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Final Report



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Abbreviations

Act	International Development Cooperation Act
Agreement	Agreement between the Government of the Republic of Slovenia and the Government of Montenegro on Development Cooperation (Ur.l.RS 29/2009)
CEF	Centre of Excellence in Finance
CEP	Centre for European Perspective
CMEPIUS	Centre of the Republic of Slovenia for Mobility and European Educational and Training Programmes
CMSR	Centre for International Cooperation and Development
DAC	OECD Development Assistance Committee
Direct beneficiary	An institution and/or individuals who are the direct recipients of aid (typically technical cooperation) aimed at strengthening their capacity to undertake tasks that are directed at final beneficiaries or that in other ways contribute to achieving the purpose of development cooperation
EC	European Commission

EU	European Union
Final beneficiary	An individual or group of persons who benefit from the action at the level of the society
FTE	Full time equivalent
Fund	Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia
FURS	Financial Administration of the Republic of Slovenia
IMF	International Monetary Fund
IPA II	Instrument for Pre-Accession Assistance
KPK	Commission for the Prevention of Corruption of the Republic of Slovenia
LFA	Logframe approach
Major project	Project, whose sum of co-financing through the national budget of the Republic of Slovenia amounts to more than €20.000
MDDSZ	Ministry of Labour, Family and Social Affairs (of the Republic of Slovenia)
MEI	Ministry of European Integration (Montenegro)
MF	Ministry of Finance (of the Republic of Slovenia)
MFA	Ministry of Foreign Affairs (of the Republic of Slovenia)
MGRT	Ministry of Economic Development and Technology (of the Republic of Slovenia)
Minor project	Project, whose sum of co-financing through the national budget of the Republic of Slovenia amounts to less than €20.000
MIRS	Metrology Institute of the Republic of Slovenia
MIZŠ	Ministry of Education, Science and Sport (of the Republic of Slovenia)
MJU	Ministry of Public Administration (of the Republic of Slovenia)
MKGP	Ministry of Agriculture, Forestry and Food (of the Republic of Slovenia)
MNZ	Ministry of the Interior (of the Republic of Slovenia)
MONDEM	UN Programme for demilitarisation of Montenegro
MOP	Ministry of the Environment and Spatial Planning
MORS	Ministry of Defence (of the Republic of Slovenia)
MP	Ministry of Justice (of the Republic of Slovenia)
MTR	Ministry of Sustainable Development and Tourism (Montenegro)
MZ	Ministry of Health (of the Republic of Slovenia)
MZI	Ministry of Infrastructure (of the Republic of Slovenia)
MZIP	Ministry of Infrastructure and Spatial Planning (of the Republic of Slovenia) (<i>until 2014</i>)
NGO	Non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
OSCE	Organisation for Security and Cooperation in Europe
Programme	Programme of International Development Cooperation between the Republic of Slovenia and Montenegro for the Period 2013-2015 (Ur.l.RS 112/13) with its corresponding annex, and for the Period 2016-2017
Project provider	Legal person, recipient of funds and responsible for the implementation of each individual project of international development cooperation of Republic Slovenia in Montenegro
Recipient country	Montenegro as the recipient country benefiting from the projects
TA	Technical assistance
UN	United Nations
UNIDO	United Nations Industrial Development Organization
USA	United States of America
UVHVVR	Administration of the Republic of Slovenia for Food Safety, Veterinary and Plant Protection
ZDM	Directorate for Multilateral Affairs, Development Cooperation and International Law

1. Summary

The evaluation that follows is concerned with the implementation of development cooperation between the Republic of Slovenia and Montenegro in the period 2013-2016. It is based on the guidelines of the Organisation for Economic Cooperation and Development (OECD). The objectives of the evaluation are to provide evidence of performance (i.e. to what extent does it achieve the objectives of development cooperation), to analyse the reasons for success and failure in performance, and to provide recommendations for formulating policies, programmes and projects in the future.

Whether development cooperation of the Republic of Slovenia in Montenegro achieved what it set out to achieve – i.e. its overall objective, purpose and specific objectives – is in essence unclear. Due to a missing middle-level strategic document governing development cooperation in Montenegro, the programme lacks focused, clearly articulated and measurable objectives, which hinders the ability to make a credible and reliable assessment of programme effectiveness. This in turn hampers the ability to fully assess programme efficiency, as resource spending can only be evaluated in terms of the objectives they are trying to achieve. Notwithstanding, we prepared an assessment of programme effectiveness and efficiency with reference to the specific objectives, purposes and overall objectives that could be discerned from strategic documents underlying development cooperation in Montenegro and from discussion with key stakeholders. The report thus finds that potential indirect impact of Slovenian development cooperation in Montenegro on the reduction of poverty is ensured through projects with a total value of €4.3 million, which represents 79% of all funding provided in the period observed. Furthermore, almost all projects (99.9% of funds in terms of value) can be categorized under one of the 14 objectives stipulated in the Agreement between the Government of the Republic of Slovenia and the Government of Montenegro on Development Cooperation, one of the key documents underlying Slovene development cooperation in Montenegro.

Despite relatively low resources available for international development cooperation of Republic of Slovenia in Montenegro, Slovenia is considered to be an important donor in the recipient country. The Montenegrin counterparts mostly deem the implemented projects to be a success; they are especially satisfied with the efficiency of implementation and flexibility of Slovenian partners. An important added value of Slovene development assistance is also historical, linguistic, cultural and administrative proximity and relationship of the two countries, as well as responsiveness to local needs.

Montenegro recognises projects and other activities implemented within international development cooperation of the Republic of Slovenia to be very useful, their implementation efficient and the results relevant to the needs of final recipients. In the period 2013-2016, the Republic of Slovenia carried out 95 projects, for which it allocated €5.4 million of funds. The projects carried out fall under one of the following seven areas of cooperation: environmental protection and efficient energy use; tourism and leisure; building of administrative capacities and integration into the EU; security; public finance; gender equality and non-discrimination; and education. The majority of funds (63%) was allocated to projects in the areas of environmental protection, ecology and tourism, which is consistent with the needs and expectations of the recipient country. Its representatives furthermore consider bilateral technical assistance, aimed at assisting Montenegro in the EU pre-accession negotiations and harmonisation with the *acquis*, and funds covering scholarships and tuition fee waivers for Montenegrin students studying in Slovenia, to be especially effective.

The key shortcomings of international development cooperation are systemic in nature. They include weaknesses in the areas of management, monitoring and evaluation, programme planning, and project selection.

An unclear and inconsistent demarcation of responsibilities and obligations between different stakeholders, together with an inadequate programme- and strategic framework, impede the policyholder of international development cooperation – the Ministry of Foreign Affairs (MFA) – in ensuring effective strategic and financial management. The programme framework is therefore incomplete and not all projects and activities, despite their developmental orientation and foundation on local needs, contribute to common objectives, nor do they create complementarity or follow a common vision of development cooperation of

the Republic of Slovenia in Montenegro. Public funds spent on (co)financing development projects in Montenegro thus independently achieve desired results, but do not achieve optimum impact at the programme or strategy levels.

The basic pre-requisite for a more strategic approach to the implementation of development cooperation is the appointment of the MFA as the central authority for the implementation of the program and strategic framework in Montenegro and, thereby, the elimination of a scattered approach to the identification of needs and definition of objectives. This requires a clear definition and demarcation of competences between individual ministries (that is, separation of management tasks, under which fall both programme planning and monitoring, and implementation). It also requires setting out the tasks and obligations of the MFA that fall within development cooperation in internal rules and regulations of the ministry. This enhanced role of the MFA will require an assessment of additional human and financial resources.

In the scope of systemic improvements, it is also necessary to clearly define the programme planning process, as the current programme framework does not ensure well-defined or focused objectives (some are general and very broad, others too specific), indicating a large gap in strategic programming. It is necessary to prepare a coherent strategy, which should include wider priority areas, objectives and expected mid-term results, and based on this defined result indicators. The programme and strategic framework should serve as the foundation for project selection, which is why it ought to include all areas of development cooperation of Republic of Slovenia in Montenegro, i.e. not only those whose budget user is the MFA, but also projects that are the subject of other bilateral agreements. The bottom-up approach currently in place is in essence sound and should remain as the approach used when defining local needs and collecting project proposals in the recipient country as it ensures local ownership and feasibility. Nonetheless, the Republic of Slovenia should follow overall objectives of development cooperation, such as championing human rights, equal opportunity and rule of law, as well as empowering the non-governmental sector, which the local authorities do not always recognise as necessary – particularly evident is their reluctance to finance projects in the non-governmental sector. The bottom-up approach in the programming process should thus be supplemented by a strategic, top-down approach. This means that the programming process ought to include analyses of needs, feasibility and alignment with the overall objective with development cooperation, whereby each decision must be based on relevant studies. Objectives must be based on a common Logframe approach, which ensures their focus and optimal resource allocation. Furthermore, responsibilities of all stakeholders must be clearly defined and the programme structure and alignment- and approval procedures (to include a systematic and fair inclusion of all stakeholders and interested parties) known and commonly understood. The programme must ensure complementarity, synergies and mutual reinforcement between activities with the aim of maximising the planned impact.

A suitable logical (programme) framework is also to serve as the basis for a common monitoring and evaluation system, founded on a hierarchy of needs, inputs, activities, objectives and objective-oriented indicators. Reporting by final recipients and evaluation of data on monitoring must be based on a comprehensive strategic document that concerns all stakeholders of Slovenian development cooperation as well as on standardized reporting procedures. In this way, the workload related to the collection and processing of data can be as low as possible.

The programme-based project selection procedure is the basis for achieving the overall objective of development cooperation. For projects approved by providers directly, the project assessment and selection processes currently in place are fragmented, unclear and, in several aspects, non-transparent; they have neither a clearly defined role of the policyholder and national coordinator of development cooperation (MFA), nor common criteria for selection. The MFA has already invested significant effort into standardization of forms, however, this does not apply to all project funders. Both modes of selection – public tenders and direct project approvals – must thus be based on pre-defined conditions for participation, which include key selection criteria and tender rules. The MFA, as the custodian of the programme and its strategic documents, should be the competent authority in charge of final assessment and validation of all projects, irrespective of the chosen mode of selection. An exception to this are continued implementations of activities and tasks, such as granting scholarships, waiving tuition fees and deploying defence advisors to Montenegro. The selection criteria should include all crosscutting objectives (human rights, gender

equality), as well as eradication of poverty, reduction of inequality, promotion of sustainable development in partner countries and environmental protection. Additional sets of criteria to be included in the project selection procedure are level of inter-municipal or interregional participation, project sustainability, and minimal conditions for infrastructure projects (economic viability, impact on environment, maturity, feasibility, etc.). Particularly infrastructure projects must be supported by sound economic analyses, as some projects in the previous programme period have shown to have high excess capacity.

Project providers should incorporate in their projects different means for empowering final recipients and thereby ensuring long-term sustainability. An important tool for this is soft conditionality, through which project implementation can be conditioned upon the fulfilment of certain requirements by the recipient country or municipality, namely an adjustment of legal frameworks or the provision of sufficient resources or capacities for ensuring sustainability of projects after their completion. Doing so can further enhance the long-term impact and added value of Slovenian development cooperation in Montenegro.

2. Introduction

2.1. Definition of the subject of evaluation

The subject of the evaluation is the implementation of international development cooperation between the Republic of Slovenia and Montenegro in the 2013-2016 period, which is based on the Agreement between the Government of the Republic of Slovenia and the Government of Montenegro on Development Cooperation (Official Gazette of the Republic of Slovenia, No. 29/2009) (Agreement) and the corresponding Programme of International Development Cooperation between the Republic of Slovenia and Montenegro for the Period 2013-2015 (Official Gazette of the Republic of Slovenia, No. 112/13) with its Annex (Programme). Since 2016, the project implementation has been based on a new Programme (until 2017). The Government of the Republic of Slovenia earmarked €2,097,568 for bilateral development cooperation with Montenegro under the Programme for the period 2013-2015 and €1,287,600 for the period 2016-2017. The total value of Slovenian development assistance to Montenegro in the period 2013-2016 was €5.4 million, from which it covered costs of 95 projects (see annex 2 and 3).

The evaluation is founded on the guidelines issued by the Organisation for Economic Cooperation and Development (OECD),¹ whereby the methodology is based on pre-set evaluation criteria and questions.² The evaluation methodology is supplemented with European Commission recommendations for project management, monitoring and evaluation in international development cooperation.³

The international development cooperation projects included in the evaluation are geographically limited to the territory of Montenegro, which is also the **recipient country benefiting from the projects**. **Project providers** (i.e. beneficiaries of funds) are either selected based on public tenders or defined in the Framework Programmes of International Development Cooperation and Humanitarian Assistance of the Republic of Slovenia. They are the key stakeholders in the evaluation process, as they are responsible for the realisation of project objectives in the recipient country. **Beneficiaries** in the recipient country targeted by projects differ in respect of the nature of a project and include state institutions, local communities and non-governmental organisations. International development cooperation projects subject to evaluation differ not only in content (i.e. area of cooperation to which they contribute), but also in scope and size. For the purposes of evaluation and approach to evaluation, projects are broken down to two groups:

- **major projects** (i.e. those with a total co-financing amount from the Slovenian national budget of €20,000 or more);
- **minor projects** (i.e. those with a total co-financing amount from the Slovenian national budget of less than €20,000).

2.2. Purpose and objectives of evaluation

The purpose of the evaluation is to provide a general assessment of Slovene development cooperation in Montenegro based on the OECD key evaluation criteria, that is relevance, effectiveness, efficiency, impact and sustainability, and on specific criteria as laid down by the MFA, i.e. coherence, aid effectiveness, programme management and administrative arrangements, and Slovenian added value. The criteria provide the basis for the preparation of answers to evaluation questions and the development of recommendations.

The **objectives of the evaluation** are:

- To provide evidence of performance;
- To analyse the reasons for success and failure in performance;
- To provide recommendations for the future

¹ Source: OECD 2010 – Evaluating Development Cooperation, 2nd edition

² See Terms of Reference for evaluation of Slovenian Development Cooperation in Montenegro for the period 2013-2016.

³ Source: EC 2004 – Aid Delivery Methods, Project Cycle Management Guidelines

Pursuant to OECD guidelines for development cooperation evaluation, evaluation recommendations provide the basis for improving future policies, programmes and projects. As the development cooperation policyholder the MFA is responsible for the coordination of the implementation of recommendations provided. MFA (namely, the Directorate for Multilateral Affairs, Development Cooperation and International Law – ZDM) is also responsible for the implementation of the recommendations that concern its accountabilities and work activities (see column “N. & Responsibility” in chapter 6).

2.3. Report structure and evaluation procedure

The report comprises four key parts. Chapter 3 defines the circumstances of implementation covering a review of the strategic programme framework and organisational structure of the implementation of Slovenian development cooperation. Chapter 4 defines the evaluation methodology, as derived from OECD and European Commission methodology guidelines in development cooperation, and then assesses the intervention logic, i.e. the internal and external coherence of Slovenian development cooperation objectives and activities in Montenegro. This is followed by a detailed breakdown of methods, indicators and data sources based on criteria and evaluation questions as laid down by the contracting authority (MFA). Based on the data collected and analysed, chapter 5 sums up the key findings and conclusions of the evaluation - provides answers to evaluation questions. Chapter 6 presents the recommendations and findings of the evaluator, which aim at enhancing the implementation of Slovenian development cooperation in Montenegro.

The work plan and timeline of execution are presented in annex 9.

3. Conditions for implementation

3.1. Public policy context (strategic context in Slovenia)

To assess the public policy context of development cooperation in Slovenia, we have defined the relevant key strategic guidelines and fundamental documents (see annex 6). Slovenia’s overarching strategic document, Slovenia’s Development Strategy, has not been adopted by the time of this evaluation, while the Vision for Slovenia in 2050⁴ was adopted recently.

A part of the strategic context is also the Declaration of Foreign Policy of the Republic of Slovenia, as adopted by the National Assembly of the Republic of Slovenia in 2015, and the Strategy of Foreign Policy of the Republic of Slovenia, as adopted by the Government of the Republic of Slovenia. The foreign policy objectives of the Republic of Slovenia as laid down in the Declaration include development cooperation and humanitarian assistance, while priority areas, inter alia, include actively championing the rights of children, women, national minorities and the most vulnerable groups, strengthening an intercultural dialogue and climate change.⁵

The strategic document entitled “Slovenia: Safe, Successful, Globally Respected” details the priority geographical areas (emphasis is placed on Europe, the Western Balkans and European neighbourhood, Russia, USA, the Mediterranean, Asia, Africa and Latin America) and thematic priority areas. Within the scope of the latter, point 3.1, entitled Consolidating the multilateral system, takes particular note of development cooperation and humanitarian aid.⁶

⁴ Source: SVRK 2017 – Vision for Slovenia in 2050

⁵ Source: Official Gazette of the Republic of Slovenia, 2015 – Declaration of Foreign Policy of the Republic of Slovenia

⁶ Source: MFA 2017 – Slovenia: Safe, Successful, Globally Respected

International development cooperation is regulated in detail by the International Development Cooperation of the Republic of Slovenia Act from 2006 (Act), which lays down the objectives and methods of long-term planning, financing and implementation of Slovenian development cooperation.⁷

Article 3 of the Act lays down the objectives of development cooperation, which largely follow the Millennium Development Goals⁸ (e.g. combat poverty, ensure peace and security, combat HIV, etc.). Article 4 of the Act introduces the Resolution, based on which development cooperation is planned and implemented. The resolution must specify the geographical and thematic priorities as well as the funds required for their execution. The same Article states that the Resolution is to be based on the objectives laid down by the Act and Slovenia's Development Strategy. Article 5 of the existing Act identifies the national coordinator (MFA) and an inter-ministerial working group, while Article 6 defines an expert council and its role.

The Resolution on International Development Cooperation for the period until 2015 was adopted by the National Assembly in 2008 and, as such, reflects the period in which it was prepared (Millennium Development Goals, which are pointed out in Article 3). Article 4 of the Resolution identifies the most important objectives (reducing poverty, ensuring peace and security, providing education for all).⁹ The Resolution thereafter introduces programme- and project countries (Article 7 and 8) and identifies geographical areas, namely the Western Balkans, Eastern Europe and developing countries (Africa).

While this report is being written, a new Resolution on International Development Cooperation and Humanitarian Assistance is under adoption procedure (the government of the Republic of Slovenia approved the proposal on 18 May 2017, the national assembly is due to adopt it in July 2017)¹⁰, which will replace the Resolution on Slovenia's development cooperation until 2015 from 2008. The bases and principles laid down in the proposal for a new resolution reflect the objectives of sustainable development or Agenda 2030.¹¹ Two substantive priority areas have been put in the forefront (to promote peaceful and inclusive societies with emphasis placed on sound management, equal opportunities and quality education, and to fight climate change with stress placed on sustainable management of natural and energy resources), along with three geographical priority areas (the Western Balkans, European neighbourhood and sub-Saharan Africa).

Furthermore, the draft International Development Cooperation and Humanitarian Assistance Act¹² is under public debate while this report is being written (the public debate closed at the end of February 2017).

With respect to indications from Article 4 of the Act requiring the Resolution to be based on the objectives laid down by the Act and Slovenia's Development Strategy, it might be worth considering to adopt a new Act first and then, based on the latter, the Resolution (assuming that Slovenia's Development Strategy is not adopted by the end of the year).

The document "Implementation of the Resolution on International Development Cooperation of the Republic of Slovenia until 2015: Interim Performance Assessment"¹³ highlights the share of funds earmarked for development cooperation and presents an overview per geographical and thematic priority. Also under an adoption process is the document "Implementation of the Resolution on International Development Cooperation of the Republic of Slovenia until 2015: Final Performance Assessment," which was approved by the government of the Republic of Slovenia subsequent to inter-ministry alignment; the national assembly is expected to adopt it in July 2017.

⁷ Source: Official Gazette of the Republic of Slovenia, 2006 – International Development Cooperation of the Republic of Slovenia Act

⁸ Millennium Development Goals are written down in the Millennium Declaration, adopted by UN in 2000. The first of the development goals is to eradicate poverty and hunger.

⁹ Source: Official Gazette of the Republic of Slovenia, 2008 – Resolution on International Development Cooperation of the Republic of Slovenia until 2015

¹⁰ MFA 2016a. – Media centre

¹¹ Agenda 2030 (Transforming our World: The 2030 Agenda for Sustainable Development), which was adopted in 2015, upgrades the Millennium Declaration and establishes a new global framework to eradicate poverty and achieve sustainable development by 2030.

¹² MFA 2016b. – Media centre

¹³ MFA 2015 – Implementation of the Resolution on International Development Cooperation of the Republic of Slovenia until 2015: Interim Performance Assessment

Hierarchically, the Resolution on International Development Cooperation, which is a brief and principle document and, as such, adopted by the Parliament, is followed by a more technically oriented "Framework Programme of International Development Cooperation and Humanitarian Assistance of the Republic of Slovenia for the Period 2013-2015,"¹⁴ which is aligned and communicated to the Slovenian Government by an inter-ministerial working group. The first framework programme was adopted for 2010, after which multiannual planning was made, i.e. the second framework programme was made for 2011 and 2012, the third one for 2013, 2014 and 2015, whereby a revision for 2014 and 2015 was prepared in 2014. In addition to geographical and thematic priority areas, the document also contains an indicative overview of the foreseen use of funds for development assistance by recipient country for 2013, 2014 and 2015. In May 2015, the second revision of the mentioned document was adopted, namely the "Framework Programme of International Development Cooperation and Humanitarian Aid of the Republic of Slovenia until 2015 – second revision of the framework programme for the period 2013-2015 and the implementation plan of international development cooperation for 2016."¹⁵ The document, inter alia, includes a comparative overview of the funds earmarked for activities after the second revision of the framework programme compared to the plan under the framework programme and first revision, and the funds earmarked for 2016. While the first two framework programmes, i.e. the 1-year for 2010 and 2-year for 2011 and 2012, included merely MFA funds, the 2013-2015 framework programme, both revisions and the plan for 2016 also take into account the plans of certain other ministries, namely the Ministry of Economic Development and Technology (MGRT), Ministry of Defence (MORS), Ministry of the Interior (MNZ), Ministry of Finance (MF) and Ministry of Education, Science and Sport (MIZŠ).

