Special Report No 16 // 2009

THE EUROPEAN COMMISSION'S MANAGEMENT OF PRE-ACCESSION ASSISTANCE TO TURKEY

(pursuant to Article 248(4), second subparagraph, EC)
A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (http://europa.eu).

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DID THE EUROPEAN COMMISSION ENSURE THAT THERE WAS AN EFFECTIVE SYSTEM OF PERFORMANCE MONITORING AND EVALUATION?

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REPLY OF THE COMMISSION

Special Report No 16/2009 — The European Commission’s management of pre-accession assistance to Turkey
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ABBREVIATIONS

AP: Accession Partnership
CFCU: Central Finance and Contracts Unit
DIS: Decentralised Implementation System
EADP: Eastern Anatolia Development Programme
EU: European Union
EUSG: European Union Secretariat-General
IPA: Instrument for Pre-Accession Assistance
JMC: Joint Monitoring Committee
MIPD: Multi-annual Indicative Planning Document
NP: National Programme
RACER: Relevant, Accepted, Credible, Easy and Robust
SMART: Specific, Measurable, Achievable, Relevant and Timely
TPA: Turkey Pre-Accession Assistance
SUMMARY

I.
Since 2002, pre-accession assistance to Turkey has funded the implementation of projects aimed at supporting Turkey in its efforts to meet the conditions required for accession to the European Union (see paragraphs 1 to 7).

II.
The audit addressed the following three questions (see paragraph 8):

(a) Did the European Commission ensure that EU assistance was directed to the projects that add most value in achieving the EU’s Accession Partnership priorities?

(b) Did the European Commission ensure that the decentralised implementation system resulted in timely and successful achievement of project outputs and objectives?

(c) Did the European Commission ensure that there was an effective system of performance monitoring and evaluation?

III.
The Court’s audit examined a sample of completed projects, the system for programming new projects, and the functioning of the decentralised implementation system (see paragraphs 9 to 10).
IV. The first pre-accession assistance period (TPA 2002–06) suffered from many of the weaknesses common to previous pre-accession programmes: excessive delays, implementation problems, inadequate monitoring and evaluation (see paragraphs 36 to 42 and 53 to 61).

V. Nevertheless, the projects audited achieved their intended outputs and the Court assesses their results as likely to be sustained in the future (see paragraphs 48 to 52).

VI. The Commission has introduced measures aimed at addressing many of the weaknesses in the decentralised implementation system, in particular since the introduction of the new instrument for pre-accession assistance (IPA 2007–13). Although this has already improved the selection process, the full impact of these changes can only be assessed as the IPA projects are implemented in the coming years (see paragraphs 19, 30 to 34 and 43 to 47).

VII. However, the Court identified that the Council and Commission strategy documents were insufficient in directing the EU assistance towards an achievable set of objectives within the pre-accession process. Moreover, the strategic and project objectives were not sufficiently specific to allow assessment of the project outcomes. The Commission did not have the information to demonstrate the effectiveness of the pre-accession assistance (see paragraphs 11 to 19 and 53 to 63).

VIII. On the basis of these observations, the Court recommends that the Commission address the remaining weaknesses in overall programming and performance management (see paragraphs 65 to 71).

Photo 1: One of the audited projects contributed to the overall objective of improving Turkish maritime safety and sea pollution prevention in line with EU requirements.

Source: European Commission.
INTRODUCTION

1. Turkey is currently one of three candidate countries for membership of the EU, along with Croatia and the former Yugoslav Republic of Macedonia. For each candidate country the EU has an Accession Partnership. The Accession Partnership for Turkey was adopted in 2001, and updated in 2003, 2006 and 2008. This is the Council decision that sets out the EU’s Accession Partnership priorities for Turkey to address in order to make progress in accession negotiations.

2. In order to help candidate countries face the challenges of European integration and implement the reforms needed to fulfil the criteria for EU membership, the EU provides financial support. Each year a national programme is drawn up which lists the projects to be implemented.

3. For Turkey, the 2002 to 2006 national programmes were funded under the Turkey Pre-Accession Assistance (TPA) scheme (see Table 1). TPA was replaced from 2007 by the Instrument for Pre-Accession Assistance (IPA).

| TABLE 1 |

EU-FUNDED PROJECTS AND ANNUAL BUDGETS UNDER TPA

<table>
<thead>
<tr>
<th>National programme</th>
<th>Number of projects</th>
<th>Budget allocation (million euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>18</td>
<td>126</td>
</tr>
<tr>
<td>2003</td>
<td>26</td>
<td>145</td>
</tr>
<tr>
<td>2004</td>
<td>38</td>
<td>237</td>
</tr>
<tr>
<td>2005</td>
<td>38</td>
<td>278</td>
</tr>
<tr>
<td>2006</td>
<td>44</td>
<td>463</td>
</tr>
</tbody>
</table>

4. The IPA for Turkey for the 2007–13 period was set at 4 873 million euro. It consists of five components, the largest of which is Component I: Transition Assistance and Institution Building, with an allocation of 1 665 million euro. This is a key component of the EU’s assistance to meet the political and economic criteria (as defined at the Council meeting in Copenhagen in June 1993) and implement the *acquis*, which are indispensable conditions for EU accession.

5. While the Commission retains overall responsibility for the management of the pre-accession assistance, the TPA and IPA are managed by Turkish authorities under a decentralised implementation system (DIS). The main beneficiary of each project (usually a ministry or other public body) is responsible for proposing project ideas, specifying the requirements and then for managing the project activities. New Turkish institutions were set up: the EU Secretariat-General (EUSG), responsible mainly for project identification and monitoring, and the Central Finance and Contracts Unit (CFCU), which is the contracting agent for all EU-funded projects.

6. The Commission was responsible for giving approval (accreditation) to the DIS institutions and the project management system before they could become operational. The Commission also approves the annual national programme (comprising the individual projects selected for EU funding), and the Commission’s staff in Ankara give prior approval for the tendering and contracting.

7. The Joint Monitoring Committee (JMC) for Turkey monitors the functioning of the DIS. It is chaired jointly by the Commission and the Turkish authorities and includes senior representatives of all the relevant bodies.
8. The objective of the audit was to assess how well the Commission managed the pre-accession assistance to Turkey in terms of the following questions:

(a) Did the European Commission ensure that EU assistance was directed to the projects that add most value in achieving the EU’s Accession Partnership priorities?

(b) Did the European Commission ensure that the decentralised implementation system resulted in timely and successful achievement of project outputs and objectives?

(c) Did the European Commission ensure that there was an effective system of performance monitoring and evaluation?

9. The Court audited a sample of 11 of the 82 TPA projects from the 2002 to 2004 national programmes (NP), as projects from more recent years were not complete at the time. The projects were examined to assess the extent to which they had delivered their outputs and met their objectives. This examination also provided evidence of the types of weaknesses in the programming, implementation and monitoring systems. The sample covered a range of projects in terms of nature, size and geographical location. The simplest project in the sample consisted of a single contract, while the largest project had 312 grants. The value of the EU funding within the sampled projects ranged from 1.5 to 45 million euro (see Annex I).
10. The audit also examined the strategic planning and the procedures for selecting new projects for the first programming year (2007) of Component I of the IPA, until December 2008. This component was selected as it was the largest of the five components (52% of the total 2007 budget for Turkey) and the most comparable with the TPA.

Map of Turkey — showing the on-the-spot audit sites

Source: European Court of Auditors.
11. Accession Partnership priorities are not only to be addressed through EU assistance, but also from national resources and other donor assistance, and through national policy and legislation.

