, the promotion of the region in media, and the lobby it created for their interests around national policy makers. Regarding the latter, it is worth mentioning that the Moldovan Law for Tourism did not, at the time of this evaluation, include any provisions for rural tourism. This project did not have any demonstrated impact on legislation, although a new set of laws was proposed since its completion. Local authorities in the targeted regions, however, strongly supported agrotourism as a potential contributor to development. Lastly, it is noteworthy that the impact of the awareness raising activities was very difficult to assess.

Sustainability

As proposed

The *Application Form* showed the donor’s concern in the choice of project activities with the longest-term impact and most sustainable results. The project appears to have aimed to create a domino effect of development in the communities of Glodeni and Balti (and in the even longer-term in Moldova, in general) by transferring highly replicable skills such as the drafting of business models, and by instilling a spirit of entrepreneurship. Additionally, it may be interpreted that enabling 15 households to wel-

come tourists and generate income, would spring the need for complementary services, generating further opportunities for growth in the communities. Lastly, B4 targeted many activities towards the two local partner organisations, as well as towards the administration, NGOs and other institutions capable of continuing the efforts of the project.

As implemented


The implementation of the project introduced no changes concerning the sustainability impact of its activities. A main area of sustainability is, as respondents reported, the gained knowledge of business plan writing skills. The approval and evaluation of grants for agrotourism households’ development was perceived in the *Application Form* as one of the most important in the whole project due to its potential long-term impact. Given the high number of participants and their relatively dispersed location, it was impossible to collect data on every single one of them. All interviewed participants, however, had used their acquired business plan writing skills to apply for other sources of funding since the completion of the project. Most of those interviewed reported that they obtained some, although limited, additional funding. The biggest problem that farmers reportedly faced in this process was the high rate of return required by the local banking system.

The business plan writing skills were also considered valuable by the interviewed institutional beneficiaries. Participants to their dedicated training included mayors and other local authorities, representatives of locally active and relevant NGOs, and representatives of the Ministries of Culture and Agriculture. Interviewees kept the project documentation and used them in their own training practices. At least one of the NGOs that participated had a national outreach and helped to foster entrepreneurship in tourism in about 500 small communities through 35 centres. Another one was present with projects in eight communities.

It is also noteworthy that both Polonus and Padurea Domneasca reported greater ease and confidence in pursuing new projects. The interviewed representatives attributed this to the know-how acquired through this project. Polonus, in particular, augmented the number of its projects following this one, although it did not disclose the rate of increase. Lastly, the B4 Association is working on activities that would enable it to continue the aims initiated by this project. The organisation applied to the Polish Ministry of Foreign Affairs and to other sources for grants that would be dedicated to Moldova.

Findings and conclusions

The anticipated results, impacts, and sustainability outcome were realistic and consistent with the abilities of the donors and the capacity of the recipients. The project’s impact is also visible in the large number and various natures of beneficiaries.



The documents in these methodological notes aim to shed more light on the process of impact assessment undertaken by the Office for the CEI Fund at the EBRD. They provide in great detail the description of the adapted OECD-DAC criteria used for the evaluation of each project. These criteria are expected to also enhance the regular and seamless post implementation evaluation procedure in the KEP project cycle. Additionally, this section provides greater detail in the rationale for the selection of the seven evaluated projects. The hypothesis that these projects represent a relevant cross section of the entire pool of 43 projects supported by the CEI Trust Fund is also demonstrated in this section. Lastly, this part of the publication concludes with the list of abbreviations and acronyms used throughout the text, as well as a glossary of terms commonly employed.

Methodological notes

CEI Criteria for the evaluation of KEP projects

When evaluating KEP projects it is useful to consider the following evaluation criteria, as laid out in the *DAC Principles for Evaluation of Development Assistance* and adapted for the purposes of the KEP evaluation of selected projects:

Relevance

Concerning transfer of know-how projects, relevance is defined as the extent to which the project objectives and activities are suited to the priorities and policies of the target beneficiary and of the CEI, and to the know-how of the donor. Relevance also measures whether the perceived need of the beneficiary is significant and suitable to address given its background and capacity level. In brief, relevance pertains to:

- i. The extent to which the expected achievements (stated objectives) are suited to the priorities and policies of the target beneficiary and of the CEI, and to the know-how of the donor.
- ii. The extent to which the perceived need of the beneficiary is significant and suitable to address, given its greater transition context.
- iii. The level of fit to which the proposed activities and expected achievements (stated objectives) match the CEI KEP guidelines.
- iv. The extent to which the expected achievements address the perceived need of the beneficiary.
- v. The extent to which the expected achievements address the general conditions (context) of the beneficiary.