In April 2016, the "Framework Programme of International Development Cooperation and Humanitarian Assistance of the Republic of Slovenia for the Period 2016-2019" was adopted."¹⁶ The document covers the expenditure earmarked for official development assistance in the budgets adopted for 2016 and 2017, and indications of expenditure (or an implementation plan) for 2018 and 2019.

The operational programme precisely identifies geographical priorities or, rather, specific countries (Montenegro, Macedonia, Bosnia and Herzegovina, Serbia, Kosovo, Albania, Moldova, Cape Verde). Furthermore, it lays down thematic priorities, namely to strengthen good governance and the rule of law, to protect the environment and to empower women. Initial definitions are followed by budget data on the funds earmarked and budget items by country as well as specifically the thematic areas and financial scopes of projects by programme country.

On 7 February 2008, Slovenia and Montenegro signed an Agreement between the Government of the Republic of Slovenia and the Government of Montenegro on Development Cooperation (Agreement) in Ljubljana, which became applicable in April 2009. The Agreement foresees that the Contracting Parties would adopt Programme documents to realise the agreed projects and programmes, and to establish a joint committee. Furthermore, the Agreement lays down that the Slovenian and Montenegrin ministries of foreign affairs are the competent authorities for coordinating activities and monitoring the implementation of development cooperation programmes/projects.

On 14 May 2010, the first Programme of International Development Cooperation between the Republic of Slovenia and Montenegro for 2010 was signed in Ljubljana. On 4 August 2011, the Programme of International Development Cooperation between the Republic of Slovenia and Montenegro for 2011-2012 was signed in Podgorica. The Programme of International Development Cooperation between the Government of the Republic of Slovenia and the Government of Montenegro for the Period 2013-2015 was signed on 9 October 2013 in Ljubljana, while the Annex to it was signed on 26 October 2015. The Programme of International Development Cooperation between the Government of the Republic of

¹⁴ RS Government 2015 – Framework Programme of International Development Cooperation and Humanitarian Assistance of the Republic of Slovenia until 2015 – second revision of the framework programme for the period 2013-2015 and the implementation plan of international development cooperation for 2016

¹⁵ Source: RS Government 2016 – Framework Programme of International Development Cooperation and Humanitarian Aid of the Republic of Slovenia until 2015 – second revision of the framework programme for the period 2013-2015 and the implementation plan of international development cooperation for 2016

¹⁶ Source: RS Government 2016 – Framework programme of international development cooperation and humanitarian assistance of the Republic of Slovenia for the period 2016-2019

Slovenia and the Government of Montenegro for the Period 2016-2017 was signed on 12 December 2016 in Ljubljana.

3.2. Institutional context (organisational structure and organisation for the implementation of development cooperation in the Republic of Slovenia)

The **MFA** is in accordance with the International Development Cooperation Act the holder of development cooperation policy in the Republic of Slovenia, while the **State Secretary** for multilateral affairs also holds the role of the development minister. **ZDM** at the MFA is competent for planning development cooperation policies at the national and international levels, as well as for development cooperation implementation, coordination and monitoring. Its **Department for Development Cooperation and Humanitarian Assistance** carries out operative planning and monitoring of the implementation of development cooperation programmes and projects, in addition to other tasks related to development cooperation. Detailed operations of the mentioned sector and other institutions competent for development cooperation are provided in Table 3.1 and Figure 3.1.

To plan, coordinate and monitor the implementation, as well as evaluate international development cooperation, the Slovenian Government appoints at the proposal of the Minister an **inter-ministerial working group**, run by a representative of the MFA. To prepare the Resolution and provide advisory in relation to international development cooperation, the Minister also establishes a **Council of Experts** for International Development Cooperation (hereinafter "Expert Council"). The following are appointed as members of the Experts Council:

- representatives of the ministries included in the implementation of development cooperation;
- representatives of international development cooperation provider;
- experts in international development cooperation;
- representatives of the chambers of commerce and of legal entities to which the Slovenian Government may transfer the technical-operative part of the implementation of the Resolution under a public mandate.

Pursuant to Article 11 of the Act, a development cooperation **provider** may be:

- The MFA or some other ministry or other direct or indirect budget user;
- A legal entity governed by public or private law;
- An international organisation or institution engaged in international development cooperation.

In order to promote productive investments and strengthen economic cooperation between the Republic of Slovenia and recipient countries of official development assistance, the Government of the Republic of Slovenia lays down the content, conditions and methods of including companies to carry out international development cooperation (Article 12).

In addition to geographical and thematic priority areas, the Resolution also indicates other factors to be taken into account in the selection of a **recipient country**. These are the following: the level of social and economic development in a potential recipient country; the achieved level of institutional organisation ensuring efficient use of development assistance; the achieved level of political, diplomatic and economic relations between the Republic of Slovenia and a potential recipient country; the extent of presence of other donors and the possibility of coordinated activities with them¹⁷; and bilateral agreements on development cooperation that the Republic of Slovenia concluded with individual countries in Southeast and East Europe.

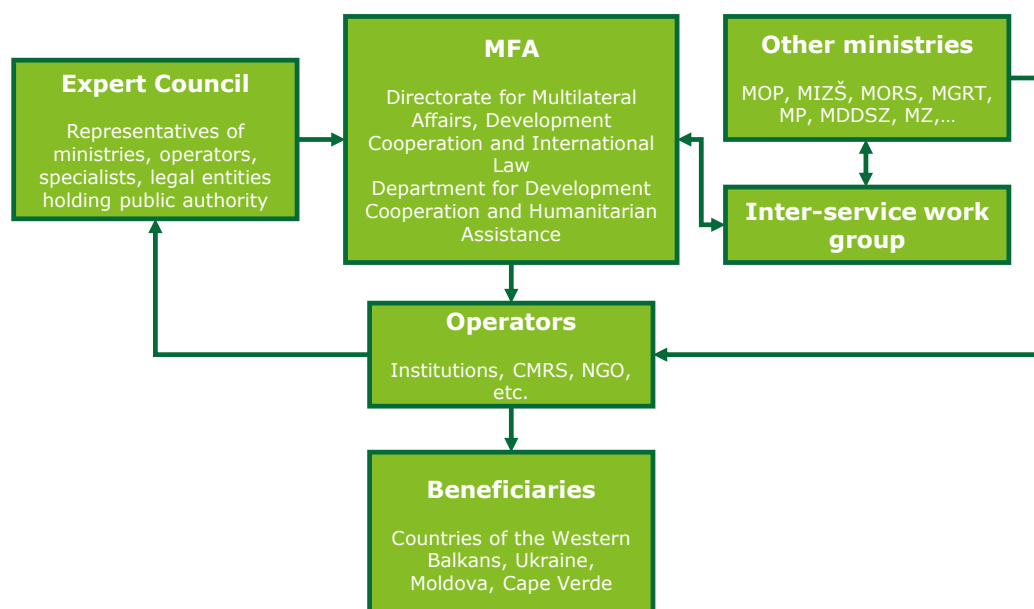
¹⁷ Priority is given to countries in which there is a relatively low number of donor countries, which gives the Slovenian development assistance higher added value

Table 3.1: Institutions engaged in development cooperation and their competences

Institution	Competences
Ministry of Foreign Affairs	<ul style="list-style-type: none"> - national coordinator - Minister appoints members of a council of experts
State Secretary	<ul style="list-style-type: none"> - development minister
Directorate for Multilateral Affairs, Development Cooperation and International Law	<ul style="list-style-type: none"> - policy planning in international development cooperation and humanitarian assistance at national and international level - coordination and monitoring of the implementation of international development and humanitarian assistance of the Republic of Slovenia
Department for Development Cooperation and Humanitarian Assistance	<ul style="list-style-type: none"> - planning and coordination of strategies and policies, and preparation and monitoring of the regulatory framework in development cooperation - preparation and coordination of meetings of the inter-ministerial working group for development cooperation - participation in the work performed by the Expert Council raising public awareness on the importance of development cooperation and promoting global learning - monitoring and cooperation in multilateral development activities taking place within the scope of EU, OECD and UN - operational planning and monitoring of the implementation of development cooperation programmes and projects - management of procedures for planning, coordination, preparation and implementation of open invitations to tender, calls, etc. in development cooperation - preparation of annual reports on official development assistance of the Republic of Slovenia and other statistics in this area - reporting to the National Assembly of the Republic of Slovenia, EU and OECD DAC on the fulfilment of Slovenia's commitments in financing for development
Inter-ministerial working group	<ul style="list-style-type: none"> - development cooperation planning - development cooperation coordination - monitoring of development cooperation implementation - consideration of an indicative amount of funds for development cooperation - alignment of the Resolution proposal - cooperation in the preparation of a performance assessment for the Resolution implementation
Expert Council	<ul style="list-style-type: none"> - preparation of proposals for the Resolution and submittal to the inter-ministerial working group - advisory to the Minister regarding development cooperation - participation in the preparation of performance assessments
Providers	<ul style="list-style-type: none"> - implementation of development cooperation projects and programmes - participation in the Expert Council
Recipient country	<ul style="list-style-type: none"> - submittal of requests for the execution of a particular project/programme - participation in a joint committee

Source: MFA website

Figure 3.1: Organisational chart of development cooperation implementation in the Republic of Slovenia



Source: MFA website

3.3. Montenegro context

3.3.1. Political context

The geographic priority areas of Slovene development cooperation are Western Balkans and Eastern Europe (see also chapter 4.2.2 annex 6). Slovenia's development cooperation is programme-based with Montenegro, whilst it is project-based with other target countries (Bosnia and Herzegovina, Macedonia, Serbia, Kosovo, Albania, Ukraine, Moldova, etc.). The strategic focus on Montenegro results from its substantial need for development assistance and simultaneously sufficient institutional regulation that ensures an efficient use thereof. Close cooperation between Slovenia and Montenegro also stems from their historical, cultural and economic ties, and high level of political and diplomatic relations.

Table 3.2: Montenegro and Slovenia – key indicators

	Area	Population	BDP / capita	BDP / capita (PPP ¹⁸)
Slovenia	20.273 km ²	2.065.879	25.422 \$	31.259 \$
Montenegro	13.812 km ²	678.931	8.344 \$	16.796 \$

Source: UN 2016 and IMF 2016

Montenegro is in the process of EU pre-accession negotiations, which is also currently its national strategic priority – both in foreign policy and in the establishment and harmonisation of national policies, reforms and projects. Montenegro was granted candidate status in December 2010; 26 out of 35 acquis chapters were open at the end of 2016.

According to an assessment by the European Commission¹⁹, Montenegro is moderately prepared in a number of acquis chapters (Free movement of goods, Justice, Freedom & Security). Montenegro is at an

¹⁸ Purchasing power parity is defined as a cost deflator and exchange rate converter that eliminates the effect of differences in price levels between countries, thereby better reflecting the purchasing power of the population.

¹⁹ Source: EC (2016) – Montenegro 2016 Report

early stage of harmonisation with the acquis in chapters concerning environmental protection, climate change and fisheries, as well as with budgetary and financial provisions. As for the focus from now on, EC highlights arrangements surrounding economic and monetary policy, especially in light of the rapidly growing public debt and high government budget deficit. These are themselves a result of measures within accession negotiations – (high) investments into tourism and infrastructure as support to economic activities.

A number of measures in the context of harmonisation with the acquis are very demanding administratively and technically, but much less financially. Not so with chapters that require greater infrastructure investments, such as chapter 27. Environment & Climate Change. For international development cooperation this implies a higher need for financial aid supporting these chapters and more focus on technical assistance elsewhere.

3.3.2. Donor landscape

Montenegro receives financial and technical development assistance from a number of countries, both at the bilateral level and through international organisations and instruments. The two primary sources of multilateral international development assistance are United Nations (UN) organisations present in Montenegro and the EU instrument for pre-accession assistance IPA II. The most active countries offering bilateral assistance to Montenegro are EU member states in its proximity, as well as larger global donors USA and Japan.

UN: the UN organisations present in Montenegro pursue objectives in four broad priority areas: democratic governance, economic governance, social inclusion and environmental sustainability. They provide Montenegro with technical assistance and access to expertise, offering also financial aid to selected projects²⁰.

IPA II: IPA II is an instrument with which the EU supports reform programmes of countries striving for membership. It is carried out in the form of financial and technical assistance in the reform of public administration, the rule of law, sustainable economy, social development, and agriculture and rural development. In Montenegro, the instrument serves to reinforce administration capacities (also through support for policy development and implementation) and infrastructure, and focuses on the following sectors:

- democracy and good governance;
- the rule of law and fundamental rights;
- environment and climate action;
- transport;
- competitiveness and innovations;
- education, employment and social policies;
- agriculture and rural development²¹.

Germany: Montenegro is one of 58 partner countries of the German organisation for international cooperation GIZ. Its priority areas for Montenegro are rural development, democracy and good governance, environment and climate change, and economic development²².

Austria: target geographic areas are Sub-Saharan Africa and the Western Balkans. Whilst Montenegro was one of Austria's priority countries for development cooperation ten years ago²³, the Austrian Development Agency now focuses on the Western Balkans region as a whole and offers primarily assistance, together with financial support in the area of education²⁴.

²⁰ Source: UN: UN in Montenegro

²¹ Source: European Commission: Montenegro - financial assistance under IPA II.

²² Source: GIZ – Montenegro

²³ Source: OECD (2009): Development Assistance Committee (DAC) Peer review – Austria

²⁴ Source: Austrian Development Agency – Donarum Westbalkan

Croatia: Croatia offers development assistance to Montenegro at the project-level. Its priority areas are post-war transition, political, economic and cultural development, development of civil society, development of institutions and the rule of law, good governance, fight against corruption and the respect for human rights²⁵.

Greece: Montenegro is one of the 30 priority countries for development cooperation. As with other countries in the Western Balkans region, Greece is committed to implementing the Greek programme for the economic reconstruction of the Balkans and technical assistance with harmonisation with the acquis²⁶.

Japan: Japan is present in Montenegro with a few projects without clear focus (from improvement of sound and audio-visual equipment and musical instruments of Montenegrin National Theatre to the improvement of medical equipment for main hospitals and technical assistance)²⁷.

USA: development cooperation programmes focus on economic development, good governance and greater inclusion of persons with disabilities²⁸.

²⁵ Government of the Republic of Croatia – National Strategy for Development Cooperation of the Republic of Croatia for the period from 2015 to 2020 Year (proposal)

²⁶ Source: OECD (2011) – Development Assistance Committee (DAC) Peer review – Greece

²⁷ Source: JICA – Montenegro

²⁸ Source: USAID – Montenegro

4. Evaluation programme

The methodology was prepared based on OECD rules and standards in development cooperation evaluation²⁹ and evaluation policy and guidelines for Slovenian development cooperation. Evaluation criteria were pre-defined by the contracting authority, who supplemented the five OECD criteria (relevance, effectiveness, efficiency, impact and sustainability) with four additional criteria (coherence, effectiveness of aid management and delivery, programme management and administrative arrangements, and Slovenian added value).

The methodological framework for evaluation is also based on European Commission Project Cycle Management Guidelines in international development cooperation projects,³⁰ which derive from the same selection of criteria as OECD Guidelines, but upgrade the methodology with a Logframe approach (hereinafter “LFA”), with the help of which project/programme achievements are compared to the objectives set. LFA is used for all phases of project cycle management, from development cooperation planning and implementation to evaluation, which together with audit represents the final stage. A well-defined LFA provides a framework for evaluation as it clearly lays down the purpose and results of a programme or project, the tools for their evaluation (indicators and assessment methods) and the key implementation assumptions.

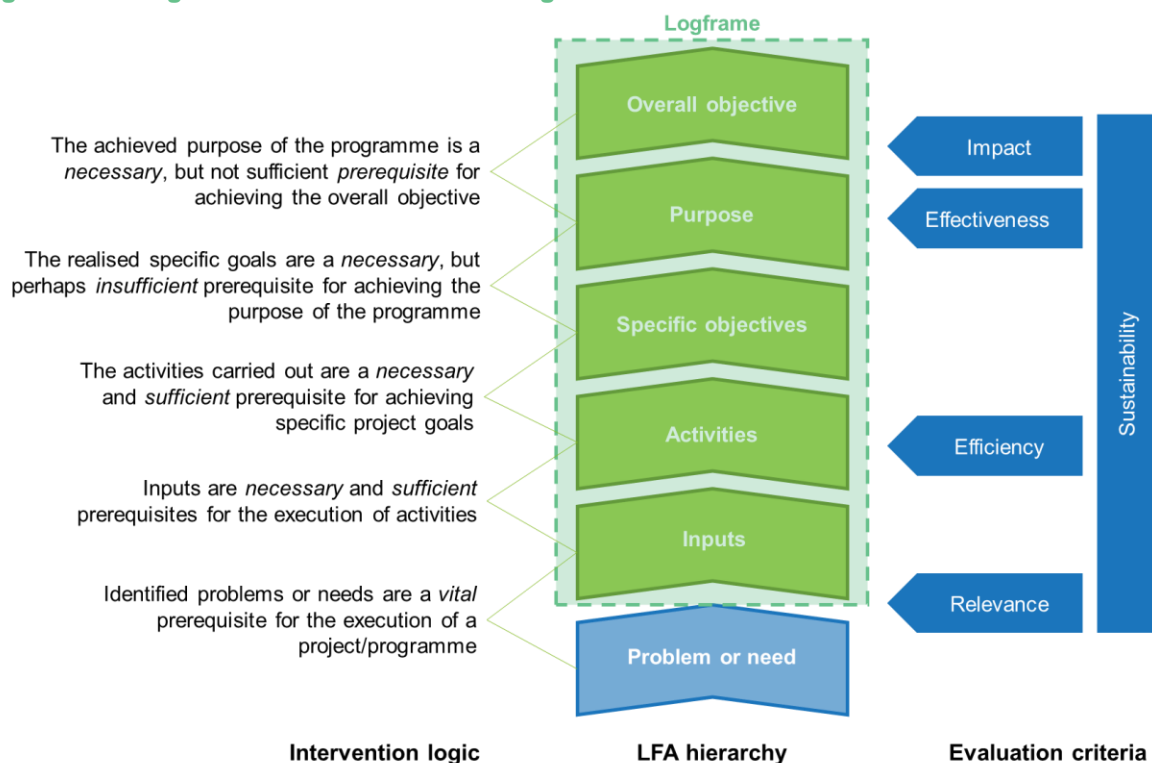
LFA is an approach within which the so-called LFA matrix is developed. The latter should be the result of thoughtful planning of development cooperation projects based on intervention logic, assumptions, verifiable indicators and sources. It defines the general objective of a development cooperation programme or policy, the purpose of a programme and specific objectives that are indirectly related with project activities. In the context of development cooperation implementation in Montenegro we thus analyse individual projects and activities and their outputs (e.g. financial realisation, number of beneficiaries, built and functional infrastructure, implemented study, etc.). On the activity level, we evaluate their relevance, coherence and efficiency of implementation (financial efficiency, timeframe efficiency, cost-benefit ratio, quality of implementation, etc.). On a higher level, i.e. on the level of specific objectives, the evaluator assesses if the project and activity outputs achieve the planned results. In the context of this evaluation, this means, for instance, assessing the contribution of the programme to crosscutting objectives, poverty reduction and the increase of knowledge and skills, as well as assessing project achievement towards improved access to services and education. Project results further contribute to achieving the programme's purpose, which we assess using aggregate data on achieved project results in reference to the programme framework. The evaluation is herewith concerned with the extent of achievement of the programme's purpose in each area of implementation (environmental protection, public finance reform, capacity building, etc.), based on which we evaluate the programme's impact in relation to the overall objective (economic development, environmental protection, human rights, etc.). Crosscutting themes that concern all levels of the LFA matrix are sustainability (at the activity-, objective-, purpose- and overall objective levels) and programme management & administrative arrangements (as the basis for the entire programme cycle). The subject of evaluation are all categories of LFA matrix, whereby the general objective and purpose of evaluation fall within the scope of programme evaluation (chapter 4.3.2), while results and activities fall within the scope of the evaluation of project activities (chapter 4.3.3).

A summary of the methodological framework for evaluation is presented in the so-called evaluation matrix (see table 4.3) as laid down by the contracting authority; a more detailed review of methods as well as evaluation findings by individual indicator can be found in Appendix 1.

²⁹ Source: OECD 2010 – Evaluating Development Co-operation

³⁰ Source: EC 2004 – Aid Delivery Methods, Project Cycle Management Guidelines

Figure 4.1: Integration of LFA intervention logic and basic OECD evaluation criteria



Source: Aid Delivery Methods: Project Cycle Management Guidelines, European Commission

Figure 4.2: LFA matrix for development cooperation between the Republic of Slovenia and Montenegro



Source: Aid Delivery Methods: Project Cycle Management Guidelines, European Commission

The LFA has two stages. The **analysis stage** covers an analysis of problems (identification of problems, restrictions, opportunities and cause and effect relationships), analysis of stakeholders (identification and assessment of capacities), analysis of objectives (setting objectives based on the problems identified and resources for their realisation) and a strategic analysis (identification of an optimal strategy to achieve objectives). The **planning stage** covers the development of an LFA matrix (structure, internal logic, risks, and indicators), preparation of a timeline of activities (time schedule and interconnection, duration and responsibility for individual activities) and resource planning (contributions and budget for execution).