12. The Court examined the strategy documents and the programming system operating for the 2007 national programme to assess whether the Commission had a systematic approach to direct the EU financial assistance to where it could add most value in achieving the priorities.

13. The Financial Regulation\(^5\) requires SMART (specific, measurable, achievable, relevant and time-bound) objectives to be established for all policy measures covered by the EU budget. They should be set out in the annual activity statements\(^6\) as part of the activity based budgeting and management processes. However, the Commission did not include such objectives in the activity statements for pre-accession expenditure in Turkey.

14. The 2006 Accession Partnership had 236 priorities for Turkey to meet the acquis requirements and address the Copenhagen criteria. There was no indication of the relative importance of the priorities listed; the only differentiation was in their timescale. The 2006 Accession Partnership indicated that short-term priorities should be achieved within one or two years and medium-term priorities within three to four years.

15. The Accession Partnership priorities were not consistently stated in specific, measurable terms. It proved to be unrealistic to achieve them all within the time periods specified in the Council decision.
16. In 2007, the Commission assessed the extent to which Turkey had met Accession Partnership priorities. This revealed that Turkey had already met some 60 priorities, 30% of those due to be met according to the timeframes set in the Accession Partnership. The Court’s analysis confirmed this. Of the 2006 short-term priorities, 67% were also found in the 2008 Accession Partnership indicating that they had not been completed within the planned timeframe (Table 2).

17. For example, the 2001 Accession Partnership set a priority for the ‘fight against organised crime, drugs, trafficking in persons, fraud, corruption and money-laundering’ to be achieved within two years. This has been repeated in every subsequent Accession Partnership. The two year timescale was clearly not achievable for a priority of such magnitude.

18. In response to each Accession Partnership, Turkey is expected to develop a plan with the measures foreseen. These plans do not specify the activities for which EU financial assistance would be required.

### Table 2: Comparison of 2006 AP and 2008 AP Short-term Priorities

<table>
<thead>
<tr>
<th>Description</th>
<th>2006 AP</th>
<th>2008 AP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Of the 2006 AP short-term priorities:</td>
<td>155</td>
<td>139</td>
</tr>
<tr>
<td>80 (52%) were repeated with little or no change in the 2008 AP.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 (15%) were repeated in the 2008 AP but with more precise or strengthened wording.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>51 (33%) were not included in the 2008 AP.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35 of the 2008 AP short-term priorities were new or were previously medium-term priorities.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
19. In 2007, the Commission introduced a Multi-annual Indicative Planning Document (MIPD). This is a broad strategy document intended to set the main priorities that should be addressed with the IPA funds over the following three years. The MIPD is an essential tool for this purpose and has potential to better direct EU funding. However, the level of aggregation limited how specific it could be. For some areas, the document did little more than restate the relevant Accession Partnership priorities, and in one case summarised seven priorities in a single point: ‘Strengthening of legal and judicial protection of religious freedoms’. Consequently, the MIPD did not define the objectives for EU funding in a more specific, measurable or achievable manner than the Accession Partnership.

PROJECT SELECTION

20. Projects are considered for selection jointly by the Turkish authorities and the Commission, and included in a financing agreement signed by both parties after adoption of the corresponding national programme by the Commission.

21. The Court assessed whether the project selection process ensured that financed projects:

(a) directly addressed Accession Partnership priorities;
(b) had specific objectives and provided for performance monitoring;
(c) were well planned and feasible to implement.

PROJECT SELECTION UNDER TPA WAS NOT RIGOROUS ENOUGH

TPA project selection was not sufficiently guided by the Accession Partnership priorities

22. An effective process is necessary to ensure that the bottom-up project identification introduced with the DIS results in projects being developed and approved that are designed to achieve Accession Partnership priorities.
23. The Court’s audit of the projects from the 2002–04 national programmes found that there was no such process at that time, and for one of the 11 projects there was no corresponding Accession Partnership priority§. While this was clearly a worthwhile project (see paragraph 51 and Textbox 5), there was no mention of the need for it anywhere in the Accession Partnership and at the same time, there were over 100 other priorities for which no projects were selected. The objectives and scope of a further four of the audited projects§, did not directly address Accession Partnership priorities.

TPA project objectives and indicators were insufficient for performance monitoring

24. For every project included in a national programme a full project description known as a project fiche is required. These should set out the project’s objectives, expected results and objectively verifiable indicators as well as implementation milestones.

25. The Court tested project fiches to check whether project objectives and expected results were SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) and the indicators for monitoring the project’s performance were RACER (Relevant, Accepted, Credible, Easy, and Robust).

26. Although the project fiches provided the basis of a performance monitoring system, the Court found that only two of the 11 projects (Consumer Protection and Probation Service from the 2004 NP) had SMART objectives and RACER performance indicators. The probation service project fiche, for example, set seven indicators to measure the impact of probation as an alternative to prison sentencing.

§ The project involved creating a probation service as part of the Turkish prison reform to provide a range of services to the judicial authorities and to the prison service. In this new system, an alternative to prison was introduced giving the opportunity for offenders to serve their sentences in the community.

§ Police Forensic, Cultural Rights, Road Transport, and the Eastern Anatolia Development Programme.
27. The absence of baselines — the starting point against which to measure improvement — made any assessment of the extent to which projects achieved their objectives almost impossible. **Textbox 1** shows that the Eastern Anatolia Development Programme’s component objectives could have been measurable. However, the *project fiche* gave neither indicators, nor baselines against which to demonstrate achievements, or set any targets.

**EASTERN ANATOLIA DEVELOPMENT PROGRAMME (EADP)**

The 45 million euro EADP had four components whose objectives were:

- **Agriculture**: Improve rural people and organisations’ agricultural capacities, income levels and quality of life in the programme area. (No indicators or baseline data on agricultural capacity, incomes, etc. were given.)

- **SME**: Stimulate small and medium-sized enterprise activity by capacity building at both central and local level in the application of new methodologies to long-term innovative regional development. (No indicators or baseline data on SME activity were given.)

- **Tourism**: Promote the region as a national and international tourist destination and help preserve the natural and historical sites. (No indicators or baseline data on national/international tourist numbers were given.)

- **Social Development**: Redress the balance in favour of women’s access to literacy and income generating activities. (No indicators or baseline data on women’s participation were given.)
TPA project feasibility was not sufficiently considered

28. Once project objectives have been determined, the equipment, facilities, actions and activities to be undertaken within the project have to be specified. Of the 11 audited projects, only two fully established the specific project requirements: maritime safety from the 2002 national programme and tax administration from the 2004 national programme. Specifications for the other nine projects were inadequate to varying degrees.

29. For example, in the phytosanitary acquis project, the facilities to be provided by the Turkish authorities had not been given due consideration. It was found only after the project had started that totally new buildings and significant changes in working practices would be required. This scale of work could not be undertaken within the budget and timescale established for the project. As a result, the project did not achieve the intended laboratory accreditation, though the EU-funded equipment and training were delivered as intended.

THE PROJECT SELECTION PROCESS IMPROVED WITH THE INTRODUCTION OF THE IPA

30. The Court’s audit of the project selection process for the 2007 national programme found that the Commission had introduced systematic and documented checks on each project proposal prior to it being considered for inclusion in the programme.

31. As an illustration, checks were made at an early stage that the project corresponded to a priority stated in the MIPD and the Accession Partnership. Project proposals where correspondence could not be established were rejected.
32. The Commission also recognised the need to improve indicators in order to better measure the achievement of project objectives and introduced checks on their quality. Guidance was given to the beneficiaries on how to define clear objectives and indicators to measure them.