In evaluating the relevance of a KEP project, it is useful to consider the following questions:

- To what extent was the initially perceived need of the beneficiary significant to its general transition context?
- Are the activities and expected outputs of the project consistent with the CEI KEP overall goals and the attainment of its objectives?
- Are the activities and expected outputs of the project consistent with the intended impacts and effects?

Effectiveness

Effectiveness, in the context of know-how exchange, measures the extent to which a project attains its expected achievements. This criterion gauges both the know-how transferred by the donor during project implementation and the activities employed in the actual transfer of knowledge. In brief, effectiveness pertains to:

- i. The extent to which a project attains its expected achievements.
- ii. The extent to which the intervention proposed and the know-how transferred by the donor addressed the perceived need of the beneficiary and its greater context.

In evaluating the effectiveness of a KEP project, it is useful to consider the following questions:

- To what extent were the expected achievements accomplished/are likely to be accomplished?
- To what degree did the know-how of the donor and the intervention undertaken match the perceived need of the beneficiary?
- To what degree was the intervention undertaken appropriate to the beneficiary's general context of legal provisions and broad risks?
- What were the major factors influencing the achievement or non-achievement of the initially expected results?

Efficiency

Efficiency measures the results – qualitative and quantitative – in relation to the intervention undertaken. This is not simply an economic term ensuring that the KEP project uses the least costly resources possible in order to achieve the desired results. It mostly concerns the tools of the know-how transfer. As such efficiency checks that the most appropriate activities (training, seminars, study tours, etc) have been undertaken to achieve the project's outcomes. This generally requires comparing alternative tools of know-how transfer available to the donor and which might have achieved results more efficiently.

When evaluating the efficiency of a KEP project, it is useful to consider the following questions:

- Was the project implemented (transfer of know-how) in the most efficient way compared to alternative modes of implementation available to the donor?
- Did the activities undertaken address the most appropriate receptors of know-how in the beneficiary?
- Did the activities undertaken address the general context of the beneficiary in the most appropriate way?
- Were objectives achieved on time?
- Were activities generally consistent with the budget (cost-efficient)?

Impact

Concerning transfer of know-how projects, impact refers to the positive and negative changes produced by an intervention directly or indirectly, intended or unintended. This involves the main impacts and effects resulting from the activities undertaken on social, economic, environmental, and other development indicators. The examination should be concerned with both intended and unintended results and must also include the positive and negative impact of external factors, such as changes in terms of trade and financial conditions.

When evaluating the impact of a KEP project, it is useful to consider the following questions:

- What has happened as a result of the transfer of know-how?
- What real difference have the activities undertaken made to the beneficiaries?
- How many people have been affected?
- Did activities target the most appropriate groups?

Sustainability

Sustainability measures whether the benefits of a KEP project are likely to continue after know-how has been transferred, and donor and CEI funding has been withdrawn. Projects need to be environmentally as well as financially sustainable, although the most important dimension of this criterion remains the level of depth to which the transferred know-how gains in the beneficiary's environment.

When evaluating the sustainability of a KEP project, it is useful to consider the following questions:

- To what extent did the benefits of a project continue after know-how transfer ceased?

- How far reaching was the dissemination of know-how and what were its effects at other levels than the anticipated ones?
- To what extent did the activities undertaken give the beneficiary independence in dealing with the project specific perceived needs?
- What were the major factors which influenced the achievement or non-achievement of sustainability of the project?

These definitions point out an important aspect in evaluations of KEP projects. The perceived need of the know-how beneficiary does not include the risks and potential barriers existing in its country and inherent to transition processes. However connected these two dimensions of the beneficiary's context may be, they should be delineated. The actual and specific deficiency of the beneficiary influences, for example, the effectiveness of the intervention. On the other hand, the greater transition context of the beneficiary influences the impact and sustainability of the project.