The methodological approach selected is based on the evaluation of three aspects of development cooperation implementation in Montenegro: the management system, the international development cooperation programme between the Republic of Slovenia and Montenegro, and project activities by area. Evaluation criteria and questions are sensibly placed within each aspect of implementation, while evaluation methods, indicators and data sources are defined. Evaluation methods are described in separate chapter 4.1, while references to these methods are used in the methodological framework in chapter 4.3 within the scope of individual evaluation criteria. The analysis of the intervention logic, which provides the basis for the execution of the methods selected within the scope of chapter 4.3, can be found in chapter 4.2.

4.1. Description of methods for data collection and processing

For the evaluation of Slovenian development cooperation in Montenegro we utilised various quantitative and qualitative research methods. Where possible, we triangulated the results, that is, we verified the results obtained through the first research method (e.g. primary and secondary source analysis) with the use of two further methods (e.g. survey and focus group).

As the first step in the evaluation process we collected and analysed project documentation (the list is in annex 5) and reviewed all relevant strategic and programme documents, guidelines, legal acts and implementing regulations. In order to obtain additional information on major projects we carried out a focus group and individual interviews with the project providers on the Slovenian side (see annex 8 for a review of key interviews, meetings and activities in the evaluation process). The interviews were carried out in person (CMSR and CEF) or via email where the project documentation was sufficient and interview questions could be perfectly structured (the case of CEP, Zavod krog, Ekvilib Institute and the Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia – Fund). In order to better understand the development cooperation implementation framework itself, including programme design, planning, management, monitoring and evaluation, we conducted an interview with the director general of ZDM and project manager on the side of MFA, as well as a group interview with representatives of MFA. At the group interview and focus group with project providers we also verified the results of our intervention logic analysis.

We further verified the findings from the above interviews and focus group through an on-site evaluation visit. In Podgorica, we carried out interviews with representatives of the MFA of Montenegro, the Ministry of European Integration (MEI), Ministry of Sustainable Development and Tourism (MTR) and Ministry of Finance. We also visited the Žabljak municipality, where the highest number and value of projects financed by Slovene development assistance were implemented, and the Šavnik municipality; in both municipalities we carried out interviews with the mayors and visited the newly built objects.

We simultaneously prepared an online survey, which we distributed to Slovene and Montenegrin project providers and coordinators (relevant ministries). We sent the survey to 65 recipients and asked project providers to forward it to the final beneficiaries of their projects. We received 34 answers, making the sample size insufficient for shaping credible conclusions on the level of the entire group of stakeholders (project providers / coordinators / final beneficiaries).

Table 4.1: Identification of methods, potential problems in execution and proposed solutions

Method	Description of method	Possible problems in the execution of methods and proposals for solutions
<i>Analysis of primary and secondary resources</i>	The scope of the analysis are legal acts, implementing regulations, strategic and programme documents, and guidelines that provide the basis for development cooperation implementation in Montenegro, as well as project documentation. The method is useful primarily for reviewing the intervention logic and development cooperation management system in Montenegro.	<i>Problem:</i> not enough details to prepare a substantiated opinion. <i>Solution:</i> use of additional methods, e.g. interviews with key stakeholders in the development cooperation system.
<i>Analysis of project documents</i>	This involves a review of data on project implementation as prepared by the contracting authority for the purpose of the evaluation. Data is organised with respect to the indicators defined in the methodological framework (see chapter 4.3) and used to calculate shares and ratios and, where relevant, for descriptive analyses.	<i>Problem:</i> insufficient data or poor data structure. <i>Solution:</i> use of additional methods, e.g. interviews with project providers and the contracting authority.
<i>Interview</i>	The interview is a research procedure in which the researcher (examiner) obtains data on the subject of research through a conversation with an interviewee. An interview may be structured (takes place according to a pre-set order of questions) or semi-structured (the examiner allows the interviewee to a minor extent to depart thematically from the questions posed). Where the interview is perfectly structured, it can be carried out via telephone or email.	<i>Problem:</i> lack of willingness to cooperate. <i>Solution:</i> organisation of interviews in cooperation with the contracting authority. <i>Problem:</i> loss of focus during the discussion. <i>Solution:</i> well prepared examiner.
<i>On-site evaluation visit</i>	This method is particularly useful when evaluating the results of infrastructural projects or otherwise tangible projects (e.g. purchase of equipment, machinery, execution of investments, etc.), where it makes sense to check the situation on site in the recipient country. The method includes an analysis of the execution of a project (e.g. whether infrastructure has gained an operating permit and has served its original purpose), interviews with representatives of final beneficiaries of projects (e.g. local communities, target populations, companies, etc.) and interviews with local project partners.	<i>Problem:</i> lack of willingness to cooperate by recipients or local partners. <i>Solution:</i> organisation of interviews in cooperation with the contracting authority, namely Embassy of the Republic of Slovenia in Montenegro.
<i>Survey</i>	A survey is a research instrument used to integrate, collect and analyse statements by individuals in order to gain insight into their opinion and behaviour on a certain topic. A survey may be conducted on site (i.e. in direct contact with interviewees), by mail or online, whereby the last method is the most favourable in terms of resources and costs.	<i>Problem:</i> access to interviewees after the completion of a project. <i>Solution:</i> preparation of address lists for interviewees in cooperation with project providers.
<i>Focus group</i>	Focus groups are a research method that is carried out as a group debate on a certain topic.	<i>Problem:</i> non-willingness to cooperate.

	<p>They entail an experienced moderator, who leads a group of 5 to 15 experts and allows each one to freely express their opinion and debate a specific topic. The selection of participants is particularly important for a successful focus group, whereby it is desired that it be as random as possible (hence not based on previous acquaintances or relations). An important advantage of a focus group is a possibility for a deeper reflection on a certain topic, the interpretation of already collected findings and potential combination with certain well-established methods of team work (e.g. problem tree). During discussion and particularly when forming conclusions, the moderator must take into account the background and circumstances of different statements and aspects of participants' behaviour.</p>	<p><i>Solution:</i> organisation of interviews in cooperation with the contracting authority</p> <p><i>Problem:</i> inability to draw uniform conclusions due to opposing opinions.</p> <p><i>Solution:</i> explanation of persistent problems in a separate section of the evaluation report.</p>
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4.2. Analysis of the intervention logic

The analysis of the intervention logic entails an examination of the internal coherence between the Agreement and the Programme, based on which we determine the extent of alignment between priorities and objectives, and an existence of a logical framework. We furthermore assess whether the planned activities are complementary, i.e. whether they complement one another to achieve the objectives.

The findings of the analysis of intervention logic are used to prepare answers to evaluation questions.³¹ Findings are additionally verified using qualitative methods (see chapter 4.3).

4.2.1. Internal coherence

Below we analyse the coherence of both strategic documents regulating Slovenia's development assistance to Montenegro: the Agreement between the Government of the Republic of Slovenia and the Government of Montenegro (Agreement) and the Programme of International Development Cooperation between the Government of the Republic of Slovenia and the Government of Montenegro for the period 2013-2015 and for the period 2016-2017 (Programme).³²

The Agreement lays down 14 objectives of development cooperation between the Republic of Slovenia and Montenegro (Article 1), i.e.:

- a) Modernisation of infrastructure, rehabilitation, improvement and protection of the environment, and improved capacity to act in cases of natural and other disasters
- b) Promotion of productive investments
- c) Modernisation of public administration and local self-government

³¹ Question for evaluation 2.1: Are the objectives and achievements of the Agreement and the Programme consistent with Montenegro's policies and poverty reduction strategies?

Question for evaluation 2.2: Are the objectives of the Agreement and Programme consistent with Slovenia's Development Policy?

Question for evaluation 2.3: Are the objectives and achievements consistent with the needs of the final beneficiaries?

Question for evaluation 2.4: To what extent has the Agreement and Programme complemented the EU instruments in the region (Instrument for Pre-accession Assistance IPA)?

Question for evaluation 3.2: Does the Programme strengthen coherence and complementarity?

³² The difference between the two documents is in approved projects and amount of (co-)financing, while the structure of the Programme and area of cooperation remain the same.

- d) Repatriation of refugees and displaced persons, and assistance for the building of democratic institutions
- e) Support for the rule of law
- f) Sustain improvements in social policy
- g) Encouraging economic development
- h) Supporting education and vocational training of administrative and scientific capacities
- i) Granting scholarships
- j) Support for development in the field of education, training and youth issues, especially within the framework of multilateral cooperation programmes
- k) Training and education of administrative and scientific human resources for participation in the European research and development programmes, particularly within the Framework Programmes of the EU
- l) Participation in joint projects, registered by Slovenian organisations within the framework of European research and development programmes, with special emphasis on training and research work in Slovenia
- m) Supporting training of state administration in the process of rapprochement to the EU
- n) Reform of public finances ³³

The Agreement also indicates the purpose of development cooperation, namely Slovenia's contribution to social and economic development of Montenegro and its achievement of development goals. On the other hand, the Agreement fails to indicate the general objective of development assistance (such as, for example, economic welfare of Montenegrin citizens or better social inclusion). The Agreement also fails to include priority areas of development cooperation, which can only be inferred from the stated objectives. The latter, however, are partly unclear, duplicate and do not have the same scope – some are specific, such as “granting scholarships,” while others are very broad (e.g. “encouraging economic development”). Furthermore, the Agreement does not focus on a few priority areas of international development cooperation, but covers a wide range of elements of economic and social development.

On the other hand, the Programme deals with the specific projects already planned for a certain period. In the 2016-2017 Programme, these are broken down into three categories: development projects for strengthening economic and social infrastructure, technical assistance and other.³⁴ Since they involve multi-annual planning, major infrastructural projects are identified in advance, while bilateral technical assistance and NGO activities merely indicate the funds earmarked. Open calls for the latter are published by MFA, while Montenegro (specifically, working groups for individual negotiating chapters) communicates the needs for bilateral technical assistance as they arise.

The Programme includes almost exclusively projects coordinated by- and financed through the Ministry of Foreign Affairs – an exception are UNIDO projects in the 2013-2015 Programme, which are a budget item of the MGRT, and advisory and knowledge transfer in the area of defence for the 2016-2017 period, the funds for which are drawn by the MORS. On the other hand, the Programme fails to indicate the projects of other ministries, such as activities in the fields of education and defence (see evaluation question 1.1).

Taking into account the fact that the Programme covers the entire international development cooperation between the Republic of Slovenia and Montenegro – i.e. cooperation between the countries rather than between their ministries responsible for foreign affairs – we propose that all projects of such cooperation be included in it, hence also those that are a budget item of other ministries. This would increase transparency and provide a better overview of- and insight into development cooperation between the countries.

Considering the methodology used to assess the Agreement and Programme (LFA and evaluation criteria – see chapter 4), the Programme defines the activities (projects) and financial sources, but fails to indicate

³³ Source: Official Gazette of the Republic of Slovenia, 2009 – Agreement between the Government of the Republic of Slovenia and the Government of Montenegro on Development Cooperation

³⁴ Source: Programme of International Development Cooperation between the Republic of Slovenia and Montenegro for the period 2016-2017

specific objectives or expected results that are a prerequisite to achieve the purpose of development cooperation and thus contribute to its overall objective.

Internal coherence, i.e. coherence between the Programme and Agreement, is required to make the planning and implementation of development cooperation more transparent, consistent and successful. Deriving from LFA methodology (see Figure 4.1), the Agreement and Programme must identify the needs, resources and sources for the execution of activities. Furthermore, activities should define specific objectives and therewith related expected results, the realisation of which is a prerequisite to achieve the purpose and, consequently, the overall objective of development cooperation. The mentioned elements of the LFA hierarchy are a *necessary*, but *insufficient prerequisite* to ensure the success of the programme. The review of the Programme showed that the projects selected fail to reflect directly the objectives of development cooperation indicated in the Agreement. Objectives, such as the strengthening of economic and social infrastructure, environmental protection and development of quality tourist products and services and ecotourism, are indicated as the basis for the projects selected, although not all of them are indicated as objectives or priority areas in the Agreement. Most projects that are indicated in the 2016-2017 Programme, including those of high value, fall within the scope of environmental protection. This is otherwise a positive change compared to the 2013-2015 Programme, where most projects were related to tourism and leisure, which is not indicated as one of the objectives of development cooperation in the Agreement. Still, most objectives from the Agreement remain uncovered.

The projects indicated in the Programme and the objectives indicated in the Agreement are aligned with the purpose of the programme, which is understandable given its broad definition (economic and social development and achievement of development goals). As indicated above, the needs, expected results and overall objective of development cooperation are not evident from the Agreement or Programme, which is why they cannot be evaluated.

We conclude that a suitable logical framework of the Programme life cycle cannot be inferred from the strategic documents regulating development cooperation between the Republic of Slovenia and Montenegro, while the existing one fails to demonstrate sufficient coherence or consistency between the categories of the logical framework. Such deficiencies in the logical framework pose a problem not only in terms of monitoring and evaluating results, but also in terms of achieving the objectives set.

Recommendation: Pursuant to the above finding, we propose that the number, hierarchy and content of strategic documents governing Slovenia's development cooperation and international development assistance for Montenegro be re-examined. Specifically, and taking into account the recommendations from the European Commission guidelines for implementing development aid,³⁵ we propose a 3-level structure of strategic documents and an adaptation of the contents of the Agreement and Programme as follows:

- (1) **Agreement:** contains the overall objective and purpose of international development cooperation and, based on that, identifies the impact indicator(s). It also lays down 3-4 priority areas, such as education, environment, technical assistance with harmonisation with the acquis, and human rights & equal opportunities. When identifying priority areas and objectives, external coherence, i.e. coherence with Montenegro's development plan, Strategy of Foreign Policy of the Republic of Slovenia, International Development Cooperation Act, etc. (see chapter 4.2.2 below), must be taken into account. The Agreement should be general enough to be valid for a period of 10 to 15 years and, at the same time, specific enough to clearly reflect Slovenia's development cooperation priorities rather than all development priorities of the recipient country.*
- (2) **Strategy:** contains priority areas, objectives and expected medium-term results, and based on that identifies result indicators. The Strategy also includes analyses serving as the basis for defined objectives, i.e. an analysis of stakeholders, identification and analysis of needs or problems, an analysis of objectives, and observation of crosscutting objectives and development cooperation priorities (human rights, gender equality and environmental sustainability). The Strategy should have a medium-term period of validity, i.e. 5 to 7 years.*

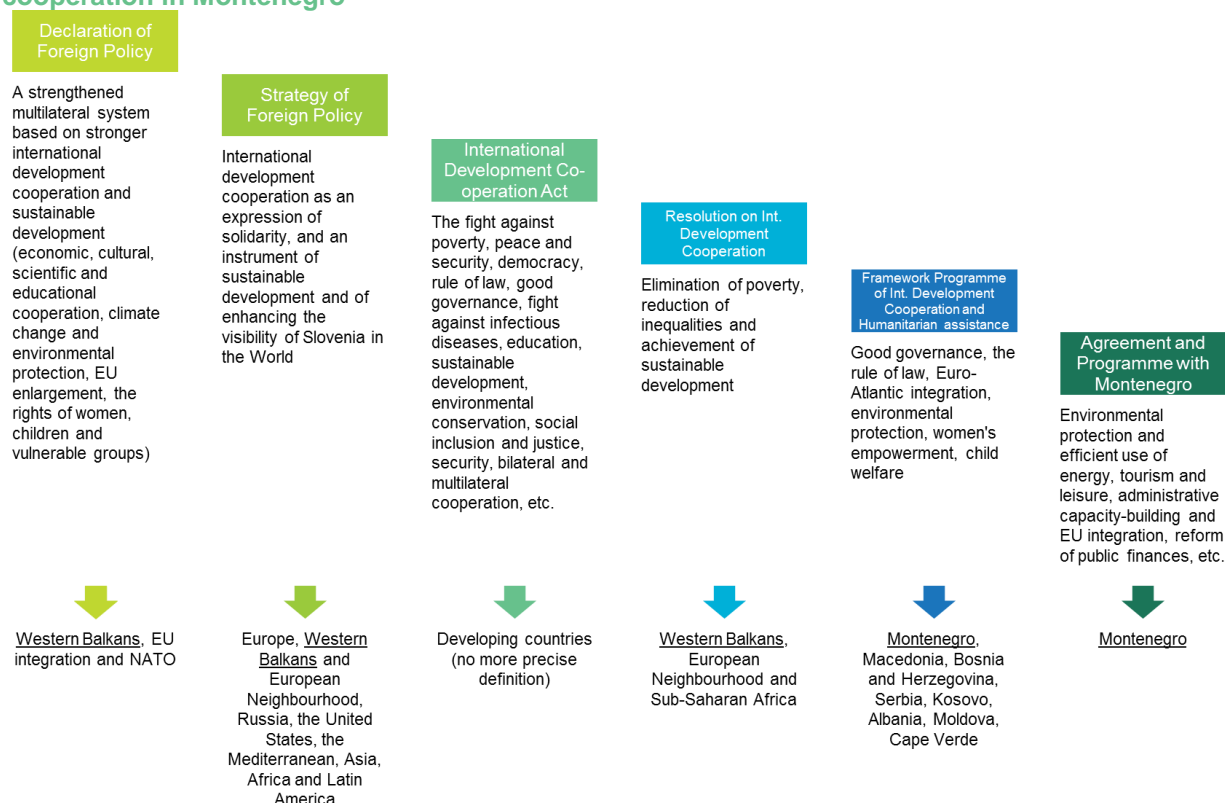
³⁵ Source: EC 2004 – Aid Delivery Methods, Project Cycle Management Guidelines

- (3) **Programme:** contains all projects and activities of Slovenia's development cooperation in Montenegro. It also includes the inputs, activities and expected direct results of projects and, based on that, identifies output indicators. The Programme should cover a period of 2 to 3 years.

4.2.2. External coherence

External coherence is considered to be the alignment between the Agreement regulating Slovenia's development assistance for Montenegro and external guidelines, strategies and laws. As indicated in the Conditions for implementation (see chapter 3), these are: Vision for Slovenia in 2050, Slovenia's Development Strategy (under preparation), Declaration of Foreign Policy of the Republic of Slovenia, Strategy of Foreign Policy of the Republic of Slovenia, International Development Cooperation of the Republic of Slovenia Act, Resolution on International Development Cooperation of the Republic of Slovenia for the period until 2015, Resolution on International Development Cooperation and humanitarian aid of the Republic of Slovenia, and Framework Programme of International Development Cooperation and Humanitarian Assistance of the Republic of Slovenia for the periods 2013-2015 and 2016-2019. On the part of the recipient of development aid, this also includes the National Development Plan of Montenegro [Nacionalni plan razvoja Črne gore]. Within the scope of assessing external coherence, the Vision for Slovenia in 2050 is not taken into account, as it is too general and (by definition) insufficiently related with Slovenia's development cooperation with Montenegro to enable a verification of (in)coherence. Furthermore, we did not assess the coherence of the Agreement with Slovenia's Development Strategy, which has not yet been adopted.

Figure 4.1: Review of key documents of the Republic of Slovenia in the area of development cooperation in Montenegro



Declaration of Foreign Policy of the Republic of Slovenia

The Declaration indicates ten priority areas and fields of Slovenia's foreign policy, the following four of which are (implicitly or explicitly) included in the objectives of development cooperation between the Republic of Slovenia and Montenegro as laid down in the Agreement:³⁶

- international economic, cultural, scientific and educational cooperation;
- climate change and environmental protection;
- supporting the enlargement of European Union and enhancing Slovenia's presence in the Western Balkans;
- actively championing the rights of children, women, national minorities and the most vulnerable groups.

All objectives of the Agreement are covered within the scope of these four priority areas, based on which it may be concluded that the Agreement is aligned with the Declaration of Foreign Policy of the Republic of Slovenia.

Strategy of Foreign Policy of the Republic of Slovenia

As a Western Balkan country, Montenegro is one of the priority geographical areas laid down in the Strategy.³⁷ The Strategy also highlights development cooperation as one of the areas requiring reinforcement. We find that development cooperation with Montenegro fails to cover most priority areas of Slovenia's foreign policy, but is nevertheless coherent with the Strategy, as the objectives of the Agreement reflect the objectives expressed in the Strategy.

International Development Cooperation Act

The Act lays down objectives that, as indicated in chapter 3, largely cover the UN Millennium Development Goals³⁸ and are as such more relevant in less developed countries with different development priorities than those of Montenegro. On the other hand, the objectives of the Agreement are much more specific and adapted to the political, social and economic context of Montenegro. There is no lack of coherence between one and the other strategic document, but we find the Act to be less relevant to the definition of the suitability of intervention logic.

Resolution on International Development Cooperation

In addition to priority areas and overarching objectives that are analogue to those laid down in the Act, the Resolution also lays down the criteria for the selection of substantive/thematic priorities.³⁹ In addition to the recipient country's development orientation and strategy(-ies), factors also include:

- international agreements and standards, as well as guidelines by the European Commission, UN and other international organisations – adaptation to climate change, development of good governance and improvement of institutional capacities, regional cooperation and integration, development of traffic infrastructure, organic farming and provision of adequate food supply;
- objectives of foreign policy and strategic development priorities of Slovenian society and business
- positive experiences gained through previous projects;

Both guidelines of international organisations and strategies of the Republic of Slovenia have largely been taken into account in the objectives of the Agreement (a gap in coherence with EU guidelines may be found in the Agreement's focus on education and omission of traffic infrastructure development, agriculture and food supply). Since the observation of all criteria is not a prerequisite for external coherence and taking into account the findings on coherence with the Act, we believe that the Agreement is sufficiently coherent with the Resolution.