33. In addition, the Commission obliged the Turkish authorities to prepare needs assessments or feasibility studies for each project, and introduced checks to ensure that this was done. The Commission recommended an economic assessment (usually in the form of a cost–benefit analysis) of investment projects. It also required market studies for the supply components of proposed projects to assess the real necessity and the appropriate budget for equipment. The Commission gave guidance to the Turkish authorities on how to prepare such studies.

34. The Court’s analysis showed that the new measures had been followed for the 2007 national programme, but there was still room for improvement in their application. Project proposals were not assessed for how effective and efficient they were likely to be in achieving a priority. Such an assessment would allow meaningful comparison between alternatives and the selection of projects likely to have the greatest impact.

35. The new measures should enable the Commission to select projects in a way that would reduce the problems noted in the audit of the 2002–04 national programme projects. However, the impact of the improvements can only be completely assessed when the 2007 national programme projects are fully implemented (2012).

DECENTRALISED IMPLEMENTATION SYSTEM (DIS)

36. The DIS provides the legal and administrative framework for the Turkish authorities to manage EU-funded projects under Commission supervision. This requires appropriate and adequately resourced administrative bodies — i.e. the EUSG and CFCU (see paragraph 5) — and sufficient beneficiary capacity to implement projects.
37. The Court assessed whether the DIS successfully managed the projects through:

(a) timely implementation of the audited projects from the 2002–04 national programmes;

(b) achievement of the intended outputs, and potential for sustainable outcomes.

THE DIS DID NOT ACHIEVE TIMELY IMPLEMENTATION OF THE PROJECTS AUDITED BUT REMEDIAL ACTION HAS SINCE BEEN TAKEN

38. In 2003, the Commission assessed the capacity of the DIS structure and staffing as satisfactory and gave approval for the DIS to implement the TPA on this basis. However, in practice the DIS had insufficient qualified and properly trained staff to process the volume of budget and projects adopted in the 2002–04 National Programmes, (see Textbox 2). Despite this, the Commission adopted national programmes with increased financial amounts and numbers of projects each year (see Table 1).

TEXTBOX 2

EXAMPLES OF DELAYS CAUSED BY INSUFFICIENT DIS STAFFING AND EXPERIENCE

Road Transport project from the 2004 National Programme

The technical specifications were drafted at the end of 2004, but due to staff shortages it took the CFCU seven months to provide its comments. In total, finalising and approving the tender documents took more than a year and a half.

Phytosanitary acquis project from the 2002 National Programme

The contract preparation for the technical assistance for the project took a year in total, with 10 draft versions because of the beneficiary’s inexperience in drafting such contracts. This delayed the technical assistance by some 11 months.
39. In response to the backlog, the CFCU prioritised the tendering and contracting for the older projects so as not to miss the contracting deadlines and thereby lose the EU financial allocation. The result was that the current year projects did not progress as planned, leading to systematic delays\(^\text{11}\). As a consequence, the implementation period for every TPA national programme from 2002 to 2005 had to be extended by one year. Part of the 2006 NP also had to be extended.

40. The Court identified that the DIS did not achieve timely implementation for 7 of the 11 projects audited from the 2002–04 national programmes and did so only partially for the other four projects.

41. The first step in the implementation of a project is tendering, which can commence once the Commission has approved the national programme. Seven of the projects audited were not ready for tendering at that stage: the beneficiary ministry had not sufficiently prepared the project specification and other documentation to be able to publish the tender notices required to find suitable contractors. For example, there was a delay of 17 months from the approval of the project in the 2004 national programme to tendering for both the Customs Modernisation and the Cultural Rights projects.

\(^{11}\) Previous Court reports found similar problems in pre-accession assistance:
- Special Report No 4/2006 concerning Phare investment projects in Bulgaria and Romania;
- Special Report No 5/2004 concerning Phare support to prepare candidate countries for managing the Structural Funds;
- Special Report No 6/2003 concerning twinning as the main instrument to support institution-building in candidate countries.

**TEXTBOX 3**

**CUSTOMS MODERNISATION PROJECT FROM THE 2004 NATIONAL PROGRAMME**

The 2004 NP was approved in January 2005. The procurement notice for vehicles and equipment (including x-ray scanners) was not published until 31 August 2006 and the contract was concluded on the last possible day, i.e. on 30 November 2006. Two of the procurement lots had to be cancelled because the offers had not met specifications. As there was no time to relaunch the tendering procedure, the delays resulted in the cancellation of some 3.7 million euro (21 % of total equipment budget of 18 million euro). The Commission had to grant a one-year extension of the implementation period (to 30 November 2008) to enable the remaining part of the project to be completed.
42. The contracting phase comprises the examination of the offers received, the selection of the contractor and the signature of the contract. This is mainly the CFCU’s responsibility. None of the supply contracts from the audited sample were signed according to schedule. Delays in tendering or contracting cause a corresponding reduction in the remaining time available to execute the project activities, which had significant consequences for some of the projects (see Textbox 3).

Photo 2: For the Customs Modernisation project, the EU-funded scanners at ports and border posts to examine vehicles for illegal trafficking of humans, drugs and guns.

Source: Turkish Customs Authority.

Photo 3: Suspicious contents detected by the EU-funded scanners.

Source: Turkish Customs Authority.
43. Following the problems that arose from low staffing levels at the CFCU, the Commission made approval of the 2005 and 2006 national programmes conditional on increased staff levels at the CFCU: to 80 for the 2005 national programme and 100 for the 2006 national programme.

44. In order to reduce the risks associated with last-minute contracting, the Commission introduced interim deadlines. This began with the 2005 national programme, but was more effective for the 2006 national programme, although this was in the context of a lower number of contracts to process (see Table 3).

45. New checks were also introduced into the project selection procedure for the 2007 national programme (see paragraph 30), which aimed to reduce the incidence of delays. An assessment of beneficiary absorption capacity was made and at the final stage of the project selection procedure ‘project maturity’ was checked to ensure that the project was ready for immediate implementation.

**TABLE 3**

<table>
<thead>
<tr>
<th>Programme</th>
<th>Contracting deadline</th>
<th>Total number of contracts</th>
<th>Last month contracting</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002 NP</td>
<td>30.11.2004</td>
<td>351</td>
<td>287</td>
</tr>
<tr>
<td>2003 NP</td>
<td>30.11.2005</td>
<td>501</td>
<td>454</td>
</tr>
<tr>
<td>2004 NP</td>
<td>30.11.2006</td>
<td>752</td>
<td>688</td>
</tr>
<tr>
<td>2005 NP</td>
<td>30.11.2007</td>
<td>604</td>
<td>470</td>
</tr>
<tr>
<td>2006 NP</td>
<td>30.11.2008</td>
<td>378</td>
<td>85</td>
</tr>
</tbody>
</table>
46. The Commission also introduced new procedures to give the head of the CFCU responsibility for ensuring that beneficiary ministries have the necessary capacity, including staff, to implement their projects. With effect from the 2007 national programme, after self-assessments by the beneficiary ministries, the head of the CFCU undertakes ‘mini-accreditations’.

47. As this process was still ongoing at the time of the audit, the impact of this measure cannot yet be assessed. However, the Commission has already found that the beneficiaries did not receive clear guidelines and that the CFCU had no satisfactory procedure to test the self-assessments.

THE INTENDED OUTPUTS OF AUDITED PROJECTS WERE EVENTUALLY DELIVERED AND THE RESULTS ASSESSED AS LIKELY TO BE SUSTAINED

48. Projects use resources (inputs) to produce output and achieve objectives (intended results and outcomes). These terms are defined in Textbox 4.