Another necessary clarification subsequent to the previous definitions concerns the difference between the know-how of the donor and the employed means of transferring it to the beneficiary. These two components have different roles in the evaluation of a KEP project. Whether the know-how of the donor is appropriate for the perceived need of the beneficiary gives indications about a project's effectiveness. Efficiency, on the other hand, is almost entirely a function of the tools used to transfer know-how to the beneficiary.

Lastly, it should be noted, that relevance, effectiveness, and efficiency are mostly dependent on KEP variables. The impact and sustainability of a know-how transfer, however, may rely on various external conditions, such as the legal context of the beneficiary's country, the stability of the economy, the political climate, or the availability of funds.

Rationale for project selection

Description of the characteristics of the seven selected projects in comparison with the pool of 43 KEP assignments.

This evaluation took into consideration seven projects. Special importance was given to the relevance of these projects, in order to generate findings and conclusions pertinent to the entire KEP programme. This section analyses the relevance of the seven selected projects versus the population of 43 projects that the Programme had undertaken during its first six years of operation.

Financing

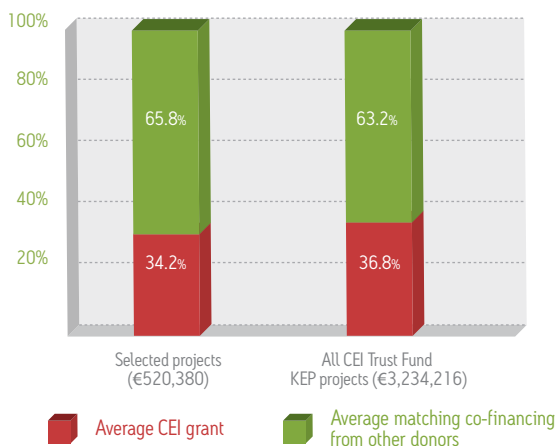
The seven projects selected for this evaluation represent a total investment (grant) of €520,380. Compared with the €3.2 million disbursed by the entire KEP programme, this figure represents 16 per cent. This proves how evenly distributed the value of the projects is among their peers – in terms of number of projects, the seven assignments represent 16 per cent of the total 43 projects supported by the CEI Trust Fund. The ranges and averages of total costs further demonstrate this distribution. The seven projects' distribution of total cost ranges between €25,992 and €117,712 with an average of €74,340. The total costs of all 43 projects range from €8,523 to €240,150, with an average of €75,214.

The Central European Initiative's direct contribution for the seven projects selected is of €150,556. Following the trend of even distribution, this amount of Euros represents 14 per cent of the aggregate CEI grants contributed to KEP projects. As in the case of total project costs, the ranges and averages of CEI grants also indicate the relevance of the select-

ed projects. Their related grants range from €12,092 to €33,900, with an average of €21,508. The CEI grants of all 43 projects range from €1,660 to €40,000, with an average of €25,825.

When reported in terms of the percentage of the total cost of a project (see Chart MN.1), the CEI grants for the seven selected assignments average 34 per cent. This figure is once again coherent with the overall average percentage of CEI grant to total cost of funded projects, which represents 37 per cent. These two percentages are in line with the CEI KEP guidelines of funding up to 50 per cent of any eligible project.