³⁶ Source: Official Gazette of the Republic of Slovenia, 2015 – Declaration of Foreign Policy of the Republic of Slovenia

³⁷ Source: MFA 2017 – Slovenia: Safe, Successful, Globally Respected

³⁸ Source: Official Gazette of the Republic of Slovenia, 2006 – International Development Cooperation of the Republic of Slovenia Act

³⁹ Source: Official Gazette of the Republic of Slovenia, 2008 – Resolution on International Development Cooperation of the Republic of Slovenia until 2015

Framework Programmes of International Development Cooperation and Humanitarian Assistance of the Republic of Slovenia for the Periods 2013-2015 and 2016-2019

These strategic documents also identify Montenegro as a geographical priority of Slovenia's international development cooperation. As substantive priorities, they identify "enhancing good governance and the rule of law with stress placed on integration into the EU; environmental protection with stress placed on sustainable water management; and empowering women and concern for child welfare." The objectives of the Agreement are coherent with the first two priorities, while the third priority is not explicitly indicated under the objectives. Women empowerment and concern for child welfare may nevertheless be incorporated in projects in other priority areas; hence, the alignment with this objective will be assessed within the scope of chapter 4.3.3, where individual realised projects are also evaluated. There is some inconsistency in the allocated funds, as the Framework Programmes indicate €2.7 million for Montenegro for the 2013-2016 period (excluding the funds of the Ministry of Labour, Family and Social Affairs (MDDSZ) and MIZŠ in 2013-2014), while the actual expenditure in these 4 years reached €5.3 million or €4.37 million without MIZŠ and MDDSZ projects.

National Development Plan of Montenegro

Montenegro's priority development sectors include tourism, energy, agriculture and rural development.⁴⁰ At the same time, the Plan lays down five priorities, i.e. science and education, development of small and medium enterprises, labour market, spatial planning and an effective state. Although individual projects within the scope of the Programme reflect the first two mentioned strategic priorities of Montenegro, there is a lack of coherence when it comes to the objectives of the Agreement; namely, the latter place less emphasis on the tourism and energy sectors, and even less on agriculture. On the other hand, the objectives of the Agreement are slightly more aligned with the development priorities of Montenegro, particularly in education and effective state. We find that the objectives of the Agreement are not fully coherent with the National Development Plan of Montenegro; however, more emphasis should be placed on areas where Montenegro demonstrates a need for development assistance and less on Montenegro's priorities in economic development.

Instrument for Pre-accession Assistance – IPA I and IPA II

In content, the Agreement and Programme are almost entirely coherent with the objectives of IPA, as they cover all areas of financing other than transport and agriculture and rural development. There is important coherence in the activities carried out, as the objectives are achieved particularly in two fundamental ways, i.e. through (bilateral) technical assistance intended to harmonise the Montenegrin legislation and public administration with EU standards, and through infrastructural projects (in case of IPA, transport infrastructure, while the Agreement and Programme support investments in economic and environmental infrastructure).

⁴⁰ Source: Crna gora Ministarstvo finansija 2013 – Nacionalni plan razvoja 2013-2016

4.3. Methodological framework for the preparation of answers to evaluation questions (evaluation matrix)

Below is a presentation of the evaluation matrix showing evaluation criteria, questions and therewith related indicators and information sources. We have slightly adapted the evaluation matrix so as to divided the evaluation criteria into three groups: management system, programme and project activities. A detailed methodological framework together with calculations and/or descriptions of indicators is provided in Appendix 1.

Table 4.2: Evaluation matrix

Criteria	Evaluation questions related to each criteria	Indicators for questions for each criteria	Methods for collecting information and data source (in brackets)
Management system			
1. Programme management and administrative arrangements	<i>1.1 What is the quality of the programme management, including monitoring and reporting, resource management and personnel management, financial management, cooperation and communication between stakeholders?</i>	<ul style="list-style-type: none"> ▪ K1.1.1 – Maturity of development cooperation management system ▪ K1.1.2 – Maturity of the monitoring and evaluation system ▪ K1.1.3 – Level of satisfaction with the communication system between stakeholders ▪ K1.1.4 – Assessment of workloads related with programme management ▪ K1.1.5 – Estimate of costs related with programme management ▪ K1.1.6 – Maturity of programme planning system ▪ K1.1.7 – Maturity of project selection system 	<p>Interview (employees at MFA – ZDM)</p> <p>Analysis of secondary sources (internal MFA acts regulating the implementation of development cooperation)</p> <p>Survey (providers and development cooperation beneficiaries)</p> <p>Interview (representatives of Montenegrin MFA, MF, MTR and MEI)</p> <p>Interview (providers of major projects)</p>
	<i>1.2 Are the roles and responsibilities between the involved institutions clearly delineated?</i>	<ul style="list-style-type: none"> ▪ K1.1.2 – Maturity of the monitoring and evaluation system 	<p>Analysis of secondary sources (internal MFA acts regulating the implementation of development cooperation)</p> <p>Interview (employees at MFA – ZDM)</p>
	<i>1.3 Is risk management, including suitable adaptation to unforeseen conditions (e.g. political changes), adequately provided?</i>	<ul style="list-style-type: none"> ▪ K1.3.1 – Maturity of the system risk analysis 	<p>Interview (employees at MFA – ZDM)</p>

Programme			
2. Relevance	<i>2.1 Are the objectives and achievements of the Agreement and the programme consistent with Montenegro's policies and poverty reduction strategies?</i>	<ul style="list-style-type: none"> ▪ K2.1.1 – Level of coherence between the Agreement and Programme and Montenegro's policies and strategies for reducing poverty ▪ K2.1.2 – Share of funds earmarked from the programme contributing to Montenegro's policies and strategies for reducing poverty 	Analysis of secondary resources (Programme) Interview (representatives of Montenegrin MFA)
	<i>2.2 Are the objectives of the Agreement and programme consistent with Slovenia's Development Policy?</i>	<ul style="list-style-type: none"> ▪ K2.2.1 – Level of coherence between the objectives of the Agreement and Programme and Slovenia's Development Policy 	Interview (employees at MFA – ZDM) Analysis of secondary sources (Act, Resolution, Agreement, Programme) Focus group with providers and beneficiaries of development cooperation
	<i>2.3 Are the objectives and achievements consistent with the needs of final beneficiaries?</i>	<ul style="list-style-type: none"> ▪ K2.3.1 – Level of coherence in the understanding of needs between the Slovenian MFA and Montenegrin MFA ▪ K2.3.2 – Level of coherence in the understanding of needs between the Slovenian MFA and development cooperation providers and target groups ▪ K2.3.3 – Level of coherence of the objectives and achievements of the Agreement and Programme with the needs of the recipient country 	Interview (representatives of Montenegrin MFA and employees at MFA – ZDM) Survey (development cooperation providers and beneficiaries)
	<i>2.4 To what extent has the Agreement and the programme complemented the EU instruments in the region (Instrument for Pre-accession Assistance IPA)?</i>	<ul style="list-style-type: none"> ▪ K2.4.1 – Level of coherence and synergies between the objectives of the Agreement and Programme and other EU instruments in the region (IPA) ▪ K2.4.2 – Existence of a risk of double financing from the programme and other EU instruments in the region (IPA) 	Analysis of secondary sources (Act, Resolution, Agreement, Programme) Focus group (development cooperation providers and beneficiaries) Interview (employees at MFA – ZDM)
3. Aid effectiveness = effectiveness	<i>3.1 Has the programme promoted local ownership, alignment to EU standards and</i>	<ul style="list-style-type: none"> ▪ K3.1.1 – Existence of ownership and responsibility for achieving the effects and results of projects 	Survey (development cooperation providers and beneficiaries)

of aid management and delivery	<i>norms, harmonisation of policies, management for development results and mutual accountability?</i>	<ul style="list-style-type: none"> ▪ K3.1.2 – Level of co-financing the Programme by the recipient country ▪ K3.1.3 – Level of recipient country's cooperation in the Programme planning process ▪ K3.1.4 – Focus of the Agreement and Programme on achieving EU standards and norms in the recipient country ▪ K1.1.2 – Maturity of the monitoring and evaluation system ▪ K8.2.1 – Existence of factors strengthening or inhibiting sustainability 	<p>Interview (representatives of Montenegrin MFA, MF, MTR and MEI, and employees at MFA – ZDM)</p> <p>Analysis of project documents (DAC Report, providers' reports)</p> <p>Focus group (development cooperation providers in Montenegro)</p> <p>Analysis of secondary sources (internal MFA acts regulating the implementation of development cooperation)</p>
	<i>3.2 Has the programme promoted coordination and complementarity?</i>	<ul style="list-style-type: none"> ▪ K3.2.1 – Level of internal coherence between the identified needs, Programme objectives and planned projects ▪ K3.2.2 – Level of coherence between the planned and executed development cooperation activities or projects ▪ K3.2.3 – Clarity and comprehensibility of programme objectives ▪ K3.2.4 – Focus of objectives and projects ▪ K3.2.5 – Complementarity and synergies of planned objectives and projects ▪ K3.2.6 – Coherence of activities, expected results, purpose and the general objective of the Programme 	<p>Analysis of secondary sources (Act, Resolution, Agreement, Programme)</p> <p>Interview (employees at MFA – ZDM)</p> <p>Focus group (development cooperation providers in Montenegro)</p> <p>Analysis of project documents (data on realised projects)</p> <p>Survey (development cooperation providers and beneficiaries)</p>
4. Coherence	<i>4.1 Have contradictions with other policies prevented the implementation and achievement of the development objectives, or are policies mutually reinforcing?</i>	<ul style="list-style-type: none"> ▪ K4.1.1 – Level of coherence and synergies between the objectives of the Agreement and Programme, and other policies related with development cooperation 	<p>Analysis of secondary sources (Act, Resolution, Agreement, Programme)</p> <p>Interview (employees at MFA – ZDM)</p> <p>Focus group (development cooperation providers in Montenegro)</p>

Project activities ⁴¹			
5. Effectiveness	5.1 To what extent has the programme achieved its purpose?	<ul style="list-style-type: none"> ▪ K5.1.1 – Level of coherence between the purpose and objectives of the Programme and areas of implementation ▪ K5.1.2 – Share of Slovenia's public expenditure for development cooperation by area of implementation ▪ K5.1.3 – Average amount of Slovenia's public expenditure for development cooperation projects by area of implementation ▪ K5.1.4 – Scope of major projects ▪ K5.1.5 – Level of satisfaction of final beneficiaries of major projects with effectiveness of execution 	<p>Analysis of project documents (data on realised projects)</p> <p>Interview (providers of major projects)</p> <p>Evaluation visit on site (locations of major projects)</p>
	5.2 Do the results and the programme purpose make a contribution towards reducing poverty?	<ul style="list-style-type: none"> ▪ K5.2.1 – Existence of assumptions providing the contribution of the Programme and projects to reducing poverty ▪ K5.2.2 – Share of Slovenia's public expenditure for development cooperation projects contributing to poverty reduction ▪ K5.2.3 – Share of projects contributing to poverty reduction ▪ K5.2.4 – Opinion of key stakeholders regarding the Programme's contribution to reducing poverty ▪ K5.2.5 – Contribution of major projects to reducing poverty ▪ K5.2.6 – Scope of major projects in poverty reduction 	<p>Focus group (development cooperation providers in Montenegro)</p> <p>Analysis of project documents (data on realised projects)</p> <p>Survey (development cooperation providers and beneficiaries)</p> <p>Evaluation visit on site (locations of major projects)</p> <p>Interview (providers of major projects)</p>
	5.3 To what extent have a human-rights based approach, gender equality and environmental protection been achieved during the programme's implementation?	<ul style="list-style-type: none"> ▪ K5.3.1 – Existence of criteria for the selection of projects ensuring the promotion of human rights, gender equality and environmental protection ▪ K5.3.2 – Share of Slovenia's public expenditure for development cooperation projects ensuring the promotion of human rights, gender equality and environmental protection 	<p>Analysis of project documents (data on realised projects)</p> <p>Survey (development cooperation providers and beneficiaries)</p> <p>Evaluation visit on site (locations of major projects)</p> <p>Interview (employees at MFA – ZDM)</p>

⁴¹ Within the scope of the evaluation of project activities in questions relating to the "programme," all activities and projects carried out in the relevant period have been considered, not only those laid down in the Programme as confirmed by the RS Government.

		<ul style="list-style-type: none"> ▪ K5.3.3 – Share of projects ensuring the promotion of human rights, gender equality and environmental protection ▪ K5.3.4 – Opinion of key stakeholders regarding the Programme's contribution to human rights, gender equality and environmental protection ▪ K5.3.5 – Share of major projects in human rights, gender equality and environmental protection 	
6. Efficiency	6.1 How well have the activities transformed the available resources into the intended outputs or results, in terms of quantity, quality and time?	<ul style="list-style-type: none"> ▪ K6.1.1 – Share of projects completed on time ▪ K6.1.2 – Share of projects with optimal financial realisation ▪ K6.1.3 – Average amount of public expenditure for projects by area of implementation ▪ K6.1.4 – Level of satisfaction of final beneficiaries with the quality of project execution ▪ K6.1.5 – Level of satisfaction of final beneficiaries of major projects with efficiency of execution 	<p>Evaluation visit on site (locations of major projects)</p> <p>Interview (providers of major projects)</p> <p>Survey (development cooperation beneficiaries)</p> <p>Analysis of project documents (data on realised projects)</p>
	6.2 Can the costs of the programme and projects be justified by the achievements?	<ul style="list-style-type: none"> ▪ K6.2.1 – Ratio between the estimated cost of Programme management and Slovenia's public expenditure for development cooperation in Montenegro ▪ K6.2.2 – Share of public expenditure of major projects for management ▪ K6.2.3 – Average amount of public expenditure per beneficiary of a major project ▪ K6.2.4 – Opinion of participants regarding the relationship 	<p>Interview (providers of major projects)</p> <p>Analysis of project documents (data on realised projects)</p>
7. Impact	7.1 Has progress been made towards achieving the programme's overall objectives? Which indicators show that the intended changes are starting to take place?	<ul style="list-style-type: none"> ▪ K7.1.1 – Level of contribution of the realised projects to achieving the general objective(s) of the Programme ▪ K7.1.2 – Level of progress in achieving the general objective(s) of the Programme 	<p>Analysis of project documents (data on realised projects)</p> <p>Survey (development cooperation beneficiaries)</p>
	7.2 Have the programme and projects impacted on the lives of the final beneficiaries	<ul style="list-style-type: none"> ▪ K7.2.1 – Number of new jobs as a direct result of major projects 	<p>Interview (providers of major projects, representatives of</p>

	<i>through employment, access, authority, assets or empowerment and how were crosscutting objectives achieved?</i>	<ul style="list-style-type: none"> ▪ K7.2.2 – Scope of major projects in terms of improving access to goods and services ▪ K7.2.3 – Scope of major projects in terms of increasing the property of final beneficiaries ▪ K7.2.4 – Methods of empowerment and provision of responsibility of project beneficiaries with respect to the defined substantive areas of implementation ▪ K5.3.1 – Existence of criteria for the selection of projects ensuring the promotion of human rights, gender equality and environmental protection ▪ K5.3.2 – Share of Slovenia's public expenditure for development cooperation projects ensuring the promotion of human rights, gender equality and environmental protection ▪ K5.3.3 – Share of projects ensuring the promotion of human rights, gender equality and environmental protection ▪ K5.3.4 – Opinion of key stakeholders regarding the Programme's contribution to human rights, gender equality and environmental protection ▪ K5.3.5 – Contribution of major projects in human rights, gender equality and environmental protection 	<p>Montenegrin MFA and employees at MFA – ZDM)</p> <p>Evaluation visit on site (locations of major projects) Focus group (development cooperation project providers in Montenegro) Analysis of project documents (data on realised projects)</p>
8. Sustainability	<i>8.1 Will the benefits produced by the programme and projects be maintained after external support is ceased?</i>	<ul style="list-style-type: none"> ▪ K8.1.1 – Existence of tools to provide the sustainability of major projects ▪ K8.1.2 – Share of the project providers that received feedback on sustainable aspects from target groups or final beneficiaries after the completion of projects ▪ K8.1.3 – Share of interviewees assessing that the Programme and Slovenian development cooperation projects in Montenegro continue to yield positive effects after the termination of external support 	<p>Survey (development cooperation providers and beneficiaries) Interview (providers of major projects)</p>

	<i>8.2 What are the possible factors that enhance or inhibit sustainability, including ownership / commitment, economic / financial, institutional, technical, socio-cultural and environmental sustainability aspects?</i>	<ul style="list-style-type: none"> ▪ K8.2.1 – Existence of factors strengthening or inhibiting sustainability 	Focus group (development cooperation providers in Montenegro)
	<i>8.3 What is the probability that the achievements in human rights and gender equality are sustained after the programme is completed?</i>	<ul style="list-style-type: none"> ▪ K8.3.1 – Existence of tools for ensuring the sustainability of major projects in human rights and gender equality ▪ K8.3.2 – Effectiveness of tools for ensuring the sustainability of major projects in human rights and gender equality 	Interview (providers of major projects and representatives of Montenegrin MFA)
	<i>9.1 What is the added value provided by the Slovenian support?</i>	<ul style="list-style-type: none"> ▪ K9.1.1 – Opinion of stakeholders regarding the added value of Slovenia's development cooperation with Montenegro 	Survey (development cooperation providers and beneficiaries) Interview (representatives of Montenegrin MFA, MF, MTR, MEI)
9. Slovenian added value	<i>9.2 What are the distinctive features of Slovenian support?</i>	<ul style="list-style-type: none"> ▪ K9.2.1 – Opinion of stakeholders regarding the special features of Slovenia's IDC with Montenegro 	Survey (development cooperation providers and beneficiaries) Interview (employees at MFA – ZDM) Interview (representatives of Montenegrin MFA, MF, MEI, MTR)

5. Findings and conclusions (answers to evaluation questions)

5.1. Answers to evaluation questions

5.1.1. Management system

Evaluation criterion 1: Programme management and administrative arrangements

Evaluation question 1.1: What is the quality of the programme management, incl. monitoring and reporting, resource and personnel management, financial management, cooperation and communication between stakeholders?

A system of development cooperation management exists, but has deficiencies. Procedures and processes for development cooperation management are formalised, since both the Council of Experts as well as the inter-ministerial working group are laid down in the Act. The proposal for a new act somewhat changes management by not laying down both bodies directly in the act, but separately in a special Slovenian Government decree, pursuant to the recommendations of the Court of Audit. Furthermore, the implementation method for bilateral technical assistance has been formalised through a special Decree on the implementation of twinning projects and bilateral technical assistance programmes. Detailed procedures of development cooperation implementation are defined in the internal acts of individual organisations (e.g. institutions' statutes). Deficiencies can be found in the demarcation of responsibilities and duties in the process of development cooperation management, which is reflected particularly in procedures of programming, project selection and control, and risk management, as there is no analysis of system risks and measures to manage them.

The workload related to programme management amounts to 2.18 full time equivalents (FTE), which presents an annual cost of circa €143,235 – in the four-year period, subject to this evaluation this represents a total cost of €572,940. The estimate applies only to the responsibilities and tasks of the MFA; due to the dispersed management system, many aspects are under the responsibility of other ministries or organisations (e.g. project selection procedure by CMSR and MF, student selection procedure by MIZŠ, content coordination procedures in the framework of bilateral technical assistance etc.). The costs are comparable to the eligible share of technical assistance funding under the European Structural and Investment Funds (10%), but seem relatively high considering all the shortcomings identified in this evaluation report.

Recommendation: All of the above poses an additional challenge in light of limited (or deficient) human and other resources of MFA as the body responsible for the management of development cooperation policy. In line with the recommendations of this evaluation report (see chapter 6.), it is necessary to assess all additional tasks and competencies related to programme management, programing, monitoring, evaluation and project selection in terms of the extra workload required and the accompanying costs.

Stakeholders consider the **system of communication and stakeholder relationships** to be very positive. Based on results of the survey, they are satisfied with all four aspects – responsiveness, availability, frequency of communication and quality of information received. Only one respondent expressed a dissatisfaction with all four aspects of stakeholder relationship.

A system of monitoring and evaluation exists, but has deficiencies. The monitoring and evaluation system encompasses the process aspects of measuring the progress of projects and programme as a whole in relation to the established logical framework, which is the basis for the implementation of development cooperation. The system deals with both implementation (defined by the problems/needs, inputs, and also specific project activities or outputs) as well as progress in the implementation and achievement of results (in terms of specific objectives, purpose and overall objective of the Programme). Monitoring refers to the systematic collection of data and review of the progress of individual projects or

activities. It must be based on a standardized reporting process by project providers (e.g. annual reporting). Monitoring is generally focused on the actual implementation (i.e. project providers report on the inputs, activities, outputs and results upon completion of the projects). Evaluation is based on gathered data and concerns a verified and methodologically sound judgement on the effectiveness, efficiency, relevance, coherence, impact, added value, sustainability and other possible aspects of the implementation of projects and Programme. Evaluation can be performed on the basis of statistical methods or using a more descriptive theory of change approach. The approach depends on the availability and quality of data. The system of monitoring and evaluation as a whole must be based on a logical framework, which means that the implementation of the projects has to follow a clear hierarchy of needs, activities and objectives. Furthermore, the whole process has to be supported by a set of key performance indicators (including clearly defined resources, target values, the responsibility for the collection of data, etc.).