TEXTBOX 4

DEFINITION OF PROJECT OUTPUTS AND OBJECTIVES

**Outputs** — That which is directly produced or accomplished with the resources allocated to a project. Examples: provision of laboratory equipment (Phytosanitary Acquis); delivery of training courses (EADP).

**Results** — Immediate changes that arise from the implementation of a project. Examples: use of laboratory equipment to test plants for diseases; women who have learned a new skill through participation in a training course.

**Impacts** — Longer-term consequences that can be observed after the completion of the project. Examples: reduced occurrence of plant diseases; improved access for women to income-generating activities.

**Outcomes** — Results and impacts.

**Objective** — Statement of the outcomes intended to be achieved.
49. As described in paragraphs 24 to 27, there was an absence of SMART project objectives and indicators so the Commission was unable to demonstrate the extent of project management success in achieving objectives. The Court’s assessment was therefore limited to examining whether there was evidence to show that projects had achieved their intended outputs. The assessment was based on a review of the monitoring reports, interviews with all 11 main beneficiary ministries and 19 site visits by the Court auditors to obtain evidence of the outputs delivered.

50. The Court found no significant weaknesses in the delivery of project outputs: they were delivered fully in 3\textsuperscript{12} out of the 11 projects for the contracts audited and largely in the other eight (see Table 4). The few problems found resulted from weaknesses in the project design and selection phase (see paragraphs 20 to 29) and from the delays experienced during tendering and contracting.

---

**Table 4: Outputs and Sustainability**

<table>
<thead>
<tr>
<th>Projects</th>
<th>Maritime safety</th>
<th>Phytosanitary acquis</th>
<th>Police forensic</th>
<th>Cultural rights</th>
<th>Consumer protection</th>
<th>Biocides and water</th>
<th>Customs modernisation</th>
<th>Tax administration</th>
<th>Road transport</th>
<th>Probation service</th>
<th>EAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outputs delivered and contributed to objectives</td>
<td>Y</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>Y</td>
<td>/</td>
<td>Y</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td></td>
</tr>
<tr>
<td>Project likely to be sustainable</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>Y</td>
<td>/</td>
<td>Y</td>
<td>/</td>
<td></td>
</tr>
</tbody>
</table>

Criteria:

\(\text{Y}\) = entirely met; \(\text{Y}\) = mostly met; \(\text{N}\) = not met.
51. A project is sustainable when it continues to deliver results and achieve impacts after the EU funding has stopped. Within the constraints of its work due to the maturity of the projects audited, the Court assessed that the results of 10 out of the 11 projects audited are likely to be sustained (see Table 4). The only exception was the phytosanitary acquis project from the 2002 national programme. Although it achieved most of the intended outputs, there were risks to its sustainability as it had not achieved accreditation (see paragraph 29), there were staff shortages at the laboratories and the supplier of the laboratory equipment was not providing the contracted maintenance.

52. Furthermore, a project is more likely to be sustainable when there is a high level of ownership on the part of the beneficiary as is illustrated in Textbox 5. A sense of ownership arises when the beneficiary feels actively involved in the initiative, for example when they have proposed it themselves, have provided input to the planning and design, have managed the implementation and believe that they benefit from its continuation. The likelihood that these conditions are met is favoured by the DIS system in Turkey with its bottom-up project identification and beneficiary management of project implementation. Although ownership is only one of several factors influencing sustainability, the Court found that suitable conditions for sustainability — project ownership coupled with the delivery of planned outputs — existed.

TEXTBOX 5

**PROBATION SERVICE PROJECT FROM THE 2004 NATIONAL PROGRAMME**

The technical assistance — by far the most important element of the project — was implemented efficiently and on time. However, there were delays in the supply of office equipment: the procurement notice was published over 17 months later than foreseen in the project fiche. The impact of the delay was minimised as the Ministry of Justice supplied alternative equipment from Turkish national funds so that the probation offices could become operational.
PERFORMANCE MONITORING AND EVALUATION

53. Performance monitoring and evaluation is necessary to inform decision-making and demonstrate sound financial management. The Court examined whether the Commission had a sound basis on which to review the implementation of projects and assess the achievement of project objectives and the impact of EU-funded projects in achieving Accession Partnership priorities.

IMPLEMENTATION PROBLEMS WERE NOT ALWAYS REPORTED

54. The DIS monitored whether projects were on track through regular meetings and monitoring reports.

55. Meetings were chaired by the beneficiary of each project to monitor progress and resolve problems faced during project implementation. The Commission, CFCU and EUSG were all required to attend the meetings to receive and provide up-to-date information. Minutes of meetings were not always prepared but the Court examined a small sample of those available for the audited projects. These confirmed that day-to-day implementation problems were identified and follow-up measures were decided, but some important issues were not documented. Although the EUSG is responsible for reviewing progress in implementation and, where necessary, recommending corrective measures to the JMC, the Court identified that the EUSG was not present at any of the meetings in the sample.
The DIS produced two types of project monitoring report. One was the CFCU’s monthly report on tendering, contracting and payment. These went to the EC Delegation for an operational check and to the Commission’s Finance Unit, for a financial check. The other was the beneficiary’s six-monthly report on the execution of project activities which went to the EUSG. However, the Court identified that a number of significant delays and problems in project implementation were not mentioned in these reports (see Table 5).

The reports provided an opportunity for monitoring progress against the milestones established in each project fiche for the different stages of project implementation. However, this was not done except for the project start and end dates: there was no reporting of the date when each interim milestone was achieved. Consequently, there was no complete record at the end of a project of the extent to which it was implemented according to plan.

<table>
<thead>
<tr>
<th>WEAKNESSES NOT MENTIONED IN BENEFICIARY’S PROJECT MONITORING REPORTS AND FOLLOW-UP ACTION TAKEN</th>
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<tbody>
<tr>
<td><strong>Biocidals and Water</strong></td>
</tr>
<tr>
<td><strong>Phytosanitary Acquis</strong></td>
</tr>
<tr>
<td><strong>Customs Modernisation</strong></td>
</tr>
</tbody>
</table>
58. ‘Interim evaluation reports’ were prepared for the JMC each year by an external company contracted by the Commission. These summarised all projects that were active, i.e. in the process of being implemented at the cut-off date for the report. Their purpose was to review the implementation of each project in terms of relevance, efficiency and likely effectiveness, impact and sustainability. This was done primarily on the basis of the DIS monitoring report and interviews. An overall report was also prepared, which made recommendations for improvements to the functioning of the DIS systems and programming. These recommendations led to several JMC decisions.

59. As the interim evaluation reports were annual and did not give any assessment of the finished projects, the information was not timely or complete enough for performance management. Combined with the weaknesses identified in the DIS project monitoring reports and the lack of aggregation of the data that was available, there was no useful monitoring information on the stages at which delays occurred or by how much. Consequently there was a lack of complete, reliable and timely management information for scheduling the CFCU annual workload, to minimise bottlenecks and backlogs and to allow rapid intervention where milestones were not being met.

OVERALL DATA TO ASSESS PROJECT RESULTS WAS INSUFFICIENT

60. In addition to the weaknesses in the formulation of project objectives and indicators identified in paragraphs 24 to 27, the performance indicators defined in the project fiches were not used in the monitoring reports for 10 of the 11 projects audited. This included the two projects that did have some well-developed indicators (see paragraph 26). Consequently, the Commission lacked information on how successful the projects were in achieving their objectives.
61. In many cases the results and impacts of projects will not be achieved until some time after the final payment for the project has been made, although this is key for assessing the performance of spending. As there was no final project report, the Commission did not have a system for collecting data for the indicators set out in the project fiche at project completion. There was no provision for monitoring and reporting the sustainability of the project and the achievement of project objectives after the final payment date.