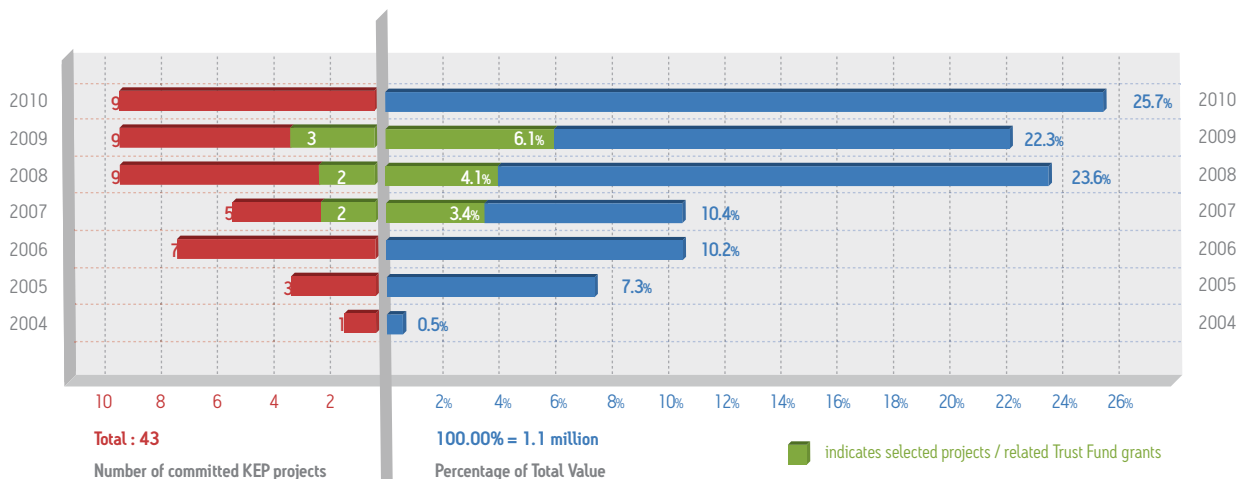
Chart MN.1 Average CEI contribution to the projects' cost for the seven selected projects and for all 43 KEP projects funded by the CEI Trust Fund



Distribution by year of project approval

In order to ensure accuracy of evaluation, the projects were selected from the period 2007 to 2009. Started at the end of 2010, this assessment could not consider any projects committed during that year as none had been completed. The selection, however, follows closely the trend of the Programme, which approved 53 per cent of its projects during these three years. Chart MN.2 shows the distribution by year of all KEP projects and of related CEI Trust Fund grants. The chart also highlights the distribution in time of the selected projects and their related Trust Fund grants.

Chart MN.2 The distribution by commitment year of the number of KEP projects and associated Trust Fund grants; selected assignments highlighted



Areas of intervention

The seven projects selected for this evaluation represent all four KEP areas of intervention. The sectors of capacity building, sustainable agriculture, and sustainable energy are represented each by two projects, while one of the projects selected created an impact in the area of enterprise development. These numbers differ slightly from the overall distribution of the 43 KEP projects funded between 2004 and 2010 (shown in Chart 1.3, Chapter 1). In terms of disbursed funds, the CEI grants toward capacity building top the list of the seven projects, by 38 per cent (€57,149). CEI grants toward sustainable energy assignments follow with 29 per cent of the aggregate CEI Trust Fund grants for the selected pool, or €44,079. This selection seemed adequate, due to the focus placed in recent CEI Trust Fund strategies on energy efficiency and environment project components across all sectors of operations. Charts MN.3 and MN.4 show the comparative distribution of projects and CEI grants by areas of intervention for the entire Programme and for the selected projects.