In case of Slovenian international development cooperation in Montenegro, the evaluation system is governed by three key documents. The evaluation policy lays down the approach to the evaluation procedure and the evaluation contribution to efficiency, effectiveness and relevance of development aid, establishes quality standards and lays down the competences and responsibilities of MFA in evaluation. Evaluation guidelines include detailed guidelines for the implementation of evaluations, the principles of evaluation, criteria and evaluation questions, and define the structure of the evaluation report and criteria for their quality assessment. An evaluation plan lays down which evaluations are carried out in a given budget year, while specific evaluation tasks are defined in the evaluation terms of reference, provided in the evaluation procurement procedure.

As regards monitoring, forms and procedures for reporting to MFA have been standardised since 2017 and requests for reporting are regulated in contracts. Electronic data collection and storage has been systematically arranged only within the scope of MFA, but not for other stakeholders included in development cooperation implementation. Nevertheless, the structure of the system is deficient because there is no uniform method for monitoring project providers and their results due to dispersed implementation of international development cooperation.

Inadequate logical framework is also a problem. It results in deficient programme planning and complicates the systematic monitoring and evaluation for the MFA, responsible for the management of international development cooperation policy.

Recommendation: It is essential to prepare appropriate strategies of Slovenian international development cooperation in Montenegro, based on a logical hierarchy of needs, inputs, activities and objectives, as well as related key performance indicators for monitoring the progress in implementing the strategy. A uniform, simple system of monitoring and evaluation is particularly important because of limited resources (human and financial), as standardized procedures based on a logical framework can significantly contribute to reducing the workload associated with the collection and processing of data.

A system of programme planning in Montenegro exists, but has deficiencies. Important added value of the system is that it takes into account the actual needs of the recipient country, which is key to the feasibility of projects and their long-term sustainability. The implementation of programme(s) has time-bound benchmarks (2- or 3-year period), clearly defined sources (certain projects were carried out beyond the objectives of the programme or exceeded the planned amounts, but this is evaluated elsewhere), and foresees a procedure to change the programme in case of deviations in the implementation.

The system's key problems are: vaguely defined stages of the process, absence of observation of internal and external programme risks that may affect the effectiveness of programme (or strategy) implementation, and unsystematic and imbalanced inclusion of stakeholders in the programme planning process - institutions are predominantly included, but there is no coordination within a wider circle of partners in dialogue. A part of the problem is also a deficient programme-strategic framework, as discussed in Evaluation question 2.2.

Inadequate inclusion of stakeholders and a deficient programme-strategic framework, which we discuss in the framework of the evaluation question 2.2, result in the incompleteness of programme planning.

Development cooperation programmes for Montenegro that have been aligned between the governments of both countries identify specific areas of development cooperation, projects and their values. Since they involve multi-annual planning, major infrastructural projects are known in advance, while bilateral technical assistance and NGO activities merely indicate the funds earmarked. Open calls for the latter are published by MFA, while Montenegro or working groups for individual negotiating chapters communicate the needs for bilateral technical assistance as they arise. Bilateral technical assistance is therefore rendered on a dispersed and ad-hoc basis, whereby each ministry responds to the needs of the recipient country separately.

The Programme is, therefore, largely founded on the projects coordinated by the MFA, which also draws budget funds for them – except for UNIDO projects in the 2013-2015 Programme, which are a budget item of MGRT, and consulting and knowledge transfer in defence for the 2016-2017 period, the funds for which are drawn by MORS. On the other hand, the programme fails to indicate the projects of other ministries, such as activities in education (scholarships and tuition fee waivers within the competence of MIZŠ and MDDSZ), advisory in defence (applicable to the 2013-2015 Programme, within the competence of MORS), a project of the Regional Development Agency of Northern Primorska entitled “The wines of the Balkans and Adriatic” (within the competence of MGRT) as well as those CEF project values that are a budget item of MF.

Slovenian providers of development cooperation are not systematically included in the programme planning process, which is why they are neither coordinated, nor do they (sufficiently) cooperate in the selection of topics and/or implementation of projects. Whilst cooperation does take place, it is on an ad-hoc basis and does not include all relevant stakeholders, included in the process in the Republic of Slovenia. The MFA could overcome this issue by, for instance, organising periodical meetings with all Slovene development cooperation providers.

Recommendation: Since the Programme by definition lays down the entire international development cooperation between the Republic of Slovenia and Montenegro – i.e. cooperation between the countries rather than between their ministries responsible for foreign affairs – it should cover all projects and activities that are carried out in Montenegro within the scope of Slovenian development cooperation, hence also projects that are financed by other budget users. This ensures enhanced focus of assistance, transparency, overview and insight into Slovenian development cooperation with Montenegro.

We have also found that Slovenian funds earmarked for international development cooperation are so limited that the sensibility of a partial strategic approach by country is called into question. A regional strategy (e.g. for the Western Balkans region) that would define strategic priorities at high level and objectives by country, taking into account differences in the level of progress between them, appears as a possible solution.

A system of selection of projects is established but it is flawed. The procedure is clearly defined for NGOs since the projects and contractors are selected through public tenders. However, in the case of direct project approval (this applies to the CEF, CEP, and CMSR) the procedure is non-uniform, unclear and in certain aspects lacks transparency.

In accordance with the findings with regard to programme planning, projects are defined through a bottom-up approach, i.e. by responding to local needs, as expressed by individual (Slovenian) providers for the development cooperation in cooperation with their Montenegrin partners. Once a year, the Ministry of Foreign Affairs of Montenegro issues a call for project proposals to all institutions, while operational coordination between different contractors (in particular the CEP, CEF and CMSR) and the final beneficiaries in Montenegro takes place in parallel throughout the year. The Ministry of Foreign Affairs of Montenegro prepares a shortlist of project proposals (also taking into account political criteria), which it submits to their Slovenian counterpart, subject to approval by the Montenegrin government (this is necessary due to co-financing). The Slovenian providers then incorporate the approved projects into their annual programmes. Project selection thus to certain extent takes place prior to the approval of the Programme, in some cases even within an entirely separate coordination process.

CMSR conducts informal consultations with the competent Slovenian and Montenegrin ministries, (Montenegrin) Directorate of Public Works, local municipalities and Embassy of the Republic of Slovenia in Montenegro prior to the programme- and project approval procedure⁴². In line with these consultations, a list of framework project proposals is formed, which is, as per the process description above, the subject of approval by the Government of Montenegro⁴³. Following this, the final beneficiaries (depending on their capacities either the ministries or the local communities) prepare project proposals. Forms and list of documentation required are not standardised, nor is there uniform formal terms of reference or instructions for project preparation available to the beneficiaries. Consequently, CMSR receives project proposals in various stages of maturity, which was also highlighted by the MTR⁴⁴. The CMSR has stressed that they do not work according to the principle of so-called tied aid⁴⁵, but perform the function of a donor, with the role of the investor being assumed by the donor country. Despite this, CMSR favours Montenegrin contractors and Slovenian suppliers in public procurement procedures, which goes against their 'donor-only' principle.

CMSR then assesses project proposals received by the local communities, ministries or other partners in Montenegro using undisclosed internal criteria; throughout the process, it is in constant communication with developers and allows a great extent of flexibility in supplementing applications. Whilst evaluation sheets are unified, the bases for decision-making are not transparent – each criterion has a certain number of allocated points, but no corresponding argumentation for assessment, nor information on who carried out the assessment or when. The lack of standardisation puts the beneficiaries (municipalities) with smaller capacities and expertise for preparation of project proposals in an unequal position, as they are not always familiar with the required content of the proposal in advance; as a result, they also lack a foundation upon which to seek potential support or aid.

Based on their assessment, CMSR prepares a list of projects with sufficient level of maturity for realisation and can thus be incorporated into their annual programme, subject to approval by the Centre's Council⁴⁶. The Council can base their decision on the total sum of points the CMSR awarded to each project and a two-page project fiche; the sum of points awarded is not divided into individual criteria, nor is it accompanied by an argumentation for its allocation⁴⁷.

CMSR's project selection procedure is not subject to external supervision of content or professionalism of work. Whilst CMSR is subject to annual audits of operations (from external auditors within the scope of SID Bank Group annual audit and from internal auditors of SID Bank), its project evaluation- and selection procedures or its public procurement procedure for approved projects do not undergo external scrutiny. The MF (the budget user for CMSR's projects) does not conduct supervision over CMSR.

Final approval of projects from the CMSR programme is executed by the International Finance Division of the MF – not the MFA, which has the legal basis for implementing Development cooperation policy of the

⁴² Over the period in question there is an obvious focus on the development of environmental and tourist infrastructure in the Municipality of Žabljak which is partly also the result of political priorities of the receiving country (i.e. the Montenegrin Government). Otherwise, the CMSR is carrying out talks with various municipalities in Montenegro, such as Pljevlja, Rožaje, Mojkovac, Cetinje, Gusinje, etc. As has been pointed out in an interview with the CMSR, the emphasis on Žabljak is among other things a result of the tourism potential (the municipality covers the area of Durmitor). On the Slovenian side the needs are coordinated by the Ministry of Foreign Affairs via the Embassy of the Republic of Slovenia in Podgorica where they asserted that in future the geographical focus remains in the north of Montenegro, however, the projects should also focus on other municipalities.

⁴³ In the case of infrastructure projects carried out by the CMSR, the Montenegrin MTR receives project proposals from the local communities and first checks their feasibility and consistency with the Montenegrin strategic documents. Based on this they prepare a list of project proposals on the basis of which the proposition of the state budget is drafted. The latter is approved in the Parliament and serves as the basis for Montenegrin co-financing of projects. As a rule, all projects with a level of maturity for implementation will be approved.

⁴⁴ However, the CMSR pointed out at the interview that a minimum requirement is prepared documentation for obtaining a building permit (PGD), but it was subsequently found that this is not the case. In the case of the construction of a waste sorting plant in Žabljak the preparation of project documentation for the needs of obtaining a building permit is part of the public procurement contract (which already belongs to the implementation phase), and therefore could not have been subject of the assessment of project proposal.

⁴⁵ An approach when the donor country additionally conditions the drawing of funds, such as for example with the origin of goods and services or intended purpose.

⁴⁶ The centre council consists of 5 members: representative of the Ministry of Foreign Affairs (General Directorate for Economic and Public Diplomacy), a representative of the MF, 2 representatives of SID Bank and a representative of the council of researchers of the CMSR.

⁴⁷ The Council can, however, ask for additional clarifications.

Republic of Slovenia in Montenegro. For this, the MF rests entirely on the assessment and judgement of CMSR and/or MFA; MF does not have its own defined criteria or standardised decision-making procedures. Based on interviews with CMSR, MF and MFA we find a lack of coordination and unclear division of competences for the implementation of development cooperation policy of the Republic of Slovenia in Montenegro.

It follows that the entire project selection procedure (from needs identification to evaluation and implementation) is *de facto* carried out by CMSR, which in the absence of appropriate and integrated external supervision presents a risk for conflict of interest.

When projects in Montenegro undertaken by the CEP and CEF are concerned, the MFA is more directly included in the selection procedures, but the latter are not substantiated on exclusion and selection criteria that were known in advance but they follow on *ad hoc* basis, usually through written coordination. In the case of projects carried out by CEF, programmes are coordinated in advance with the Montenegrin Ministry of Finance, while development cooperation funds of the Republic of Slovenia are only one of the possible sources of financing for which the CEF applies (other donors are also included in the process, and the MFA only co-finances those projects that have been supported under the Emerging Donors Challenge Fund⁴⁸).

In the case of bilateral technical assistance, the content is determined on an *ad hoc* basis, i.e. on the basis of identified needs (current state of Montenegrin negotiation process). Whilst the recipient country views bilateral technical assistance in general as very beneficial, the Montenegrin MEI has expressed a wish for the inclusion of additional crosscutting topics that are not directly linked to individual negotiation chapters (e.g. negotiation techniques, management, argumentation techniques etc.)

The projects carried out by CEP (except for bilateral technical assistance projects) are defined through a collection of initiatives by the recipient country (either directly by the final beneficiaries or through the Montenegrin Embassy in Ljubljana). Every year in autumn, a review of all received initiatives is carried out. Only projects that are in accordance with the general guidelines of the MFA (in terms of value, duration and content) and for which CEP has available capacities and knowledge are shortlisted. This serves as the basis for the preparation of short project proposals, which are submitted to the MFA. The MFA undertakes an internal coordination process (between departments and with the Embassy in Podgorica) and submits to CEP a decision on financing of projects for the next calendar year in November of each year. A detailed project documentation, which is once again coordinated with the MFA, is prepared based on this process and in cooperation with the final beneficiaries.

Scholarships and tuition fee waivers are not typical projects since activities are carried out on the basis of specific bilateral agreements and programmes within the framework of which the students apply to calls for applications for the countries of the Western Balkans.

The general finding is that in the process of direct project approval the MFA does not determine common criteria for selection, nor is the process itself clearly defined, standardised or formalised; it is undertaken differently for each of the institutions or organisations, whereby the provisions of the Agreement are not considered consistently. Furthermore, the existing criteria are not used for all contractors and types of projects (e.g. in the case of CEF, CEP, as well as for specific types of projects such as bilateral technical assistance, scholarships, tuition fee waivers), which is the result of a decentralised management system, programming of development cooperation and selection of projects. Such an approach ensures alignment with the needs of the recipient country. However, in the absence of clear strategic guidelines and inconsistent application of selection criteria it does not ensure compliance with (strategic) objectives at higher levels and compliance with the Agreement and Programme and constitutes a hazard for discrepancy in the quality standards of the approved projects.

Recommendation: The MFA as a coordinator of development cooperation should identify a more standardised method for project selection for all contractors, which must also take into account certain

⁴⁸ The Emerging Donors Challenge Fund is a US programme intended to promote coordination of international development cooperation of the United States with new donors in Central and Eastern Europe.

exclusion criteria (e.g. compliance with aid beneficiaries, alignment with the Agreement, etc.), a common set of criteria that can be adjusted according to the type of project (education, infrastructure, etc.), as well as common key performance indicators to monitor progress of the implementation of the Programme. The assessment of projects is to be carried out by the MFA as the authority responsible for managing development cooperation policies as no distinction with regard to quality between different types of beneficiaries (public tenders/direct allocation) should arise. In the case of technically and professionally complex projects (e.g. environmental infrastructure projects) the MFA may alternatively carry out a second round of assessments from a more narrow set of project proposals. The MFA should include under the project selection criteria the elimination of poverty, reduction of inequality and promotion of sustainable development in partner countries in line with the International development cooperation of the Republic of Slovenia Act, crosscutting objectives (human rights, gender equality), environmental protection, cooperation between local communities (more points for inter-municipal/regional projects), sustainability, together with the explanation and means for ensuring sustainability, and minimum conditions for infrastructure projects (economic viability, substantiated on relevant studies or analyses; project proposal maturity, e.g. conceptual solution, investment programme, project documentation for obtaining a building permit, project for execution, etc.; environmental impact assessment in the case of environmental projects).

The MFA is in the case of the providers CEP, CEF and CMSR included in the selection procedures through membership in management boards or councils of institutions/organisations. Only in the case of CEF is the representative of the competent directorate of the MFA (i.e. ZDM) a member of the management board. It follows that the role of the MFA as the ministry competent for the implementation of the International Development Cooperation of the Republic of Slovenia Act is inadequate as it often has a consulting instead of a decision-making role in the project selection procedure. Consequently, it cannot directly affect the implementation of the policy of development cooperation of the Republic of Slovenia in Montenegro.

Recommendation: The problem can be solved by appointing representatives of the MFA ZDM to the management boards or councils of institutions and organisations - this way compliance between strategy, programme and the implementation thereof at the project approval level is ensured.

Evaluation question 1.2: Are the roles and responsibilities between the involved institutions clearly delineated?

Pursuant to the answer to evaluation question 1.1, it may be summed up that the procedures and processes of development cooperation management have been formalised at the level of inter-ministerial coordination, while deficiencies lie primarily in the demarcation of responsibilities and duties in the development cooperation management process. This is particularly reflected in procedures of project programming, selection and control, and risk management, where dispersed responsibility and inadequate inclusion of stakeholders (particularly project providers) poses a significant risk to the optimal achievement of Slovenian development cooperation objectives in Montenegro.

Evaluation question 1.3: Are risks appropriately managed, including flexible adaptation to unforeseen situations (e.g. political changes)?

There is no analysis of system risks at system level or at programme planning level. This further undermines the approach to select and confirm projects and programming under the “bottom-up” principle, which prevents comprehensive and efficient risk management (either external, such as political change, or internal, such as staff fluctuation and dispersed responsibility).

Recommendation: In addition to system recommendations within the scope of evaluation question 1.1, it would be wise to include the key risks in development cooperation at the level of MFA, which coordinates the Slovenian implementation of development cooperation in Montenegro, in the risk register at ministerial level.

5.1.2. Programme

Evaluation criterion 2: Relevance

Evaluation question 2.1: *Are the objectives and achievements of the Agreement and the programme consistent with Montenegro's policies and poverty reduction strategies?*

Based on a review of the national development plan of Montenegro and an interview with Montenegrin authorities, we find that the projects are coherent with national strategies for reducing poverty (objective "social inclusion and combating poverty"). Infrastructural projects have the highest potential to contribute to this objective, and scholarships to a somewhat smaller extent.

Of the 95 projects considered, one is explicitly aimed at reducing poverty. This is a project entitled "From the environment to family – training of specialist staff, children and teachers, a campaign and rehabilitation of children from Montenegro," for which Slovenia contributes €30,000 or 0.55% of all funds.

Several projects may be said to have an indirect impact, particularly environmental infrastructure, large tourist infrastructure and scholarships. Environmental infrastructure (construction of biological treatment plants, renovation of waste sorting plants, ecological cleaning of lakes) provides the population in the area with drinking water and indirectly promotes the development of tourism. The development of tourism and economic growth of municipalities is also stimulated through major tourist infrastructural projects, specifically the construction of a sports hall in Žabljak. According to the Mayor of the Municipality, the latter will provide three new jobs, which may have a direct impact on the economic situation of these persons and their families, while the project will also indirectly, i.e. through sports competitions, tournaments and events, increase the number of visitors arriving at the Municipality. Last but not least, scholarships and tuition fee waivers enable Montenegrin secondary school and university students to gain education in Slovenia and use the knowledge and experiences in Montenegro, thus reducing the risk of poverty for them.

Taking into account the above mentioned projects with a potential indirect impact on poverty reduction, the amount of such Slovenian development cooperation funds is €4.3 million, which accounts for 79% of all Slovenian development cooperation funds for the relevant period.

Evaluation question 2.2: *Are the objectives of the Agreement and the programme consistent with Slovenia's development policy?*

Based on an analysis of secondary sources and focus groups, it is estimated that the objectives of the Agreement and/or Programme are coherent with Slovenia's Development Policy; namely, the objectives are coherent with the Declaration of Foreign Policy of the Republic of Slovenia, Strategy of Foreign Policy of the Republic of Slovenia and with the Framework Programme of International Development Cooperation and Humanitarian Assistance of the Republic of Slovenia for the Period 2013-2015 (see chapter 4.2.2 External coherence).

Evaluation question 2.3: *Are the objectives and achievements consistent with the needs of the final beneficiaries?*

Both Ministries of Foreign Affairs have a largely aligned understanding of the needs or priority objectives of international cooperation between the Republic of Slovenia and Montenegro. MFA representatives are unanimous in two of the 17 objectives of the International Development Cooperation of the Republic of Slovenia Act, namely 'training administration and EU integration' and 'design engineering, construction and modernisation of environmental infrastructure'. Slovenian MFA representatives highlighted the rule of law, human rights and equal opportunities as the third priority objective, while Montenegrin representatives of the Ministry of Foreign Affairs highlighted education and scholarships as the third most important area of cooperation. The objectives related to non-discrimination and the rule of law are often in the hands of non-governmental organisations, yet dialogue between them and Montenegrin administration is frequently insufficient, and the source of their financing are mostly other donor countries or instruments of development aid. A relatively weak role of NGOs in development cooperation may also be attributed to the

bottom-up approach, since non-governmental organisations are not as strong as individual government ministries or municipalities. This objective of development cooperation is in fact the only one that, based on results of the survey, MFA, project providers and final beneficiaries can all agree upon (the respondents also identified reduction of poverty and hunger, and economic growth and public finance reform to be particularly important)⁴⁹.

Recommendation: The MFA should continue to pursue the objective of human rights, equal opportunity and rule of law through NGOs.

The Montenegrin Ministry of Foreign Affairs further estimates that the projects carried out are fully coherent with the needs of Montenegro, and that important contribution to the pursuit of national strategies is particularly made through technical assistance in EU accession negotiations. Coherence is similarly assessed by representatives of the Slovenian MFA and the majority (eight out of eleven) of the respondents of the survey.

According to the Ministry of Foreign Affairs of Montenegro, the geographic focus of the implemented projects is also aligned with their national strategies. In the period examined the biggest recipient –in terms of both project number and total value – has been the Žabljak municipality. The reasoning behind this is its location in the North of the country, which is less developed than the national average, yet at the same time has a high potential of tourism development thanks to its natural resources and features.

Recommendation: Based on our on-site visit, we find the Žabljak municipality to be developed to such an extent that it represents a solid basis for further economic growth and development without foreign aid. We therefore recommend a shift of programme- and project focus to other municipalities in the north of Montenegro, which are facing challenges that the Agreement identifies as priority areas (e.g. environment, economic development, education etc.). Development cooperation projects also ought to encourage inter-municipality cooperation as this will ensure a broader outreach; this can be done through formal project selection criteria (see description of criteria in the answer to Evaluation question 1.1).

When aligning the objectives and needs of the recipient country within the scope of budget planning, the MFA uses no special tools, such as an environmental impact analysis, economic and financial analysis, gender equality analysis, stakeholder analysis, SWOT analysis⁵⁰, analysis of institutional capacities of recipients, problem analysis, etc.