62. In the six years of EU pre-accession assistance to Turkey, there has been no system of ex post evaluation of individual projects or of the effectiveness of the programme as a whole in terms of meeting the Accession Partnership priorities and of progressing Turkey towards EU accession.

63. Furthermore, the fact that most strategic objectives for the pre-accession financial assistance were not specific, measurable or achievable in the time set, means that there was insufficient basis for monitoring performance of the spending including value for money.
CONCLUSIONS AND RECOMMENDATIONS

64. The Court found weaknesses in the Commission’s management of pre-accession assistance to Turkey in the TPA period. Since then, the Commission has taken action to improve procedures for the IPA, although the effectiveness of the changes can only be assessed in the future. Improvements are still required in establishing priorities for and assessing the effectiveness of the funding.

DID THE EUROPEAN COMMISSION ENSURE THAT EU ASSISTANCE WAS DIRECTED TO THE PROJECTS THAT ADD MOST VALUE IN ACHIEVING THE EU’S ACCESSION PARTNERSHIP PRIORITIES?

65. There was no mechanism to ensure that the projects proposed and selected were those that represented the best use of EU financial resources in achieving the Accession Partnership priorities.

66. The Accession Partnership sets a multitude of priorities to be achieved to prepare Turkey for EU membership. EU assistance aims to complement Turkey’s own efforts to achieve these priorities. There was no clear hierarchy of objectives from the Accession Partnership down through the annual national programmes and approved projects to the individual project components and activities. There was a lack of specific criteria and a robust framework to determine the priorities to which the EU assistance should be directed. Specific, measurable and achievable objectives for that assistance were not set and timescales were not realistic.

67. Consequently, there was not a sound basis for monitoring performance.

68. Although project selection procedures were improved considerably with the IPA, proposals were still not assessed for how effective and efficient they were likely to be in achieving a strategic objective, thereby allowing meaningful comparison between alternatives or the selection of projects likely to have the greatest impact.
RECOMMENDATION ON STRATEGIC OBJECTIVES

The Commission should improve programming with a robust methodology to determine, the strategic objectives for which the EU financial assistance is most needed. The methodology should ensure that the logic for EU intervention in achieving each strategic objective is clearly demonstrated.

RECOMMENDATION ON ACTIVITY STATEMENTS

The Commission should determine specific objectives for the pre-accession financial assistance programme and include these objectives in the activity statement that accompanies the preliminary draft budget.

RECOMMENDATION ON PROJECT PROPOSALS

The Commission should encourage the Turkish authorities to develop project proposals such that the strategic objectives for EU funding can be achieved within realistic timescales.

DID THE EUROPEAN COMMISSION ENSURE THAT THE DECENTRALISED IMPLEMENTATION SYSTEM RESULTED IN TIMELY AND SUCCESSFUL ACHIEVEMENT OF PROJECT OUTPUTS AND OBJECTIVES?

69. Despite having been approved by the Commission, the DIS institutions were understaffed for the 2002 to 2004 national programmes and did not achieve timely implementation of the projects audited or for the programmes as a whole. Nevertheless, although beset by implementation problems and delays, the DIS ensured that the audited projects mostly achieved their planned outputs and the results were likely to be sustained.
70. The Commission has introduced measures aimed at addressing many of the weaknesses in the DIS. The full impact of these improvements can only be assessed as the IPA projects are implemented in the coming years.

**RECOMMENDATION ON PROJECT DESIGN**

The Commission should continue with initiatives to improve project design and implementation by the DIS institutions. Measures such as compulsory needs assessments and better scheduling of contracting should be appropriately applied.

**DID THE EUROPEAN COMMISSION ENSURE THAT THERE WAS AN EFFECTIVE SYSTEM OF PERFORMANCE MONITORING AND EVALUATION?**

71. The Commission did not have the information to demonstrate the effectiveness of the pre-accession assistance. The Court found that the *project fiches* provided the basis of a performance monitoring system by setting out project objectives and expected results with objectively verifiable indicators. However, the objectives set were often not specific, measurable, achievable, relevant and time-bound and the indicators were not sufficient to monitor the achievement of the objectives.
RECOMMENDATION ON PROJECT PERFORMANCE

The Commission should ensure that individual project proposals have specific, measurable, achievable, relevant and time-bound objectives in order that their contribution to achieving the strategic objectives can be demonstrated.

The Commission should improve the mechanism for reporting on the implementation of projects and the delivery of their activities and outputs, and should ensure that project performance is monitored using indicators set out in the project fiche to demonstrate the achievement of the project objectives.

The Commission should ensure that project outcomes (results and impacts) are reported at the end of each project and at appropriate intervals thereafter in order to provide performance information to inform future planning.

RECOMMENDATION ON PROGRAMME EVALUATION

The Commission should launch an evaluation of the entire programme of pre-accession assistance to Turkey.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 22 October 2009.

For the Court of Auditors

Vitor Manuel da Silva Caldeira
President
### ANNEX I

#### LIST OF PROJECTS AUDITED

<table>
<thead>
<tr>
<th>Project name</th>
<th>Budgeted EU (million euro)</th>
<th>Contracted (million euro)</th>
<th>Paid EU (million euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maritime Safety</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Phytosanitary Acquis</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Police Forensic</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Cultural Rights</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Consumer Protection</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Biocides and Water</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Customs Modernisation</td>
<td>17</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Tax Administration</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Road Transport</td>
<td>5</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Probation Service</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Eastern Anatolian Development Programme (EADP)</td>
<td>45</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td><strong>TOTAL cost to EU</strong></td>
<td><strong>95</strong></td>
<td><strong>82</strong></td>
<td><strong>78</strong></td>
</tr>
<tr>
<td><strong>TOTAL cost to Turkey</strong></td>
<td><strong>11</strong></td>
<td><strong>8</strong></td>
<td><strong>7</strong></td>
</tr>
<tr>
<td><strong>EU + national contributions</strong></td>
<td><strong>106</strong></td>
<td><strong>90</strong></td>
<td><strong>85</strong></td>
</tr>
</tbody>
</table>
REPLY OF THE COMMISSION

SUMMARY

IV. The Commission recognises that there has been a learning process in the management of the decentralised implementation system in Turkey in place since 2003. However, in spite of initial weaknesses at project and programme implementation level, projects have been completed successfully and the majority of outcomes are sustainable.

VI. The Commission considers that the setting of strict conditions for the accreditation of the Turkish implementation system and the rigorous monitoring of these conditions will ensure efficient implementation of pre-accession assistance.

VII. The Commission established an intervention logic for financial assistance based on an Accession Partnership (AP) and a multi-annual indicative planning document (MIPD) and national strategies which it considers an adequate framework. The Commission recognises that strategic objectives and indicators of MIPDs under the IPA instrument can be further improved; work on this is under way. With IPA, it has become a requirement for projects to have SMART objectives and RACER indicators and this is being systematically verified. As for TPA, already, evaluation of effectiveness of pre-accession assistance under IPA will be done at sector or programme level as it is not considered cost-efficient at project level.

VIII. The Commission has launched together with the Turkish authorities a number of measures in 2008/09 to improve the programming and implementation of pre-accession assistance. Further measures are under way.
INTRODUCTION

3. Turkey has been implementing EC financial assistance since 2003 under the decentralised implementation system (accredited in October 2003).

IPA assistance has been provided to Turkey since 2007. It builds on assistance provided under the Turkey pre-accession instrument (TPA) from 2002 to 2006.