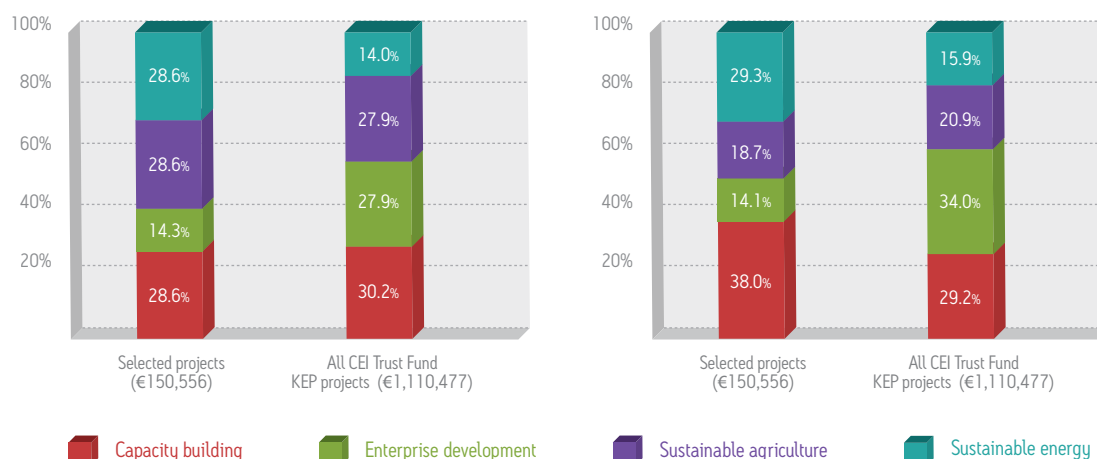
Countries of beneficiaries

The seven evaluated projects addressed beneficiaries in five of the nine eligible countries of intervention for the KEP: Bosnia and Herzegovina, and Serbia each through one project; and Albania, Moldova, and Ukraine each through two projects. One of the selected projects targeted recipients in two countries – Moldova and Ukraine. This distribution (see Chart MN.5) is somewhat reflective of the distribution of the entire pool of KEP projects according to countries of beneficiary institutions (see Chart 1.1, Chapter 1). Albania, Moldova and Serbia are among the countries with most KEP intervention recipients, followed closely by Ukraine. Topping the list of countries in which recipients have received most KEP grants, Moldova also stands out among the five countries targeted by the selected projects, with disbursements of €226,774. The country in which recipients received the highest amount of CEI grants associated with the seven selected projects is Albania (€65,887). The country is the third largest receiver of KEP funds, both in terms of total project costs and CEI Trust Fund related grants.

The selection of the projects for the current evaluation strived to focus on projects targeting the countries in which the KEP will focus in the following years. Following the European Union priorities, the CEI

Chart MN.3 Distribution by area of intervention of the seven selected projects and of all 43 KEP projects funded by the CEI Trust Fund

Chart MN.4 Distribution by area of intervention of the CEI grants related to the seven selected projects and to all 43 KEP projects funded by the CEI Trust Fund



Plan of Action 2010-2012 particularly emphasized contributions towards the Western Balkan states and the European Neighbourhood Policy states of Belarus, Moldova and Ukraine. This is why these two geographic regions will make the focus of the KEP in the following years and are the target of all selected projects for this current evaluation. No projects transferring know-how towards Bulgaria and Romania have been selected for this evaluation because the two countries graduated to become know-how donors along with the other CEI-EU member states.

Donor characteristics

In two of the projects analysed, the CEI supported the contribution of a major international organism. This number should be compared with the 29 per cent of the total KEP projects which also supported major international organisms – the Organisation for Economic Co-operation and Development (OECD), the Assembly of European Regions (AER), and the Food and Agriculture Organisation of the United Nations (FAO). The other projects were initiated by academic institutions, non-govern-

mental organisations, and bodies with both public and private capital.

The distribution of the selected projects according to the origin of know-how (see Chart MN.6) is further proof of how exponential the seven projects are for the entire KEP programme. As such, Italian and Polish know-how, which had each generated projects worth more than €1 million (see Chart 1.2, Chapter 1), also facilitated most of the evaluated projects. Three of the selected projects transferred Italian know-how, while two of them transferred Polish knowledge. Combined expertise from the two countries made available another one of the evaluated projects coordinated by the Food and Agriculture Organisation of the United Nations (FAO). Lastly, the evaluation team selected a project in which the CEI supported the contribution of the Assembly of European Regions (AER). The know-how transferred through this project came from Hungary and Romania.

The choice of these projects was also motivated by the increasing availability of know-how from new EU member states. As more organisations from these countries are willing to transfer expertise to the CEI KEP beneficiaries, an evaluation of projects generated in this way is highly germane.

Chart MN.5 Distribution of the number of selected KEP projects, the amounts committed by the CEI Trust Fund at the EBRD and the projects' total costs according to the country of recipients