Recommendation: Special tools for the analysis of problems and formation of (strategic) objectives should be used for key aspects of the programme (and future strategies).

Evaluation question 2.4: *To what extent has the Agreement and the programme complemented the EU instruments in the region (Instrument for Pre-accession Assistance IPA)?*

In terms of content, the Agreement and Programme are almost entirely in line with the objectives of IPA, as they cover all areas of financing, with the exception of transport and agriculture and rural development. There is also important alignment in the activities carried out; namely, objectives are achieved particularly in two fundamental ways, i.e. through (bilateral) technical assistance intended to harmonise Montenegrin legislation and public administration with EU standards, and through infrastructural projects (in case of IPA, transport infrastructure, while the Programme supports investments in economic and environmental infrastructure).

Substantive coherence with IPA objectives is understandable and expected due to the wide range of policies covered by the instrument. A larger problem is the absence of a systemic approach to programming and vaguely defined objectives of the Programme, which prevent a continuous coordination with the actual activities within the scope of IPA II. This takes place within the scope of the so-called donor coordination⁵¹.

⁴⁹ As only nine respondents answered the question-in-hand, the sample size is albeit too small to draw credible conclusions.

⁵⁰ Analysis of strengths, weaknesses, opportunities and threats.

⁵¹ It is a process of coordination within the recipient country, led by the European Commission. Slovenia is included into this process through its Embassy in Podgorica. This process is somewhat deficient since meetings are rare (approximately once a year). When

The coordination of different forms of assistance is required by the IPA Regulation and is at the same time the basis for IPA programming, which is why it makes sense to take into account this mechanism as well when planning Slovenian development cooperation in Montenegro.

In terms of content, the Agreement and Programme also cover the areas falling within the scope of the IPA programme, which is why there is a risk of duplicating efforts and/or financing. In their work, employees at MFA (Department for Development Cooperation and Humanitarian Assistance) take into account the information available regarding IPA projects and other donors in the region (also based on the information received from the Slovenian Embassy in Podgorica and information obtained in the framework of donor coordination). Notwithstanding the above, it is vital to consider the fact that the prevention of duplication is also the responsibility of the recipient country, since Slovenia does not and cannot have a comprehensive insight into the entire range of donors' projects, which limits its possibilities to prevent double funding.

Evaluation criterion 3: Aid effectiveness = effectiveness of aid management and delivery

Evaluation question 3.1: Has the programme promoted local ownership, alignment to EU standards and norms, harmonization of policies, management for development results and mutual accountability?

In order to increase the effectiveness of development aid in Montenegro, it is necessary to develop a clear programme framework with defined SMART objectives⁵² and their (expected) results and performance indicators. Based on these objectives, a suitable monitoring and reporting system may be provided, which is also vital for the effectiveness of aid. We find that the current management system and monitoring and reporting system are deficient, since the programme framework alone fails to provide clearly defined operational objectives, indicators, target values etc., based on which the evaluator could draw conclusions on the progress made in the programme with respect to the objectives set (see evaluation question 1.1).

In addition to a suitably developed programme framework, which falls within the competence of the Slovenian MFA, the efficiency of development aid requires mutual responsibility (and consequently also local ownership) for projects and their results – both by an institution or body as well as by an individual who is responsible for efficient and effective implementation of a project. A project 'owner' is hence responsible for timely implementation, implementation within the financial frame, and for achieving the results foreseen. The responsible body, on the other hand, incorporates a project in its own strategy(-ies), which is why it is necessary to have a criterion for such conformity and empowerment in the selection of projects (see also evaluation question 1.1) in the programming phase, which has to be taken into account by the Slovenian side. It is estimated that projects are mostly coherent with Montenegro's strategies (see evaluation question 2.3), either through an overarching strategy of a particular ministry (e.g. MEI) or through the strategies of individual directorates or services at a ministry (e.g. MTR). Suitable ownership of projects by individuals can be identified in most projects. Ownership is more clearly evident in infrastructural projects in environment management, where the project team comprises stakeholders from MTR, the municipality and the development cooperation provider. Members of the team are responsible for the tender preparation, project design, payments, communication, problem solving, etc. In bilateral technical assistance, a Montenegrin partner in dialogue is also the owner of a 'project' and person responsible for the achievement of (specific) results. Respondents to the survey also consider there to be adequate local ownership to ensure project outputs and results (9 out of 11 answers); among key activities of the project owner they identify the dissemination of results, monitoring, reporting, project implementation, result management, communication, localisation of results and continuous improvement with the aim of improving activity effectiveness⁵³. In contrast, the coordinator at the Montenegrin side (the Ministry of Foreign Affairs) always has a partner for dialogue but no project owner who would be responsible for the project's implementation.

assessing coherence and the risk of duplication or double funding, it is necessary to consider a wider range of information collected from different sources.

⁵² SMART objectives are specific, measurable, achievable, relevant and time-bound – see evaluation question 1.3.

⁵³ Due to the low response to the survey, the conclusions about ownership and responsibility for the successful implementation of projects are not representative and are only illustrative.

Recommendation: Local ownership should be ensured at a system level, namely as a mandatory box in standardised sample forms for project proposals (see evaluation question 1.1). It is important that the concept of ownership, i.e. the roles and responsibilities of a project owner, as well as its importance for the efficient realisation of the project, be clearly communicated to the Montenegrin side.

Local ownership is also ensured through local project co-financing. In infrastructure projects, the Government of Montenegro typically contributes 50% of the value of the project; this is an indicative rate without clear criteria.

Recommendation: Clear rules for the determination of the co-financing rate should be determined (e.g. a 50% flat rate, which must be economically justified, or a rate calculated on the basis of a financial gap analysis).

Mechanisms for providing sustainability are in different projects ensured in a different way and to different extents (see answer to the evaluation question 8.1); they are not defined at the programme level.

Recommendation: Soft conditionality and empowerment of beneficiaries for using the resources or knowledge acquired should be included as a criterion for the selection of a project (and hence in the project proposal) and as a mandatory reporting element.

Last but not least, an element of project efficiency is also the sustainability of results, for which it is necessary to take into account EU standards and norms already at this stage of implementation. EU standards and norms are largely pursued in practice: bilateral technical assistance by definition involves the pursuit of EU standards and norms within individual negotiating chapters, environmental infrastructure projects are necessary to fulfil negotiating chapter 27 for accession to the EU, while the training of internal auditors observes the Slovenian norms in this area, which are also compliant with EU regulations. Nevertheless, we have noticed that projects fail to pursue EU standards and norms systematically, which would make their monitoring and attainment easier.

Recommendation: The criteria for the selection of projects should be adequately supplemented, either in general (e.g. "The project follows EU standards and norms") or specifically (e.g. "The project has an environment permit compliant with EU regulations").

Evaluation question 3.2: Has the programme promoted coordination and complementarity?

Efficiency of development aid also requires a coordinated approach to cooperation. This includes both the alignment of projects with Montenegro's needs, the Programme and the Agreement (and coherence between these three themselves), as well as a uniform understanding of projects and the Programme among stakeholders.

We evaluate the programme's internal coherence within the intervention logic analysis in chapter 4.2.1.

We estimate that projects largely comply with Montenegro's needs (see also evaluation questions 2.1 and 2.3), which is expected given the bottom-up approach to project selection (see evaluation question 1.1).

The Programmes of International Development Cooperation between the Government of the Republic of Slovenia and the Government of Montenegro are as a rule based on already known projects, which applies particularly to major infrastructure projects and trainings by CEF, but slightly less to activities in bilateral technical assistance and NGO projects. As concluded under evaluation question 1.1, the Programme mostly indicates areas of cooperation that fall within the competence of the MFA, but not those that fall within the competence of other ministries. The excluded high-value projects (exceeding €20,000) are scholarships and tuition fee waivers, advisory and knowledge transfer in defence (applicable to the 2013-2015 Programme) and the "Wines of the Balkans and Adriatic" project. Furthermore, no CEF project values are indicated when they are included in a budget item of the MF. It follows that the activities carried out within the scope of international development cooperation between the Republic of Slovenia and Montenegro are not aligned with the Programme.

Recommendation: In order to enhance coherence between the projects carried out and the Programme as well as clarity and transparency, we recommend to include all development cooperation areas and projects between the Republic of Slovenia and Montenegro in the Programme.

While some projects were carried out that were not identified in the Programme, we find that all projects from the Programme or its Annex were completed.

Evaluation criterion 4: Coherence

Evaluation question 4.1: *Have contradictions with other policies prevented the implementation and achievement of the development objectives, or are policies mutually reinforcing?*

The objectives of the Agreement and Programme are aligned with other policies related with development cooperation, as all projects are based on the needs of the recipient country pursuant to the bottom-up approach. Such coherence is most evident in Euro-Atlantic integration, where Slovenian bilateral technical assistance in Montenegro is recognised as important added value in the negotiation process, and also in terms of investments in environmental infrastructure, which is an element of negotiating chapter 27 (Environment). Despite this, we find that insufficient donor coordination system in Montenegro to a certain extent hinders the achievement of complementarity among activities by different donors, or the prevention of duplication, and may result in displacement or substitution effects (see evaluation question 2.4). In case of the projects considered, no such effects were identified, but they could occur, particularly in technical assistance and the strengthening of public sector capacities by other donors, and NGO activities.

5.1.3. Project activities

Evaluation criterion 5: Effectiveness

Evaluation question 5.1: *To what extent has the programme achieved its purpose?*

Whether development cooperation between the Republic of Slovenia in Montenegro achieved what it set out to achieve – i.e. its overall objective, purpose and specific objectives – is in essence unclear. Due to a missing middle-level strategic document governing development cooperation in Montenegro (see also chapter 4.2.1), the programme lacks focused, clearly articulated and measurable objectives, which hinders the ability to make a credible and reliable assessment of programme effectiveness. Notwithstanding, the evaluation still includes an assessment of programme effectiveness with reference to the objectives, purposes and objectives that could be discerned from strategic documents underlying development cooperation in Montenegro and from discussion with key stakeholders.

The purpose of development cooperation, as named in the Agreement, is Slovenia's contribution to the social and economic development of Montenegro and its achievement of development goals.⁵⁴ As this is a broad purpose that by definition covers all areas of implementation, we can say the programme follows its purpose. On the other hand, the Programme of International Development Cooperation (only) partially covers 14 target areas of cooperation as indicated in the Agreement and, furthermore, fails to include all areas of cooperation within the scope of development cooperation (see also evaluation questions 1.1 and 3.2 and chapter 4.2). It follows that the objectives of the Programme are not coherent with areas of implementation.

Based on the projects implemented in the 2013-2016 period, areas of development cooperation may be broken down into the following seven categories: environmental protection and efficient energy use (P1), tourism and leisure (P2), building of administrative capacities and EU integration (P3), security (P4), public finance (P5), gender equality and non-discrimination (P6), and education (P7). As shown in Table 5.1, most

⁵⁴ Source: Official Gazette of the Republic of Slovenia, 2009 – Agreement between the Government of the Republic of Slovenia and the Government of Montenegro on Development Cooperation

Slovenian funds were allocated to the first category (43%), followed by tourism and leisure (20%), and education (17%).

Table 5.1: Slovenia's development cooperation public expenditure by area of implementation, 2013-2016

Area of implementation	Total expenditure (€)	Share of total expenditure	Number of projects	Average expenditure (€)
P1 – environmental protection and efficient energy use	2,334,350	43%	8	291,794
P2 – tourism and leisure	1,105,331	20,3%	5	221,066
P3 – building of administrative capacities and EU integration	189,977	3,5%	60 ⁵⁵	3,166
P4 – security	467,167	8,6%	5	93,433
P5 – public finance	272,074	5,0%	8	34,009
P6 – gender equality and non-discrimination	127,754	2,4%	3	42,585
P7 – education	938,381	17,3%	6	156,397
Total	5,435,034	100%	95	57,211

Source: Project documentation (obtained from MFA)

Since the Programme has no clearly defined objectives of development cooperation and, furthermore, includes almost only projects that are a budget item of MFA (see evaluation question 3.2), the assessment of the achievement of the purpose of the Programme would be incomplete with respect to the overall development cooperation between the Republic of Slovenia and Montenegro. Alignment of implementation areas with development cooperation objectives can be assessed based on objectives presented in the International Development Cooperation Act, which have been identified as the most important by the ministries of foreign affairs of both countries (see also evaluation question 2.3). These include the provision of environmental infrastructure, training the administration as assistance in accession to the EU, human rights and equal opportunities, and education or scholarships, whereby the first two objectives were selected by both ministries of foreign affairs, the third one was selected (only) by the Slovenian MFA, and the fourth one by the Montenegrin side. As is evident from Table 5.1, 77 projects (81%) pursue at least one of these four objectives, which is mostly the result of considering a particular case of bilateral technical assistance as an independent project. In terms of value, these projects account for two thirds of all Slovenian funds for development cooperation with Montenegro, whereby the majority of the last third falls within tourism and leisure.

To pursue the purpose of economic and social development of Montenegro as set out in the Agreement, a wide project outreach (high number of beneficiaries) is also important. The types of beneficiaries under consideration differ: where possible, we calculated the number of final beneficiaries (applies to infrastructure and other environmental protection projects in areas 1 and 2, beneficiaries of scholarships and tuition fee waivers, and the participants of workshops and rehabilitations within area 6). Direct beneficiaries are listed in bilateral technical assistance projects, defence advisory projects and all trainings (internal audit and public finance as well as teachers involves in trainings by NGOs). In addition to this, there are large differences in project importance, impact and sustainability, making data not very revealing on their own, but comparisons within cooperation areas or project types can nevertheless be useful.

Infrastructural and other environmental projects have the largest outreach, whereby beneficiaries may be divided into those permanently benefiting from the projects (inhabitants of a municipality) and those with a one-off benefit or a benefit of otherwise limited duration (visitors to the municipality). The number of the former is no more than 48,000⁵⁶ - this includes inhabitants of the Vranjina settlement and of the municipalities of Žabljak, Šavnik, Mojkovac and Plav, in which infrastructural and other environment projects were carried out. The other group of beneficiaries includes visitors to these municipalities and is, therefore, wider, yet harder to assess.

⁵⁵ Each activity of bilateral technical assistance counts as one project, except for CEP, where one project refers to one year of implementation.

⁵⁶ Source: Monstat (2011): First results – Census of population, households and apartments in Montenegro

In scholarships and tuition fee waivers, bilateral technical assistance and training in internal audit, environmental protection, human rights and women's empowerment, there are fewer direct beneficiaries (see Table 5.2), but their positive results may have a very broad impact. For instance, in bilateral technical assistance, the beneficiary is typically a specific institution on the Montenegrin side, yet Montenegro's entry in the EU affects the entire country.

Table 5.2: Scope of projects by area of implementation, 2013-2016

Area of implementation	Total beneficiaries	Comment
P1 – environmental protection and efficient energy use	45,700 municipality residents	Infrastructure projects in the field of environmental protection in the Municipality of Žabljak (3.600 residents), renovation of waste sorting plant Municipality of Plav (13.100), construction of a biological treatment plant in Šavnik (applies to 400 of 2.070 residents), ecological cleaning of the Mojkovac lake (8.600 residents), preparation of the ecoremediation of the “Port Milena” area in Ulcinj (20.000 residents). <i>It is not possible to estimate the total n. of beneficiaries of the Action plan of the Montenegro energy sector.</i>
P2 – tourism and leisure	38,600 municipality residents and visitors	Children's playground in the Municipality of Bar (27.000 residents and visitors of the appropriate age), sports hall in the Municipality of Žabljak (approx. 3.000 residents, mainly schoolchildren, and visitors), organisation and management of recreational activities on the Tara river in the Municipality of Mojkovac (8.600 residents). <i>Total No. of beneficiaries of the project ‘Wines of the Balkans and the Adriatic’ cannot be ascertained.</i>
P3 – building of administrative capacities and EU integration	740+	181 beneficiaries of technical assistance provided by CEP (negotiation chapters 5, 7, 11, 14, 15, 20, 21, 22, 27 and 28) in the years 2013-2015, 118 beneficiaries of technical assistance provided by the Slovenian Market inspectorate in the years 2015 and 2016 (chapter 28), 59 beneficiaries of technical assistance in the field of metrology in the years 2013-2016, 46 beneficiaries of technical assistance provided by the Ministry of infrastructure and spatial planning in 2013 (chapter 14), 40 participants of training to support entry into NATO, 30 beneficiaries of technical assistance provided by the Slovenian Customs administration etc. In most cases the beneficiaries are participants of workshops or trainings.
P4 – security	4	The number refers to the work of defence advisors whose impact on other potential beneficiaries based on available documentation cannot be assessed.
P5 – public finance	261	80 participants of CEF internal auditor training, 181 participants of training for construction of capacities in the field of public finances.
P6 – gender equality and non-discrimination	950	28 participants of training within the framework of the project “Strengthening the Role of Women in the Defence Sector”, 572 beneficiaries of the project “From the Environment to the Family” (participants of training, education, workshops and remediation), 350 participants of training and awareness-raising events and the stakeholders involved in the consultation processes for the preparation of documents within the framework of the project “Time for Women's Rights and Gender Equality in Montenegro” ⁵⁷
P7 – education ⁵⁸	238–253	168 tuition fee waivers, 10 scholarships for the entire period of study, 60 – 75 scholarships for short-term exchanges.

Source: Project documentation (obtained from MFA), Monstat (2011), interviews

⁵⁷ In the case of projects “From the Environment to the Family” and “Women's Rights and Gender Equality in Montenegro” the number relates to target values as there is not enough information available on the actual number of beneficiaries.

⁵⁸ Applies to the period from 2013 to 2015 – data for 2016 was not available.

Evaluation question 5.2: *Do the results and the programme purpose make a contribution towards reducing poverty?*

One project (1.1% of all projects) directly contributed to poverty reduction, namely “From the environment to family,” carried out by the NGO Zavod krog. Its impact on poverty reduction may primarily be expected in activities of humanitarian material assistance for socially vulnerable families and schools in rural areas in the north of the country, and in the rehabilitation of socially vulnerable children from these areas. The Slovenian financial contribution to this (otherwise 3-year long) project amounted to €30,000 in the period concerned, which accounts for 0.55% of all Slovenian public expenditure for development cooperation in Montenegro.

In addition, several projects may have an indirect impact on poverty reduction, primarily those relating to scholarships and tourist and environmental infrastructure (see evaluation question 2.1). The Slovenian development cooperation funds for such projects amounted to €4.3 million in the 2013-2016 period, which accounts for 78% of all financial expenditure for the relevant period. The potential scope of these projects is 28,000 municipality residents and some 250 beneficiaries of scholarships or tuition fee waivers.

Recommendation: To assess the actual (not merely potential) impact on poverty reduction, we would require field reports on the effects of the projects realised (e.g. difference in the number of overnight stays in the municipality before and after the project, difference in revenues from tourism before and after the investment, etc.), yet such indicators were not required or defined for reporting within these projects. For the purpose of improved monitoring and evaluation of results, and therewith more effective future planning, we recommend that the MFA defines appropriate target output and result indicators for measuring poverty in the programming phase.

Evaluation question 5.3: *To what extent have a human-rights based approach, gender equality and environmental protection been achieved during the programme’s implementation?*

Projects approved directly in cooperation with individual institutions, such as bilateral technical assistance and training in the field of finance and internal audit, do not have selection criteria for human rights, gender equality or environmental protection. The same applies to projects in the field of education (scholarships for long-term and short-term study exchanges, and tuition fee waivers) and defence advisory. On the other hand, these criteria are in use for infrastructure projects (mainly carried out by the CMSR) and projects of non-governmental organisations.

Environmental protection is also considered as one of the criteria used by the CMSR (this criterion provides a total of 13 out of 100 points), namely CMSR verifies the impact of projects on the conservation and sustainable use of the natural conditions of the area, their increase of renewable energy sources or reduction of consumption of fossil energy sources, reduction of energy consumption, pollution of the environment, amount of waste, and harmful emissions. In addition, criteria of CMSR also include the contribution of the project to improving the livelihoods of final beneficiaries, which covers employment, level of poverty, human rights and equal opportunities, the degree of criminality and the availability and quality of accommodation capacities.

Public tenders of the MFA for projects in the field of development cooperation are on the other hand explicitly intended for projects that pursue the objective of the elimination of poverty, reduction of inequality, and promotion of sustainable development in partner countries in the field of the environment, society and economy. One development project is usually financed in each of the countries of the Western Balkans per programming period. At their core, the projects must cover environmental protection, strengthening the role of women, girls and young people, or strengthening the capacities of civil society for the promotion of human rights; thus it is guaranteed that at least one objective in the concerned evaluation question is pursued. In addition to this exclusion criteria, the selection criteria include consideration of gender equality and the use of a human rights-based approach.

Strengthening gender equality in Montenegro (which is otherwise one of the priorities of the tender for NGOs in 2016) is by representatives of both ministries of foreign affairs not recognised as an end-objective

of projects, but rather as a crosscutting objective, and it can therefore be adequately considered with the criteria for the selection of projects.

Out of all the projects that were carried out in Montenegro, one ensures the promotion of human rights (1.1% of all projects), three ensure gender equality (3.2%) and seven environmental protection (7.4%). As the latter is mainly in the domain of larger infrastructure projects, their share of Slovenian development cooperation expenditure is at 37.6% considerably higher, while the share of expenditure on projects in the field of human rights (1.4%) and gender equality (2.4%) remain equivalently low. This is also aligned with the results of the survey as respondents by-and-large consider the programme to have a positive impact on the environment, whilst its impact on human rights and gender equality remain limited⁵⁹.

Recommendation: Recommendations concerning the criteria for the selection of projects are included in the response to the evaluation question 1.1. We propose that in accordance with other findings in this report, the elimination of poverty, reduction of inequality and promotion sustainable development in partner countries be included under the selection criteria.