Further to the conclusions of the December 2004 European Council the EU is pursuing a pre-accession strategy in relation to Turkey that is based on three elements: continued monitoring of Turkey’s progress in relation to the Copenhagen political criteria, rigorous conduct of the accession negotiations, and the promotion of an EU-Turkey Civil Society Dialogue. This and the start of accession negotiations in October 2005 have guided programming since 2004/05.

4. Overall, from 2007 to 2013, 4.9 billion euro is earmarked for Turkey under the IPA, which represents a marked increase compared with 1.25 billion euro under the Turkey pre-accession instrument in 2002–06.

OBSERVATIONS

12. The Commission has established a strategic planning framework for programming financial assistance. This includes the multi-annual indicative planning document (MIPD) as the multi-annual strategic planning framework, which — in addition to the Accession Partnership — guides programming under the IPA in Turkey.

13. The activity statements (AS) need to be fully coherent with the annual management programme (AMP) and contain the same policy objectives and indicators. So, the ‘specific’ objectives in the AS need to be policy related. The financial allocations in support of these policy objectives are captured in the ‘main expenditure-related outputs’.

The activity statements rely on the multi-annual indicative planning documents (MIPDs) to specify planned areas of intervention and to set concrete objectives and priorities for IPA funding. MIPDs are a legal obligation from the IPA regulation; they are adopted by Commission decision for a three-year period. It is difficult to capture the financial objectives in the AS, which requires that the outputs listed have a budget allocated to them almost a year before the budgetary year in question. This level of budgetary breakdown is only elaborated at the programming stage, which is finalised during the budgetary year.

The Commission is looking for ways to improve the information it provides within this context. For the 2010 activity statement, the financial allocations were already broken down (for years 2008 and 2009) by priority area and further steps can be made to provide more detailed information. A working group has been set up within the Commission to find ways of improving all the activity statements, including those related to enlargement policy.
15. The Accession Partnership (AP) is based on what ‘in principle’ is realistically achievable. The most recent gap analysis of the AP priorities made in 2007 indeed revealed that a large proportion of the priorities are not met in the set timeframe. This is partly due to the slowdown of political reforms in Turkey in recent years and wider challenges linked to accession negotiations with Turkey.

16. Accession Partnership (AP) priorities are not only to be met through IPA assistance, but also with national instruments and other donor assistance as well as through non-financial means, i.e. policy instruments. Moreover, a number of AP priorities do not require or lend themselves to EC financial assistance; legal reforms require political (government, Parliament) decisions rather than institution Building (IB) support.

18. A comprehensive national plan for the adoption of the acquis (NPAA) was prepared by the Turkish government in response to the 2008 Accession Partnership. This NPAA provides indications on the financial needs by sector/area.

19. The MIPD provides guidance on which of the AP priorities should as a matter of priority be addressed with IPA assistance.

For the objective on meeting the acquis criteria, the MIPD specifies that support for the adoption and implementation of the acquis communautaire is provided as a matter of priority in areas with voluminous legislative alignment and high investment needs, i.e. chiefly in the agricultural sector and the JFS sector. The highest volume of funding has indeed been concentrated on these sectors in 2007–09 programmes.

Since the time of the audit, the Commission contracted an expert team in spring 2009 to undertake an evaluation of the intervention logic for financial assistance in Turkey. This concluded that the MIPD forms part of a coherent strategic/intervention logic. It also states that there is scope for improving the measurability of the MIPD objectives although the measurability of objectives in certain areas of action depends less on the design than on political support (risks/assumptions).

The Commission is committed to further improving the intervention logic and strategic framework for pre-accession institution-building assistance to Turkey. A follow-up to the evaluation on the intervention logic for pre-accession funding in Turkey is planned for 2010.
23. The Commission considers that it has established a satisfactory project appraisal system under TPA. Compliance with the Accession Partnership priorities was under the TPA one of the selection criteria. Project fiches under the TPA included a section on the link to/relevance for the Accession Partnership/NPAA. During the assessment of project proposals, the Commission verified whether proposals sufficiently met Accession Partnership priorities. Accession Partnership priorities are sometimes very broad and necessitate a combination of several projects and other measures.

Under the IPA instrument, this system was further developed and improved on the basis of past experience with a new project assessment procedure, which includes from the early project idea stage a systematic verification of the relevance of a project for Accession Partnership priorities.

The Commission’s choices are guided by an assessment of project suitability with reference to the Accession Partnership, the MIPD and available sector strategies and by the level of project maturity, quality and ownership.

Since the time of the audit, from 2010 programming (launched in July 2009), sector working groups are established from the beginning of the programming process to undertake sector needs assessments and to collect/identify the most appropriate and highest priority projects in a given sector in line with sector strategies (as existing) and the Accession Partnership, the national plan for the adoption of the acquis (NPAA) and MIPD. Project ideas are now identified over two years as against one year in the past.

26. The Commission agrees that indicators and baselines of past projects are open to improvement. This has been recognised in the Turkey Programming Process Document, agreed between the Turkish authorities and the Commission, which from 2007 requires impact and results indicators of achievement to be quantified, verifiable and time-bound.

Since the audit, from 2009 project objectives and expected results are SMART and indicators for monitoring project performance are RACER.

In the conclusions of the January 2009 JMC concerning programming, it was agreed that the EUSG would as from the 2009 NP mobilise technical assistance to verify whether project proposals have SMART objectives and RACER indicators, as well as to provide assistance to beneficiaries in improving their project fiches in this respect.

27. Identification work on the Eastern Anatolia Development Programme (EADP) began in 2000 when there was still a state of emergency in the region and no freedom of movement without military escort was possible. Under these conditions it was not possible to carry out a thorough assessment and perform baseline surveys to arrive at valid indicators. The choice was made nevertheless to design a programme for one of the poorest regions of Turkey and to task the technical assistance Team with carrying out a survey and needs assessment of rural communities in the four provinces in the start-up phase of the programme. This assessment formed a basis for the design (i.e. content) of the grant scheme. The Turkish authorities are furthermore planning to carry out an impact assessment which will assess the effectiveness of the four components.
28. Out of the 11 audited projects, two did fully establish specific project requirements but others only partially.

As a lesson learned, the Commission made needs and feasibility assessment as well as necessary design and technical specifications a formal requirement for pre-accession assistance since 2004/05.

The delivery of needs assessments, feasibility studies and market studies are key factors to support the maturity of a project.

29. The Phytosanitary Acquis project achieved all its objectives except one, namely that the laboratory would gain accreditation within the lifetime of the project. The bigger laboratories have been accredited and made a substantial contribution to the improvement of import controls as they enabled a number of tests to be performed that could not be carried out previously. The lack of accreditation of the smaller laboratories has not jeopardised the overall benefit derived from the project.

30. The IPA Turkey programming process document states that project feasibility is verified already as far as possible at the project idea phase and more thoroughly at the project fiche stage, including assessment of feasibility studies as required.

34. Since the time of the audit, at the beginning of 2009, the Commission agreed with the Turkish authorities on measures to further strengthen the programming process and its consistent application. In particular, agreement was reached to significantly increase the time available for the identification of projects and to reinforce counselling and advice from the EUSG and the EC to the line ministries during the identification phase to ensure that projects identified best respond to the priorities of the accession process and to better assess the likely effectiveness and efficiency of identified projects. The adoption of new legislation for the EUSG in July 2009 and the ensuing reinforcement of its staff will allow more human resources to be focused on this task.