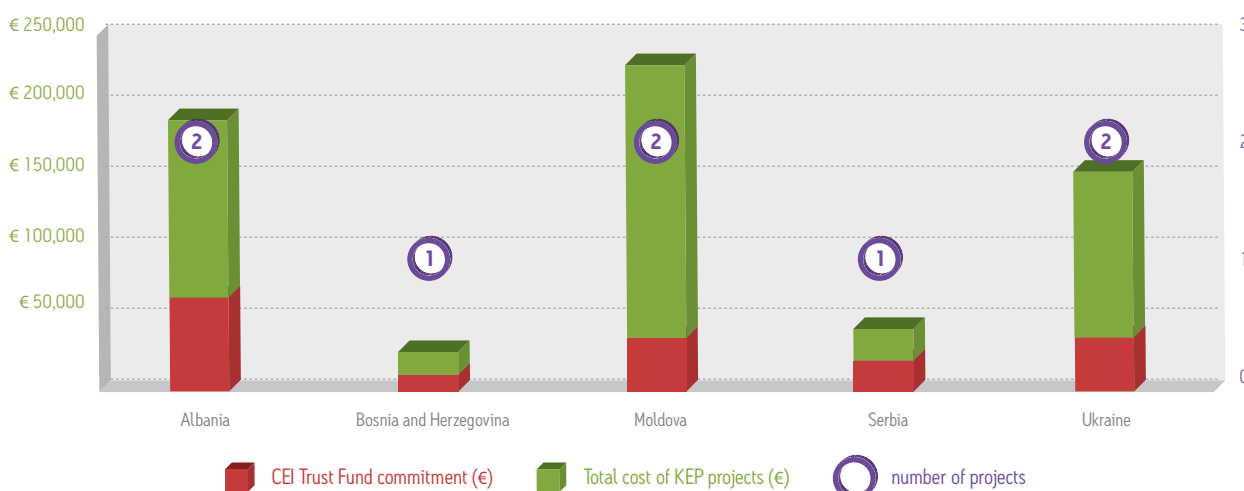


Chart MN.6 Distribution of the number of selected KEP projects, the amounts committed by the CEI Trust Fund at the EBRD and the projects' total costs according to the country of know-how origin



The number of projects which transfer Italian know-how continues to top the distribution of the KEP projects. Nevertheless, expertise exclusively from the CEI new EU members enabled 16 projects (37 per cent) of the 43 projects of the Programme. The total value of these projects represents €1,222,361 (38 per cent of the total cost of all 43 projects). On the other hand, the aggregate CEI grants associated with these projects represents merely 28 percent of their total cost. This suggests availability of funds for KEP-type activities in these countries.

Furthermore, donor institutions from CEI new EU member states

contributed know-how, along with partners from Italy and/or Austria – the CEI 'old' EU members, to an additional 11 other projects. This means that institutions from the seven CEI emerging donors contributed, altogether, know-how to more than 62 per cent of the KEP projects supported by CEI Trust Fund. This percentage reflects both the number of projects and their total cost. Lastly, the trend is further reinforced by the 16 per cent of projects which benefited from knowledge of experts from Bulgaria and Romania, albeit in collaboration with donors from other countries, only since their accession to the EU in 2007.

Abbreviations and acronyms

ADC.....	Austrian Development Cooperation
AER.....	Assembly of European Regions
BIC.....	Business innovation centre
CEFTA.....	Central European Free Trade Agreement
CEI.....	Central European Initiative
CFLI.....	Consortium for Intermodal and Logistics Training of the Port of Venice, Italy
CNC.....	Committee of CEI National Coordinators
DPA.....	Durres Port Authority, Port of Durres, Albania
EBRD.....	European Bank for Reconstruction and Development
EU.....	European Union
FAO.....	Food and Agriculture Organisation of the United Nations
GIS.....	Geographic Information Systems
ICC.....	International Chamber of Commerce
ICT.....	Information and communication technology
IFI.....	International financial institution
KEP.....	Know-how Exchange Programme
NGO.....	Non governmental organisation
OECD.....	Organisation for Economic Co-operation and Development
OECD-DAC.....	The OECD Development Assistance Committee
SME.....	Small and medium sized enterprises
TC.....	Technical cooperation
UNDP.....	United Nations Development Programme
WM.....	Wholesale market
WTO.....	World Trade Organisation

Glossary - Country Groupings

EU CEI member states	Austria, Bulgaria, Czech Republic, Hungary, Italy, Poland, Romania, Slovak Republic, Slovenia
Non-EU CEI member states	Albania, Belarus, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia, Ukraine
Western Balkan countries	Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia
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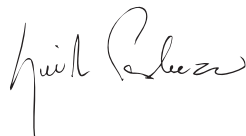
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