Evaluation criterion 6: Efficiency

Evaluation question 6.1: *How well have the activities transformed the available resources into the intended outputs or results, in terms of quantity, quality and time?*

The projects of development cooperation of the Republic of Slovenia, carried out in Montenegro during the period from 2013 to 2016, were based on the achieved results time- and cost-efficient.

Projects were very time-effective as 89.5% were completed in the scheduled period (for three of 95 projects there is no information about the date of completion⁶⁰). Most of the projects (61%)⁶¹ were also completed within the foreseen financial plan (i.e. actual expenditure of the Slovenian development cooperation did not differ by more than 10% according to plan), whilst only one project⁶² exceeded the planned budget by more than 10% and in other 35 projects actual expenditure was below the planned budget. Most of these projects fall under bilateral technical assistance for which the upper limit is based on agreements and actual costs (airline tickets, accommodation etc.) cannot be accurately planned in advance. With the exclusion of bilateral technical assistance projects 77% of projects have been implemented in line with the planned budget.

Depending on the scope of the implementation, most deviations from the envisaged project budget arise in the administrative capacity building and the rapprochement with the EU, which is to be expected, since these are predominantly projects of bilateral technical assistance that are not planned in advance and are carried out according to *ad hoc* needs of the receiving country. In other projects, the realisation rate is mostly lower than planned; exception to this is the sustainable renovation of a waste sorting plant in Žabljak, where the realised project value exceeded the plan.

As expected, the largest projects in terms of value fall within the scope of the implementation areas environmental protection and the efficient energy use (P1) and tourism and leisure (P2), since these involve major infrastructure investments, and the lowest are in implementation area P3, to which belong all projects of bilateral technical assistance. The amount of public expenditure for projects within the area of security (P4) is high since here individual projects concerned include all costs of posting a military attaché to Montenegro. In the case of education (P7), the value of the project is not relevant since it represents the

⁵⁹ Only 19 respondents replied to the relevant question, therefore the sample is not representative. Nevertheless, it serves as additional explanation of the findings prepared using other methods.

⁶⁰ The actual completion date is not visible for the project »From environment to the family« (implemented by Zavod krog), bilateral technical assistance in the field of metrology in 2014 (implemented by Metrology institute of the Republic of Slovenia – MIRS), and for the project »Training in the field of public finance and central banking« (implemented by CEF).

⁶¹ 58 out of 95 project; the planned budget for CEF project »Training in the field of public finance and central banking« was not visible from the documentation obtained.

⁶² CMSR project »Sustainable remediation of municipal waste landfill in Žabljak«.

sum of several approved scholarships and tuition fee waivers (not a project in the classical sense). The most demanding projects in terms of administration are projects of bilateral technical assistance (mainly due to their low value); however, they are at the same time recognized as very successful by the receiving countries and contractors.

Unfortunately, allocated and paid amounts by implementation area cannot be compared with the actual satisfaction of end users of these projects because we have not received a single response from representatives of the final beneficiaries of projects (i.e. target groups) to the associated question in the survey. As a rule, it is very difficult to involve final beneficiaries after the completion of projects, which is why it is most effective to assess their satisfaction as a contractual requirement within the project itself. The MFA does not have an adequate system in place for monitoring and evaluation of development cooperation, and consequently, for the purposes of evaluation, we did not receive adequate primary data on monitoring of project effectiveness and efficiency, nor on the satisfaction of the final beneficiaries. Thus, a prerequisite for a reliable assessment of satisfaction is an integrated framework and a standardised set of indicators on the basis of which the project contractors prepare survey questionnaires and then report within the context of regular project reporting (see evaluation question 1.1.). Nevertheless, based on performed interviews we find that project partners in Montenegro are extremely satisfied with infrastructure projects in the field of environment and tourism, with bilateral technical assistance, with training in the field of public finance, and with scholarships and tuition fee waivers; these together amount to 91% of Republic of Slovenia's development cooperation expenditure in Montenegro during the period in question.

Whilst the providers themselves did not assess project efficiency, CMSR highlighted some examples of good practice, *inter alia*, the construction of the sports hall and waste sorting plant in Žabljak and the constructed biological treatment plant for the town of Šavnik. Project beneficiaries confirmed the findings of CMSR with regard to project efficiency. In the case of the sports hall, the process from project approval to the inauguration lasted slightly longer than one year, which is extremely fast considering that during this time it was required to obtain all permits and perform the public contract. In the case of the sorting plant, it took approximately 3 months to obtain all necessary permits, which is also very fast. An important element of implementation effectiveness is also a well-managed partnership between the Slovenian and Montenegrin contractors. In Šavnik, the realisation dynamics was also consistent with the plans.

Evaluation question 6.2: *Can the costs of the programme and projects be justified by the achievements?*

The question is based on indicators, which measure the cost effectiveness of projects in terms of management, outreach and results. The calculations are based data on the workload and costs from the reporting on administrative costs under the official development cooperation (ODA) (see also annex 7).

For programme management, the Republic of Slovenia allocates roughly 10% of all development cooperation expenditure. This share is comparable to other funding programmes (for instance, 10% is the upper limit for TA support within ESI funds⁶³); this share is likely to increase in line with the recommendations of this report concerning additional tasks and competences of MFA. We can expect the highest workload at the beginning of the introduction of change, whilst a well-structured and functioning system should ensure higher cost efficiency later on. Furthermore, taking over tasks and responsibilities of other stakeholders, and thereby augmenting the workload of MFA, simultaneously relieves the budgets of these institutions, making the net impact on public finances lower.

In addition, a higher investment into some key aspects of programme implementation, such as supervision, monitoring and evaluation, ensures transparency, accountability and dedicated use of funds, in line with strategic guidelines; taking into account systemic deficiencies (see answer to evaluation question 1.1), these additional investments are undoubtedly justified.

It was not possible to calculate the share of public expenditure of major management projects which would be a good indicator of project implementation effectiveness. For a reliable estimate concerning public expenditure for management of major projects, it would be required to carry out a detailed analysis of project

⁶³ See Article 119(2) of Regulation (EU) no. 1303/2013.

documentation per cost category. Yet this is not the subject of this evaluation. In addition, the direct project costs are not considered under performance costs on the side of final project beneficiaries, who are, particularly in the case of infrastructure projects, strongly involved in the implementation process. Detailed analysis of the selected major projects (also in terms of cost effectiveness) could be subject to future evaluation in the field of development cooperation of the Republic of Slovenia.

The cost-effectiveness of the projects in terms of the amount of public expenditure per individual beneficiary of a major project is mostly adequate, and the results of the analysis expected. Investments in the field of environment require a greater contribution per beneficiary than one-off projects (e.g. ecoremediations), however, they at the same time ensure a more sustainable impact (infrastructure remains in the ownership of the local communities). In the case of the sorting facility, the amount of expenditure per beneficiary is unusually low. However, taking into account actual users (i.e. residents of a municipality) the amount is higher and comparable to other investments.

From the viewpoint of expenditure per beneficiary, two projects in the field of tourism and leisure are extremely cost-efficient: a children's playground in Bar and recreation management on the Tara river. On the other hand, unusually high expenditure per beneficiary stands out in the construction of the sports hall, whose users are primarily children in the municipality.

Both the waste sorting plant and the sports hall in Žabljak have shown to have high excess capacity. In the case of the latter, the beneficiary planned to cover running costs through operating revenue, yet this has not happened and the costs are being covered through the municipality's budget. In the case of the waste sorting plant, the capacity is much higher than the Žabljak municipality has need for, as the foreseen inclusion of three neighbouring municipalities (Šavnik, Mojkovac etc.) into has not yet been implemented; consequently, this project, too, is not economically self-sustaining. To assist the municipality with the management of both of these large infrastructure projects, CMSR is carrying out a follow-up project (of non-negligible value).

Bilateral technical assistance where each activity with costs incurred is considered a single project is cost-effective in terms of the amount of public expenditure per individual beneficiary of the projects. The total value of these projects in the period 2013-2016 amounted to €189,977 and the number of beneficiaries is estimated at least 740 (see evaluation question 5.1). Thus, the average cost per beneficiary is €257. Beneficiaries are mostly participants of one or two-day workshops, which means that the period of involvement in the project for them is shorter than in the case of training and education, therefore it can only be compared to the workshops implemented by NGOs. The latter seem more price effective especially due to a higher number of participants at these workshop. The biggest cost category of bilateral assistance projects is travel and accommodation for experts.

In the field of security, the costs of posting a defence advisor are relatively high. However, the cost effectiveness in terms of expenditure per project beneficiary cannot be assessed based on available documentation alone (we have not received any response by the Ministry of Defence and the current advisor). This raises the question whether all costs of the defence advisor can be considered under development cooperation. The project for support of Montenegro entering into NATO in the field of security is in terms of costs comparable to other projects that include soft subject matters (seminars, training, conferences, etc.).

Capacity building in the field of public finance, which is regionally carried out by CEF, is in terms of costs comparable to other projects that include soft subject matters. Training internal auditors is several times more expensive, a consequence of a very intensive training programme. Irrespective of this, the difference in expenditure per beneficiary is so big that the MFA should verify the support for such projects based on reliable criteria (see indicator K1.1.7).

When expenditure per beneficiary is assessed, projects carried out by non-governmental organisations (NGOs) prove to be most cost-effective. In the field of gender equality and non-discrimination the CEP

project is, for example, a few times more expensive than projects carried out by non-governmental organisations (NGOs)⁶⁴.

Scholarship and tuition fee waivers are in terms of expenditure per beneficiary expected to be among the most expensive. This is expected, as this is not a classic project but an actual payment of education costs.

The review of official costs and benefits does not show a strict demarcation line in the efficiency between major or minor projects. The infrastructure projects are expected to be the most effective, to which contributes also a high degree of flexibility on the side of providers. Taking into account administrative burdens for project- and programme management (also on the side of the MFA) the minor projects may otherwise prove to be less cost-effective, but their good recognisability and performance on the side of the receiving country justifies such projects as necessary and useful. This is especially true in the case for bilateral technical assistance (irrespective of whether they are implemented by the ministries directly or by CEP), where administrative burden is significant. Also, the costs do not include the opportunity costs that arise due to the absence of public officials.

Recommendation: Complex administration related to bilateral technical assistance projects is the result of rules related to the execution of the national budget, rendering large improvements difficult. Despite this the calculation of costs and reporting must include all opportunity costs (labour and administrative costs), which would not have arisen, were the ministries not involved in bilateral technical assistance or related activities. In average, public officials are absent from work for two days, which represents a cost to the employer, to which certain overhead costs also ought to be added. We propose a consideration of possibilities for the centralisation of coordination of all projects, including bilateral technical assistance, by the MFA.

Evaluation criterion 7: Impact

Evaluation question 7.1: *Has progress been made towards achieving the programme's overall objectives? Which indicators show that the intended changes are starting to take place?*

The objectives of the Programme (i.e. the programme document) are not clearly defined and they are focused on the areas of cooperation, governed by the MFA. It follows that an assessment of realisation of its objectives would be incomplete with regards to the entire development cooperation programme between the Republic of Slovenia and Montenegro (see also evaluation questions 1.1. and 5.1). On the other hand, the target areas of the (overall) programme of development cooperation between both countries are listed under Article 1 of the Agreement between the Government of the Republic of Slovenia and the Government of Montenegro on Development Cooperation (see chapter 4.2.1). Based on an analysis of the project documentation we find that two low value projects (2.1% of all executed projects) do not pursue any of the objectives defined in the Agreement⁶⁵. Their total value is €5,522, which is equivalent to 0.10% of the entire contribution for development cooperation of the Republic of Slovenia in Montenegro in the period 2013-2016.

It follows that the executed projects *greatly contribute* to achieving objectives of Slovenian development cooperation in Montenegro. It is nonetheless necessary to note that the Agreement lists a very broad set of objectives, thereby increasing the probability of compliance, which, in itself is not a reflection of appropriate programming (see chapter 4.2.1).

⁶⁴ In case of CEP project entitled » Strengthening the role of women in the defence sector of Montenegro « an ANGO (Ekvilib Institute) was one of the project partners.

⁶⁵ These two projects are »International Conference on the 50th anniversary of the Constitutional Court of Montenegro« (implemented by the Constitutional Court of the RS) and »MONDEM: Weapon surplus destruction programme (implemented by OSCE).

Evaluation question 7.2: *Have the programme and projects impacted on the lives of the final beneficiaries through employment, access, authority, assets or empowerment and how were crosscutting objectives achieved?*

The impact of the projects and programme as a whole on the lives of target groups (final beneficiaries) is measured by several factors, among them new employment, improved access to goods and services, increase in assets as well as empowerment and the acquisition of new skills or knowledge.

The degree of impact and combination of various impact factors differ according to the type of project. Below we list an assessment of the impact on the life of individuals per implementation area:

- *Environmental protection and effective energy use:* the residents of the Municipality of Šavnik expect five new jobs from the newly acquired environmental infrastructure, while the Municipality of Žabljak will use existing employees to manage the new sorting facilities and landfill sites. Approximately 45,700 residents will have improved access to cleaner water and environment, i.e. all the inhabitants of the settlement Vranjina and the municipalities of Žabljak, Mojkovac, Ulcinj and Plav as well as those residents of the Municipality of Šavnik who will connect to the new waste water treatment plant (constructed wetlands). As owners and managers of the acquired infrastructure, the above municipalities' assets will increase by their full value – the exception being the municipalities of Mojkovac and Ulcinj, where projects involve one-off ecological cleaning and not the construction of new facilities. Empowerment of managers of environmental infrastructure is only envisaged for the Municipality of Žabljak, namely within the framework of the project "Management of public environmental and tourist infrastructure in the Municipality of Žabljak".
- *Tourism and leisure:* new employment is envisaged in one of the five major (> €20,000 contribution of the Republic of Slovenia) projects in the field of tourism and leisure time – here three new jobs are expected as a result of the construction of a sports hall in the Municipality of Žabljak (currently one person is employed and the salary is ensured from the municipal budget). In this scope of implementation, assets are increased for municipalities and not directly to final beneficiaries, though these gain access to new facilities and services.
- *Building of administrative capacities and EU integration:* individual bilateral technical assistance projects represent a one-off cooperation between a professional (advisor) from Slovenia and an employee of the public administration of Montenegro. Through advisory, the latter are empowered to prepare the required documents and/or negotiation with the EU, while new jobs, goods, services or other types of assets are not generated through the projects.
- *Security:* in the field of security the major part of the value of the contribution of development cooperation of the Republic of Slovenia represents a multi-annual financing of all three Slovenian defence advisors in Montenegro. There are no tangible results (assets, goods, services or jobs). However, through consultation the beneficiaries are empowered to carry out certain activities in the field of defence.
- *Public finance:* this includes trainings that provide necessary expertise to internal auditors and other employees in the field of finance in public administration, which are consistent with the EU standards and norms. Impact factors are therefore mainly empowerment and the acquisition of new skills; however, there is no tangible acquisition of assets or goods nor direct employment options.
- *Gender equality and non-discrimination:* the main activities of all three projects in this field include various training and workshops, which hand down new knowledge to beneficiaries, however, they do not (directly) increase access to goods and services, neither are the results of these projects new employment options or increased assets.
- *Education:* scholarships and tuition fee waivers for beneficiaries allow access to education services and therewith to acquisition of new skills and competences. Although the increased assets and employment options are not a direct result of scholarships, they can affect them indirectly.

Evaluation criterion 8: Sustainability

Evaluation question 8.1: *Will the benefits produced by the programme and projects be maintained after external support is ceased?*

The main sources of sustainability, thereby ensuring positive effects of project after the cessation of support, are soft conditionality and empowerment of beneficiaries. The latter is provided by the project contractors through a variety of trainings, whilst two new investments are being followed by an independent project for the management of newly acquired infrastructure (see evaluation question 7.2).

Nevertheless, this form of empowerment is not envisaged in the majority of infrastructure projects, which was also underlined as a problem of the past programme period by the MTR. According to the representative of the Directorate for municipal development, in the past many municipalities faced the problem of the impossibility of maintaining the acquired infrastructure and hiring (expensive) foreign experts for this purpose. In the beginning of the year 2017, the ministry introduced the Law on the management of municipal wastewater that commits the municipalities to assuming the responsibility over the ownership, maintenance and management of the new infrastructure. According to the MTR, this will eliminate the above-mentioned problem.

In order to ensure sustainability of the effects of projects, providers may also use soft conditionality. For example, internal auditor trainings require participants to sign a contract where they commit to not leaving their position of employment in the specified timeframe.

Recommendation: Soft conditionality tool remains mostly under-exploited and we recommend that more contractors use it during project implementation. In addition, we propose the inclusion of sustainability along with activities that will ensure this sustainability among the criteria for selection and project reporting (see evaluation question 1.1).

Evaluation question 8.2: *What are the possible factors that enhance or inhibit sustainability, including ownership/commitment, economic/financial, institutional, technical, socio-cultural and environmental sustainability aspects?*

The sustainability projects can be enhanced or inhibited by several factors, from environmental (natural disasters, extreme weather conditions, etc.) and sociocultural factors (strikes and protests, emigration of people from rural areas where projects are being implemented, demographic changes), to financial (Montenegrin inability to co-finance projects, either at national or municipal level, poor financial sustainability of the projects due to lack of demand for new services by the target groups) and institutional factors (high turnover of staff, change of mayors and policies).

Factors that promote the sustainability of the results of Slovenian development cooperation in Montenegro are primarily the bottom-up approach (through these Slovenia directly responds to the needs of the recipient country), local ownership of projects (see evaluation question 3.1) as well as the very process of EU accession negotiations of Montenegro, which results in an objective-oriented approach of bilateral technical assistance (and also environmental) projects.

The coordinator of development cooperation in Montenegro is faced with high staff fluctuation, including members of the Joint committee Montenegro-Slovenia, which leads to inefficiencies, and may also lead to irregularities in decision-making procedures. A related problem are municipal elections when, according to one of the contractors, the project is often stopped. Additionally, the sustainability of effects of infrastructure projects often have a problem of the inability of management of the new facility and/or its maintenance (see evaluation question 8.1). Other factors that could inhibit sustainability of projects have not been detected (neither in the context of the regular reporting, nor on the focus group).

Evaluation question 8.3: *What is the probability that the achievements in human rights and gender equality are sustained after the programme is completed?*

Out of 95 projects, three directly pursue the objective of ensuring human rights and/or gender equality. These are mostly training and workshops, to a lesser extent the contractors also participated in the preparation of guidelines and other documents, as well as campaigns and events.

CEP, the contractor conducting training for the strengthening of the role of women in the defence sector, and non-governmental organisations (NGOs) (Zavod krog and Ekvilib Institute) which carried out the remaining two of the above-mentioned projects, named the following factors that will ensure sustainability of the project results:

- transfer of newly acquired knowledge – either to children (by teachers) or public administration employees (by experts);
- empowerment of professional staff and teachers for work with children (Zavod krog) and advisory in the field of gender equality (Ekvilib Institute);
- inclusion of local stakeholders in the preparation of the underlying documents and the use of the prepared studies and legal bases in the procedure of gender equality institutionalisation;
- commitment to the inclusion of gender equality in future activities of the defence sector;
- inclusion of (male) decision-makers in training for gender equality.

We consider the above-mentioned mechanisms aimed at ensuring sustainability of projects results to be adequate.

It is not possible to assess actual project sustainability as the project finished in the second half of the year 2016 (the case of Ekvilib Institute) or there are no available data on long-term effects of implemented projects (the case of Zavod krog and CEP).

Recommendation: As a rule, assessment of achievements after the completion of projects is often difficult, as is usually no mandatory reporting. In addition, due to staff turnover certain information on beneficiaries of the projects is often lost. In order to facilitate monitoring and assessment of the actual (long-term) impacts of development cooperation programmes on human rights and gender equality – and thus to ensure more effective programme planning – we propose subsequent reporting on the results of the project by project providers during the fifth year after the termination of financial support. A possible approach is to perform a telephone interview with the contact person or carrier or the person responsible for the ownership of project results. Survey among project beneficiaries can also be used. Future evaluations could also include an overview of sustainability of key projects from a long-term perspective.

Evaluation criterion 9: Slovenian added value

Evaluation question 9.1: *What is the added value provided by the Slovenian support?*

According to Montenegrin authorities, the biggest added value stems from historical, linguistic, cultural and administrative proximity, and interconnection between the two countries.

MTR highlighted the innovativeness of environmental projects in the Montenegrin context, whereby Slovenian companies are said to significantly contribute to the transfer of new technologies and best practices on the Montenegrin market. Slovenian providers adhere to the principles of sustainability and project impact in their work, which often means their continuous presence within the country until a satisfactory level of quality has been reached. Multiple interlocutors emphasized as beneficial the flexibility and efficient management of infrastructure projects, including public procurement procedures for the selection of suppliers and contractors (this refers mainly to CMSR projects).

Regarding Slovenian bilateral technical assistance the MEI stressed the importance of flexibility and responsiveness to Montenegrin needs, horizontal approach (i.e. projects covering all departments and policy areas subject to accession negotiations), experience from the Slovenian negotiation process and a

solid understanding of local legislation and administrative practices. They have not detected any differences in the quality of bilateral assistance projects by different providers (either directly by the ministries or by CEP).

An important added value recognized by the Montenegrin MFA relates to scholarships and tuition fee waivers, as studying in Slovenia is regarded as geographically accessible and affordable in comparison to some other EU Member States.

The survey analysis shows similar results. The respondents highlighted in particular the continued cooperation with all stakeholders and the quality of knowledge and information transfer. According to the survey, specific added value is being created through local ownership of project results and mechanisms for ensuring the sustainability of projects (e.g. localization of results, establishment of legal basis for institution building, further training etc.).