38. The DIS bodies were assessed as being adequately resourced at the accreditation stage. However, staffing increases lagged behind funding increases during the instrument’s start-up years because of delays in the adoption of the CFCU law. The Commission reacted by setting quantitative targets for adequate staffing levels as a condition for allocating further funds to Turkey. The staffing level of the CFCU was increased from around 20 in 2002 to more than 100 in 2008 as a result. According to the new law on the EUSG adopted in July 2009, the staffing level of this institution will increase from 80 to 300; recruitment has already started.
39. An extension of the contracting deadline at programme level was only agreed for the 2002 and 2003 programmes to take into account implementation delays resulting from the delay in the accreditation of DIS structures. For the 2004 and 2005 programmes and some projects in the 2006 programme only extensions of the implementation periods were granted.

Textbox 2

Examples of delays caused by insufficient DIS staffing and experience

In spite of the delays in tendering, the Road Transport project from the 2004 national programme has been completed successfully and achieved its objectives. In spite of delays the Phytosanitary Acquis project from the 2002 National Programme was implemented successfully and is making a valuable contribution in relation to import controls.

40. Although project implementation delays have occurred under the TPA, they have not jeopardised either the implementation of projects or their ultimate benefits and expected impact.

41. The Commission has drawn lessons from delays in tendering by specifying as from 2005 that a complete tender dossier must be submitted to the EC Delegation for approval by not later than six months after the adoption of the annual national programme.

From the introduction of IPA in 2007, all beneficiary institutions have to submit draft tender documents to the CFCU shortly after the adoption of the corresponding national programme, thus ensuring that tender preparations start before the signature of a financing agreement, upon which implementation can commence.

42. The Commission acknowledges that the supply contracts under the projects audited by the Court were delayed. However, the equipment was procured and contributed to the project objectives as planned. The only exception is the customs project, for which the procurement process was unsuccessful for two lots.

The Commission has in the meantime taken measures to improve the quality of procurement preparation in order to avoid the failure of tender procedures and ensure timely implementation: under IPA, market studies are systematically being carried out during the programming phase for any projects which include supply components.
44. The introduction of interim deadlines has proven a useful tool to accelerate procurement and contracting and by agreement between the EC and Turkey will be maintained for future years. Based on lessons learnt, this system has been expanded, comprising as of the programming year 2005 not only deadlines for the submission of tender documents to the EC Delegation for ex ante control and the launching of procedures, but also deadlines for the submission of evaluation reports and contracts.

47. In response to the Commission’s conditions for accreditation of the DIS under IPA, the CFCU has further reinforced its system for assessing the capacity of line ministries to implement projects by defining processes clearly, reinforcing guidance and training to ministries and ensuring supervision of its effective application through the National Authorising Office (NAO). The Commission will audit compliance with accreditation conditions in detail during a follow-up audit in early 2010. The Commission’s current assessment is that the CFCU meets the conditions for the IPA DIS accreditation.

49. The Commission has remedied weaknesses existing for past TPA projects in setting indicators and baselines. SMART project objectives and expected results and RACER indicators for monitoring project performance are now a requirement. Compliance with this is verified by the Commission and the EUSG.

51. See reply to paragraph 29.

54. A comprehensive monitoring system was established with a clear division of roles between the DIS actors. The CFCU is responsible for monitoring implementation from a contractual and financial perspective. The beneficiary monitors implementation of project activities from a technical perspective. The EUSG is responsible for monitoring implementation at the level of project results and at sector and programme level. The Office of the National Authorising Officers is responsible for monitoring the overall functioning of DIS implementation, including operation of the monitoring system. The EC Delegation supervises the functioning of the DIS through monitoring at contract, project, sector and programme level. Furthermore, since the time of the audit, in January 2009 JMC agreed on the introduction of a results-oriented monitoring system to add an independent external monitoring perspective for the IPA.

55. The EUSG co-chairs the Joint Monitoring Committee and the Sector Monitoring Sub-Committee, which review programme and project implementation at sector level. These meetings have been organised regularly and have allowed corrective action to be taken where needed to ensure the achievement of results and objectives.
The beneficiary organises project management meetings on a monthly or bi-monthly basis in which the CFCU, the EC Delegation and the contractor participate. The EUSG has so far not attended these meetings. Following the adoption of the new law on the EUSG, the establishment of a separate monitoring unit and the reinforcement of the related staff, the EUSG is intending to attend individual project management meetings of particular relevance from a sector/programme perspective as of 2010.

Minutes of JMC and SMSC meetings have been established on a regular basis. Minutes of individual project management meetings were not drafted under the TPA on a regular basis. Under the IPA, a written record of such meetings is ensured.

56. The Commission agrees that monitoring reports from the beneficiaries were of variable quality under the TPA. Risks resulting from shortcomings of individual monitoring reports were mitigated through the monitoring carried out by the EC Delegation, the existence of contractors' progress reports and the external perspective provided by the interim evaluation reports.

The fact that six-monthly monitoring reports did not in all cases reveal weaknesses and delays has not meant that these were not identified and remedied.

Since the time of the audit, the Commission has agreed a revision of the format and frequency of and the quality control procedures for beneficiary monitoring reports with the DIS authorities to address the identified weaknesses.

57. A system had been set up to provide regular monitoring of project implementation and achievement of milestones. This included six-monthly reports that were submitted by all beneficiaries to the EUSG in preparation for the bi-annual Sectoral Monitoring Sub-Committee (SMSC) meetings. These reports were not always completed as intended.

Since the time of the audit, the Commission agreed on a series of measures to strengthen the monitoring system. These include the merger of the two existing monitoring reports into a single reporting format to be submitted to both the EUSG and CFCU on a quarterly basis, and a reinforced quality check on these reports through the newly established EUSG monitoring unit. The new system was applied by the EUSG for the first time for Sectoral Monitoring Sub-Committee meetings in the second half of 2009.

In addition, the JMC of January 2009 agreed on the introduction of a results-oriented monitoring (ROM) system, which will provide an additional external perspective on project implementation expected as of 2010. The ROM reports will be produced faster and more frequently than the previous interim evaluation reports.

As well as the monitoring through the DIS, joint monitoring structures (JMC and SMSC) and the external ROM system in place, the EC Delegation continues to carry out its own monitoring of project implementation through project visits, analysis of reports, and internal monitoring reports (so called 'monitoring maps') established at regular intervals.
59. See reply to paragraph 57.

60. The monitoring report format established in summer 2009 — since the time of the audit — includes indicators (the current status of the project against indicators for project results), main activities during the reporting period, current problems and risks, anticipated problems and risks and planned activities. This information/data is provided for each component of the project.

61. Under the TPA, final project reports from contractors, the last monitoring reports from beneficiaries, and interim evaluation reports, each provided some information regarding results and likely impacts of projects.

Since the audit, with the implementation of IPA projects, the Commission systematically assesses the achievement of objectives and project sustainability in its final review of project implementation (monitoring map). As of 2009, beneficiaries are required to provide a quarterly monitoring report. Furthermore, more frequent external reporting will be ensured through a results-oriented monitoring system, to become operational in 2010. These additional reports will provide an improved basis to judge the achievement of results and project impact at the end of the project.

(See reply to paragraph 57.)

62. Since 2003, the Commission has had in place an interim evaluation scheme which carried out regular sector and thematic evaluations of assistance to Turkey. As this is done during project implementation rather than afterwards, it cannot be considered as ex post. Nevertheless, the main aims were to assess the contribution of pre-accession assistance to the overall accession process and to provide lessons learned and recommendations for improving the relevance, efficiency, effectiveness, impact and sustainability of assistance.

Since the time of the audit, the Commission has replaced this with a new interim evaluation tool, which aims to assess the contribution of pre-accession assistance in Turkey to the overall accession process, and more specifically to the strategic objectives of the MIPD, as well as providing recommendations and lessons learned.

The Commission will undertake an ex post evaluation of the whole TPA instrument (2002–06) once all projects have been completed.

Systematic ‘project-level’ ex post evaluation is neither cost-efficient (too expensive) nor meaningful, particularly when evaluating impact and sustainability which often cannot be isolated for each individual project but need to be assessed in a wider context that takes into consideration all related assistance as well as policy measures and reforms. Systematic ex post evaluations are therefore based on a level higher than the project level, i.e. sectors, themes, financial instrument, programmes, etc.
CONCLUSIONS
AND RECOMMENDATIONS

64. The Commission has taken or is undertaking measures to improve project/monitoring data, establish a more robust strategic framework and improve the process of prioritisation/selection of projects.

65. Pre-accession assistance to Turkey has since 2003 been guided by the Accession Partnership.

With the introduction of the IPA, the verification of compliance with Accession Partnership priorities has been enhanced. A systematic verification of Accession Partnership (and MIPD) compliance is carried out from the project ideas stage.

From July 2009, sector working groups are contributing to a systematic assessment of sector needs and prioritisation of project ideas over two years.

This ensures full compliance with Accession Partnership priorities and MIPD strategic objectives.

66. The Commission has established an intervention logic for IPA financial assistance to Turkey including, from top down, the Association Agreement, Customs Union Agreement, negotiation mandate, Annual progress reports and enlargement strategy, Accession Partnership, MIPD, annual programmes.

The Accession Partnership does not establish a hierarchy of pre-accession priorities. Only the MIPD sets priorities for IPA funding based on the Accession Partnership.

While the intervention logic is considered sound, weaknesses have been identified in the setting of strategic objectives, which are currently being remedied. Setting strategic objectives for financial assistance is done for Turkey against a background of uncertainty over the speed of political reforms and accession negotiations.

67. The Commission has taken or is undertaking measures to improve project/monitoring data further and to improve the measurability of strategic objectives.

Interim evaluations have been carried out successfully since 2003 on the basis of existing project and monitoring data.
68. Work has been launched since the time of the audit in summer 2009 to improve the measurability of strategic objectives and improve results indicators.

**Recommendation on strategic objectives**
The Commission has established an intervention logic for financial assistance based on an Accession Partnership and MIPD, which it considers an adequate framework. The Commission recognises that strategic objectives and indicators can be further improved; work on this is under way.

The Commission is committed to further improving the intervention logic and strategic framework for pre-accession institution-building assistance to Turkey. A follow-up to the evaluation of the intervention logic for pre-accession funding in Turkey is scheduled.

Sector working groups, training for (potential) beneficiaries and a robust joint Turkey–Commission project appraisal and selection process ensure the effectiveness of IPA Component I assistance to Turkey.

**Recommendation on activity statements**
The Commission is looking for ways to improve the information it provides within this context. A working group has been set up within the Commission to find ways of improving all the activity statements, including those related to enlargement policy.

**Recommendation on project proposals**
Strategic objectives for EU funding are linked to the EU’s political accession process with Turkey. The Commission is and will continue strongly encouraging Turkey at both political and technical levels to make progress in meeting pre-accession objectives and Accession Partnership priorities. This includes the preparation of projects that can help meet these objectives and priorities.

Under IPA programming for institution building, the Commission departments have established procedures for encouraging and facilitating the development of project proposals that best meet strategic pre-accession objectives in a realistic timeframe. This includes the strategic framework (Accession Partnership, MIPD, sector working groups and/or strategies), project identification (IPA programming process document, sector working groups, requirement for needs assessment/feasibility studies) and project selection (assessment of compliance with strategic framework, assessment of project maturity, quality and sustainability).
The DIS bodies were assessed as being adequately resourced at the accreditation stage. However, staffing increases lagged behind the funding increases in the instrument’s start-up years. The Commission reacted by setting quantitative targets for adequate staffing levels as a condition for allocating further funds to Turkey. Recent EUSG legislation will lead to an increase in staff levels from 80 to 300 in total.

**Recommendation on project design**

The Commission considers that the setting of strict conditions for the accreditation of the Turkish implementation system and the rigorous monitoring of these conditions (with the threat of sanctions) will ensure efficient implementation of pre-accession assistance.

The requirement for needs assessments, feasibility studies and other preparatory studies will continue to be imposed. Training will continue to be provided to potential beneficiaries on project development and implementation.

Better scheduling of contracting is achieved by preparatory project design requirements, training but also enhanced scrutiny in this regard by the CF CU and verification by the Commission.

**71.**

The Commission agrees that indicators and baselines of past projects are open to improvement.

SMART project objectives and expected results and RACER indicators for monitoring project performance are now a requirement. Compliance with this is being strictly verified by the Commission and the EUSG.

**Recommendations on project performance**

Under IPA, it is a requirement for projects to have SMART objectives and RACER indicators and this is being systematically verified by the Commission and the EUSG.

Concrete measures to improve the monitoring system have been taken in 2008/09, including a new/improved monitoring report format, reinforced quality checks on these reports by the EUSG’s monitoring unit, a new schedule for SMSC meetings and introduction of a results-oriented monitoring system. In addition, the EC Delegation continues to carry out its own monitoring of project implementation.

Project reports, including a final report at the end of the contract, are being produced by contractors for their part of the project. Monitoring reports including final monitoring reports after the completion of the project will be prepared by the project beneficiary under the new monitoring report format. The EC Delegation also undertakes project monitoring at different intervals.

Systematic ‘project-level’ ex post evaluation is not Commission policy because it is not cost-efficient.
Recommendation on programme evaluation

The Commission concluded an evaluation contract in August 2009 which will assess the contribution of pre-accession assistance in Turkey to the overall accession process and more specifically to the strategic objectives of the MIPD. This will cover assistance to Turkey from 2005 to 2008.

As for previous financial instruments in other countries, the Commission will undertake an *ex post* evaluation of the TPA (2002–06) once projects have been completed.
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IN THIS REPORT THE COURT ANALYSES THE COMMISSION’S MANAGEMENT OF PRE-ACCESSION FINANCIAL ASSISTANCE TO TURKEY. PARTICULARLY THE FIRST PRE-ACCESSION ASSISTANCE PERIOD (2002–06) SUFFERED FROM MANY WEAKNESSES COMMON TO PRE-ACCESSION PROGRAMMES. THE COMMISSION HAD NOT SET SUFFICIENTLY SPECIFIC OBJECTIVES FOR ITS FUNDING TO ALLOW ASSESSMENT OF THE PROJECT OUTCOMES AND DID NOT HAVE SUFFICIENT INFORMATION TO DEMONSTRATE THE EFFECTIVENESS OF ITS PRE-ACCESSION ASSISTANCE. HOWEVER, THE PROJECTS VISITED DID DELIVER THEIR INTENDED OUTPUTS AND THE RESULTS OF THE PROJECTS ARE LIKELY TO BE SUSTAINABLE.

WHILE THE COMMISSION HAS ALREADY MADE SOME SIGNIFICANT IMPROVEMENTS, THE COURT MAKES SEVERAL RECOMMENDATIONS FOR FURTHER CORRECTIVE MEASURES. THE MOST CRITICAL AREAS FOR IMPROVEMENT ARE THE SETTING OF STRATEGIC OBJECTIVES FOR THE FINANCIAL ASSISTANCE, THE DEVELOPMENT OF MORE REALISTIC TIMESCALES FOR THE OBJECTIVES AND THE MONITORING OF ACTUAL PROJECT PERFORMANCE AND RESULTS BASED ON CLEAR OBJECTIVES AND APPROPRIATE INDICATORS.