Evaluation question 9.2: What are the distinctive features of Slovenian support?

Despite its small size and limited resources, Slovenia has been recognized as one of the most important donors in the country. According to Montenegrin MFA and MTR, Slovenian assistance fills the financing gap of important local projects, which are smaller in terms of scope and value and thus often fail to get adequate development funding from other sources. Large donors such as Germany or the United States are more inclined to financing large infrastructure project worth several million Euros.

The specific feature of Slovenian development cooperation in Montenegro is the simplicity of the instrument and the speed of procedures. This, for example, differs from IPA projects, which take significantly more time to prepare and implement and which require long-term resident experts participating actively in the ongoing work of the ministries.

Infrastructure and other projects in Žabljak are specific due to good cooperation and friendly relations between the municipality and the Republic of Slovenia, which significantly facilitates the coordination of project proposals and the implementation itself.

The respondents to the survey further emphasized as a specific (and added value) of Slovenian development cooperation in Montenegro its ability to adapt to the actual needs of final beneficiaries, as well as the knowledge of the Montenegrin environment and society.

5.2. Unresolved issues and challenges in the evaluation process

A key challenge in the evaluation process was the non-standardized and at places incomplete project documentation, which served as the basis for the calculation of quantitative indicators and for our qualitative assessment. When preparing answers to evaluation questions we overcame this difficulty by triangulating our results; we used several different methods to acquire the necessary information (in addition to project documentation analysis also interviews and focus groups).

A unified reporting system from 2017 onwards at the MFA (but not with other funders) will rectify this issue to a certain extent, yet certain problems for assessing project- and programme impacts remain, as the logical framework is not clearly defined. Consequently, the system of monitoring and evaluation is not based on a clear hierarchy of needs, activities and objectives, and does not include a set of key performance indicators. The absence of indicators, target values, and clearly defined project achievements and results represented a large challenge for finding answers to evaluation questions within the Project activities section.

Furthermore, providers have a differing view on what belongs in the framework of development cooperation and what is being reported in line with OECD DAC recommendations. This is, to an extent, the result of an absence of programme planning and unclear demarcation of roles and competences. We were therefore

unable to unequivocally and soundly place certain projects and activities within the Programme framework or the system of Slovenian development cooperation.

A final issue was the low responsiveness rate to our survey, particularly by final beneficiaries. Consequently, the triangulation at the level of specific indicators was difficult. In order to overcome this challenge in future monitoring and evaluations we recommend setting up a system of ongoing monitoring of key indicators of project effectiveness and efficiency, which are to include *inter alia* an element of satisfaction of final beneficiaries.

6. Recommendations

6.1. Key recommendations

Responsibility	Finding	Recommendation
MFA	<p>The analysis of the intervention logic showed that the objectives of development cooperation in Montenegro are not sufficiently focused and do not serve as a basis for actual projects.</p> <p>In concrete terms:</p> <ul style="list-style-type: none"> - The objectives of the Agreement (a total of 14) are diverse, non-focused and duplicated. Some are very broad ("the promotion of economic development"), while others very concrete ("scholarships"). - The Programme lists concrete projects, naming the aid provider and project value, and is established "bottom-up", thus lacking alignment with the Agreement. It does not articulate clear objectives or objectives of development cooperation. <p>A strategic document, which would establish a small number of objectives of development cooperation and indicators for easier measuring and assurance of their outreach, is missing.</p> <p>The Programme does not cover all projects or areas of cooperation, but only those, which are being managed by the MFA.</p>	<p>I) The Agreement should specify a small number of equally broad objectives or priority areas, consistent with the foreign policy strategy of the Republic of Slovenia. Example:</p> <ul style="list-style-type: none"> - Environmental management - Accession to the EU - Education and social security policy <p>Based on these priorities the Agreement should also define impact factors.</p> <p>II) In addition to the Agreement and the Programme, we recommend preparing a Strategy, which defines priority areas, objectives and expected medium-term results, as well as related result indicators. The objectives must be "SMART" (see recommendation 1.1-A). Example:</p> <ul style="list-style-type: none"> - The promotion of academic and research exchange programmes between the Republic of Slovenia and Montenegro via scholarships, tuition fee waivers for Montenegrin students, etc. - The modernization of environmental infrastructure with the aim of better environmental management, etc. <p>The projects should not be approved if not aligned with this strategy.</p> <p>III) The Programme should encompass all the envisaged projects from all areas of development cooperation with Montenegro – also those, which are subject to other bilateral agreements and arrangements. This will ensure a better insight into development cooperation as a whole, facilitate planning, monitoring and evaluation, and increase complementarity between projects.</p>
MFA	<p>Main shortcomings of the development cooperation management system are in the field of demarcation of responsibilities and duties, which is in particular reflected in programming, project selection and control procedures, as well as risk management.</p>	<p>Responsibilities for the management of development cooperation, in particular the role of MFA in this process should be more clearly defined (e.g. in the development cooperation Decree). It is necessary to support the processes with adequate human and financial resources, which must be proportionate to the tasks and competences of MFA. This is particularly important in light of the fulfilment of</p>

		specific recommendations of this evaluation, which require additional workload.
MFA	<p>The monitoring and evaluation system is deficient, as a uniform approach to monitoring project providers and their results has not been established - mostly due to dispersed implementation of development cooperation. An incomplete logical framework and consequently inadequate programming are also problematic as both inhibit the MFA's role related to the management of development cooperation in the area of monitoring and evaluation. Furthermore, the system of electronic document collection and storage is also inadequate as it is properly structured only within the MFA.</p>	<p>It is necessary to better connect the monitoring and evaluation system with programme planning, so that it is based on a logical framework, i.e. a clear hierarchy of needs, inputs, activities, objectives and indicators (including the prescribed methods for monitoring the effectiveness and efficiency of projects as well as satisfaction of final beneficiaries). In this context, it is essential to prepare appropriate strategies of Slovenian development cooperation in Montenegro, based on a clear hierarchy of needs, inputs, activities and (SMART) objectives, as well as objective-based key performance indicators for monitoring of progress in the implementation of the strategy.</p> <p>It is also necessary to establish a comprehensive system of electronic document collection and storage (preferably through the use of a uniform file structure).</p>
MFA	<p>In the case of direct project approval (this applies to CEF, CEP, and CMSR), the selection procedure is non-uniform, unclear and in certain aspects lacks transparency. The projects are defined "bottom-up", i.e. by responding to local needs, channelled through individual providers of development cooperation in cooperation with partners on the Montenegrin side. There is no common criteria for the selection of projects, and the process itself is not clearly defined, standardised or formalised (it is undertaken differently by each of the institutions or organisations, whereby the provisions of the Agreement). The existing criteria is also not applicable to all contractors and types of projects.</p>	<p>The MFA as a coordinator of development cooperation should identify a more standardised method for project selection for all contractors, which must also take into account certain exclusion criteria (e.g. compliance with aid beneficiaries, alignment with the Agreement, etc.), a common set of criteria that can be adjusted according to the type of project (education, infrastructure, etc.), as well as common key performance indicators to monitor progress of the implementation of the Programme. The assessment of projects should be carried out by the MFA as the authority responsible for managing development cooperation policies as no distinction with regard to quality between different types of beneficiaries (public tenders/direct allocation) should arise. In the case of technically and professionally complex projects (e.g. environmental infrastructure projects) the MFA may alternatively carry out a second round of assessments from a more narrow set of project proposals. Under the project selection criteria, the MFA should include the following: elimination of poverty; reduction of inequality; promotion of sustainable development in partner countries (in line with the International development cooperation of the Republic of Slovenia Act); crosscutting objectives (human rights, gender equality); environmental protection; cooperation between local communities (more points for inter-municipal/regional projects); sustainability, together with the explanation and means for</p>

		ensuring sustainability; and minimum conditions for infrastructure projects. The latter ought to include economic viability, substantiated on relevant studies or analyses; project proposal maturity, e.g. conceptual solution, investment programme, project documentation for obtaining a building permit, project for execution, etc.; and environmental impact assessment in the case of environmental projects.
CMSR	<p>The CMSR does not have a uniform and standardised approach to assessment project proposals, which represents a risk in terms of transparency. It can also have an influence on project quality.</p> <p>CMSR project evaluation sheets are standardised, but the bases for assessment are not clear (points are allocated according to criteria, but it is not known on what grounds the assessment was made, who was assessing the project proposal and when the assessment was carried out). Consequently, the audit trail related to appraisal of projects is insufficient.</p> <p>The absence of standardised procedures and documentation puts the beneficiaries in Montenegro (municipalities) with smaller capacities and expertise for preparation of project proposals in an unequal position, since they do not always know in advance what exactly a proposal should contain, and consequently they do not have a basis for seeking additional support or assistance in the development of projects.</p>	<p>If the first round of project assessment remains within the competency of CMSR, this process must be fully standardised. Each individual stage of the process must be clear and adequately documented using standardized forms, which define all the key project aspects (general description of the problem, purpose, objective, expected results, quantified indicators, activities, budget) and include required studies and appendices such as the feasibility study, cost-benefit analysis, environmental impact assessment, conceptual solution, project for obtaining a building permit, etc.</p> <p>The CMSR should provide beneficiaries with detailed instructions for the preparation of project proposals, prepare Terms of Reference and offer coordinated support in the preparation of project proposals.</p> <p>A clear audit trail must be ensured (i.e. who performed the assessment, list of documentation that was used as the basis for the assessment, substantiation on why a certain number of points was assigned, etc.). The assessment sheets must allow the comparison between different project proposals and the reasons for shortlisting individual projects.</p> <p>The CMSR should also establish an analytical tool (e.g. Excel spreadsheet) for reviewing all assessed project proposals (approved and non-approved), including the results and substantiation of the assessment.</p> <p>The flexibility of the process should be maintained in the relationship to the developers of proposals, while no discrepancies should occur in terms of adequacy, integrity and quality of project documentation.</p>

6.2. Other recommendations

N. & responsibility	Finding	Recommendation
Evaluation criterion 1: Programme management and administrative arrangements		
1.1-A (MFA)	Key problems of the programme planning system are: vaguely defined stages of this process; lack of consideration of internal and external programme risks, which may affect the programme (or strategy) implementation; and non-systematic and disproportionate inclusion of stakeholders in the programme planning process (included are mostly some key institutions, whilst there is a lack of coordination within a wider circle of counterparts).	The programme planning procedure should be defined clearly and should be carried out prior to the submission of the programme (or any strategy) to governmental approval. The process should be aligned with the logical framework for the implementation of Slovenian development cooperation in Montenegro. It should include initial analysis (for example problem analysis, stakeholder analysis, objective analysis, SWOT analysis), clear definition of the process owner and responsibilities of stakeholders, structure and coordination procedures, as well as the method of determining objectives (objective analysis based on identified problems, establishing of "SMART" objectives, i.e. specific, measurable, achievable, relevant and time-bound objectives), indicators and performance of a programme risk analysis.
1.1-B (MFA)	Slovenian aid providers are not coordinated among themselves and do not cooperate sufficiently in project implementation. In some cases there is ad-hoc cooperation (particularly between institutions), but it does not include all relevant stakeholders involved in the process within the Republic of Slovenia.	The MFA should organise regular (at least bi-annual) meetings of all Slovenian aid providers in Montenegro to ensure a common or coordinated approach and synergies between projects (e.g. CMSR implements investment part the project, while NGOs take over the awareness raising for target groups and inclusion of vulnerable groups).
1.1-C (MFA)	The programming system is not comprehensive as the Programme does not cover all activities and projects that were being implemented in Montenegro in the period concerned.	Considering that the Programme defines the overall development cooperation between the Republic of Slovenia and Montenegro, the MFA should in the programming process also include those projects or activities funded by other budget users.
1.1-D (MFA)	The limited funds available for development cooperation put into question the soundness of preparing partial strategies for individual countries.	A simple SWOT analysis on the possibility of preparation of a regional strategy for the entire Western Balkans region should be conducted. This strategy could identify the strategic priorities and high-level objectives for individual countries, taking into account the differences in level of progress in each country.
1.1-E (MFA)	The MFA does not perform its role in accordance with the International Development Cooperation of the Republic of Slovenia Act to the fullest extent; it often acts as a coordinator between ministries, whilst the procedures for the selection or projects do not substantively include those individuals who are responsible	Representatives of the MFA-ZDM should be appointed to the management boards or councils of institutions/organisations, thus ensuring with their active participation the compliance between the strategy, programme and the implementation at the level of project approval.

	for the management of development cooperation policy within the ministry.	
1.1-F (CMSR)	CMSR project selection procedures are not subject to external substantive supervision. The CMSR is subject to annual audit of operations, separate audit of the implementation of development cooperation, internal audit of SID Bank (as part of the SID Bank Group), however, there is no substantive supervision over the procedures of project assessment and subsequent procedures of public procurement for approved projects. Inadequate supervision over the procedures represents a great risk to the effectiveness and efficiency of the development cooperation of the Republic of Slovenia (in Montenegro and wider), in particular due to a relatively high value of projects carried out by the CMSR.	An external audit of development cooperation projects carried out by the CMSR should be performed. The audit should target the project selection procedures implementation of projects by CMSR in the field of development cooperation, in particular the assessment, criteria, audit trail, project documentation quality, as well as the process of project implementation (including the public procurement procedures).
1.1-G (MFA & providers)	Both in terms of the share of funds disbursed as well as the number of projects, there was a clear focus of development cooperation put on the Municipality of Žabljak in the period concerned. The rationale for this is its location in the north of the country, which is underdeveloped and holds a big potential for development of tourism because of natural conditions. According to the findings of the field visit, the infrastructure in the Municipality of Žabljak is established to the extent that it forms a coherent whole and forms the basis for further development, therefore further investments of development cooperation funds in this municipality are no longer as necessary.	Given that infrastructure in Žabljak is established to the extent that it forms a coherent whole, future development projects should focus on other municipalities in the north of Montenegro dealing with challenges defined as priorities by the Agreement and the Programme (environment, economic development, education, etc.). The development cooperation projects should also promote inter-municipal projects in order to ensure a wider reach of beneficiaries; such promotion should be taken into account as formal criteria for the selection of projects (see the description of criteria under the answer the Evaluation question 1.1).
1.1-H (project providers)	The projects of bilateral technical assistance are recognised as an example of good practice by the recipient country. Montenegro expressed a desire for additional crosscutting subjects, which are not directly linked to individual negotiating chapters.	Additional crosscutting subjects should be included in the bilateral technical assistance projects (e.g. negotiating techniques, management, techniques of argumentation etc.).
1.3-A (MFA)	The MFA did not identify systemic risks that could adversely affect the implementation of the development cooperation of the Republic of Slovenia in Montenegro.	The risk register at the level of the MFA should include key risks related to the management of development cooperation, whereby it is necessary to clearly establish the responsibilities and the risk management plan.

Evaluation criterion 2: Relevance		
2.3-A (MFA)	There is a difference in the understanding of the importance of financing projects in the field of rule of law, human rights and equal opportunities between the MFA and the Montenegrin Ministry of Foreign Affairs. The Montenegrin side is reluctant to finance projects implemented by NGOs, with the argument that such projects are often not strategically focused and do not provide sustainable impacts. That poses a risk for further funding of such projects, which are part of the strategic guidelines of Slovenian development cooperation in Montenegro.	The MFA should continue to pursue the objective of supporting human rights, equal opportunities and the rule of law and support the projects implemented by NGOs.
Evaluation criterion 3: Aid effectiveness		
3.1-A (MFA & project providers)	The project co-financing rate is defined for each project separately without any clear criteria. The ratio of 50:50 is mainly used, whereby the maximum co-financing rate is 51%.	Clear rules for the determination of the co-financing rate should be determined (e.g. a 50% flat rate, which must be economically justified, or a rate calculated on the basis of a financial gap analysis).
Evaluation criterion 6: Efficiency		
6.1-A (MFA)	A reliable estimate concerning public expenditure for the management of major projects was not possible, as it would require a detailed analysis of the project documentation broken down by cost categories, which is not the subject of this evaluation.	Detailed analysis of selected major projects (also in terms of its cost effectiveness) could be the subject of subsequent evaluations in the field of development cooperation of the Republic of Slovenia.
6.1-B (MORS)	Inclusion of all costs related to the posting of defence advisors to Montenegro within the context of development cooperation of the Republic of Slovenia is questionable.	The MFA in cooperation with the Ministry of Defence should clearly define, which tasks of defence advisors fall within the context of development cooperation and thus calculate the share of costs to be reported under official development cooperation of the Republic of Slovenia.
6.2-A (project providers)	The sports hall and waste sorting plant in Žabljak have shown to have high excess capacity. In case of the sports hall, the financing of maintenance and management was supposed to be covered by income generated on the market, which is not yet the case (currently the costs are covered from the municipal budget). In the case of the waste sorting plant, capacities exceed the needs of the municipality; the inclusion of the neighbouring municipalities (Šavnik, Mojkovac, etc.) was planned but has not yet been implemented. Consequently,	The implementation of infrastructure projects (and consequently also the selection thereof) should be based on the following: <ul style="list-style-type: none"> - prior analysis and studies (a decision for investment in infrastructure should be based on detailed economic analyses, e.g. cost-benefit analysis, feasibility study, etc.); - soft conditionality mechanisms through which sustainability and full capacity/utilisation of infrastructure can be ensured (an inter-municipal project based on a previously signed agreement could be carried out in the case of a waste sorting plant).

	<p>this facility, too, does not generate sufficient financial flows to be self-sustaining. For assisting the municipality with infrastructure management and marketing, the CMSR started a follow-up project aimed at the improving the management of environmental and tourist infrastructure.</p>	
6.2-B (MFA & project providers)	<p>Taking into account also the administrative burdens related to project and programme management (also by the MFA), smaller projects can turn out to be less cost-efficient. Nevertheless, their good performance and visibility in the beneficiary state justifies such projects as necessary and useful. This is particularly true for bilateral technical assistance (irrespective of whether they are implemented by the ministries directly or by CEP), which otherwise represent a significant administrative burden. In addition, the cost of these projects does not include the opportunity costs incurred from the civil servants' absence from their workplace, and the hidden administrative costs of individual ministries.</p>	<p>The complex administration in case of bilateral technical assistance is a result of the rules related to the execution of the state budget, rendering significant improvements high impossible. Nevertheless, it is recommended that opportunity costs (labour and administrative costs) incurred by ministries involved in bilateral technical assistance activities are also taken into account in the calculation of total project costs and reporting. The cost of such projects to the employers, for instance, is the time of absence of employee (on average two weekdays), to which a certain share of overhead costs needs to be added.</p> <p>We suggest considering the option of a centralised coordination of all projects, including bilateral technical assistance, by the MFA. In order to ensure responsiveness and flexibility, operational communication should be kept at the level of individual experts.</p>
Evaluation criterion 8: Sustainability		
8.1-A (project providers)	<p>The contractors already use various ways to ensure empowerment and therewith sustainability of projects, in particular in the form of soft conditionality (from contractual clauses regarding compensation for participants of CEF trainings who prematurely leave their job, to adjustments of local regulations in terms of non-discrimination). In investment projects, empowerment and sustainability are in some cases ensured through additional follow-up projects, as opposed to within the existing projects. This is particularly problematic in the case of projects where unused capacities occur (for example, the waste sorting plant in Žabljak).</p>	<p>In order to ensure conditions for result- and impact sustainability, all types of projects should include soft conditionality. For the purpose of monitoring, the project proposals must also include predefined indicators for monitoring sustainability. In case of infrastructure projects, soft conditionality should be used for ensuring local ownership of results (e.g. commitments regarding the financing of maintenance costs), as well as for the achievement of planned results (e.g. the concluded agreement between municipalities for shared use of sorting plant prior to its construction).</p>
8.3-A (project providers & MFA)	<p>As a rule, assessment of achievements after the completion of projects is often difficult, as reporting is usually not mandatory. In addition, due to staff turnover certain</p>	<p>In order to facilitate monitoring and assessment of the actual (long-term) impacts of development cooperation programmes on human rights and gender equality – and thus to ensure more effective programme planning – we propose subsequent reporting on the results of the</p>

	<p>information on beneficiaries of the projects is often lost.</p>	<p>project by project providers during the fifth year after the termination of financial support. A possible approach is to perform a telephone interview with the contact person or the person responsible for the ownership of project results. Survey among project beneficiaries can also be used. Future evaluations could also include an overview of sustainability of key projects from a long-term perspective.</p>
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7. Lessons learned

The key finding of this evaluation is that development cooperation of the Republic of Slovenia in Montenegro is recognised as an important building block in the EU accession negotiations process, with Slovenia representing a major player in the system of donators in Montenegro. This is especially important when we consider that Slovenia is one of the smallest donators based on the limited funds it disposes with. Key factors that contribute to this reputation are flexibility, alignment with the needs of the beneficiary country, responsiveness, and a high degree of diligence and professionalism of project providers.

Deficiencies of development cooperation implementation are systemic in nature. Whilst MFA is legally the competent authority for the implementation of development cooperation policy, responsibilities are in reality dispersed and stakeholders' roles not clearly demarcated. The absence of coordination and a non-strategic approach allow for the implementation of projects that do not necessarily contribute to the overall objective of development cooperation of Republic of Slovenia or represent a suboptimal achievement of value added given the inputs.

Taking into account the recommendations of this evaluation report and implementing a centralised, systematic and comprehensive development cooperation implementation system can without a doubt augment the added value of Slovene development assistance. An development cooperation implementation system that is based on the principles of strategic programming, transparency and accountability can contribute to an even better promotion of Slovenian objectives in the areas of strengthening human rights, gender equality and environmental protection, as well as eradicating poverty and reducing inequality.

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