reports

DFID Department for International Development

EVALUATION REPORT EV650

July 2004

Review of DFID/ODA's Programmes in Accession Countries

by Tony Faint

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

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Final Report by Tony Faint,
Consultant, July 2004

The former Overseas Development Administration (ODA) became the Department for International Development (DFID) in May 1997. Although for convenience the acronym DFID has been used throughout the study, it should be remembered that some of the events, actions, etc. covered occured within the period of ODA's existence.

PREFACE

This study was undertaken as part of the programme of independent evaluation studies commissioned by the Evaluation Department of the Department for International Development (DFID). The purpose of these studies is to improve the quality of development activities by providing evidence of what makes for effective development. Lessons learned from evaluation can be applied to strengthen current and future policies and programmes. Evaluation of development assistance provided by DFID also helps strengthen DFID's accountability.

DFID's Evaluation Department (EvD) is independent of the spending divisions in DFID, and reports to DFID's Management Board through the Director General (Corporate Performance and Knowledge Sharing). Each year, Evaluation Department commissions a number of evaluations, which rigorously examine the design, implementation, and results of selected DFID policies and programmes. The findings and lessons from each evaluation are published.

This report presents the results of a review of DFID's programmes in the accession countries of Central and Eastern Europe. The review seeks to assess the effectiveness of the programmes in support of these countries' economic and political transition and accession to the EU, based on written sources and a series of interviews. The broad conclusion is that the programmes were generally successful and valued by the recipients, particularly in the finance and privatisation fields – though more so in more advanced than less advanced reforming countries.The report draws together some important lessons of wider interest and application such as the advantages of speed and flexibility at project level and the importance of building the collection of basic data into project design. Also, the experience of working with other donors, notably the EC and the World Bank, points to the advantages of early engagement, and the importance of giving due weight to the value added from Technical Assistance, in addition to possible returns from influence on larger players

The review was undertaken largely as a desk study, supplemented by interviews and a visit to the EC in Brussels. The study covers the period 1995-2003, but also reflects earlier experience from 1989-1995 to the extent possible from the information base. The results have been widely disseminated within DFID and the partner organisations and a regional seminar to discuss the findings is being planned.

Tony Faint, a consultant and former staff member of ODA/ DFID, conducted the study with support from EvD and ECAD.

M A Hammond

Head of Evaluation Department

EXECUTIVE SUMMARY

The Paper presents the results of a short and low-input review of ODA/DFID's technical assistance programmes in the countries of Central and Eastern Europe which joined the European Union in 2004 or are candidates to do so in 2007. The Review is mainly based on material from the period 1995-2003, but also reflects earlier experience from 1989-95, to the extent possible from the information base.

The Review was carried out by Tony Faint, a consultant appointed by DFID's Evaluation Department, also a former ODA/DFID staff member.

After short introductory remarks, the Report briefly recapitulates, in Section 2, the broad course of the twin processes: of transition from the former Communist régimes to systems of representative democracy and market-based economy, and of progressive integration with the European Union, culminating in the first wave of accession in May 2004.

The Paper next summarises, in Section 3, the main programmes of assistance from Western countries and international organisations which were available over the period to support the transition and accession processes, in order to place the UK programmes in a broader context. The main UK programme, for much of the period generally called the "Know How Fund", was a medium-sized bilateral technical assistance programme.

The analytical sections of the Paper follow, covering the UK Strategic Framework (Section 4), Cooperation with the Multilateral Agencies and Other Donors (Section 5), Exit from the programmes (Section 6), and Effectiveness and Impact (Section 7).

The paper notes that there was a major shift in the UK assistance strategy to the region in 1997 with the formation of the Labour Government. The original Know How Fund strategy had aimed to support the economic and political transition in a few key areas including the finance sector and privatisation. The KHF was also to a high degree opportunistic within its broad strategic framework. The new strategy placed a strong emphasis on combating poverty in the region. It also placed greater emphasis on supporting EU accession (though this had been a steadily growing priority over time), and aimed for enhanced cooperation with other major donors, particularly the EC and the World Bank. By the time the new strategy became fully effective, however, many of the programmes in this group of countries were already moving towards the exit phase.

While working with other donors became a particular priority under the new post-1997 strategy, there are examples of earlier cooperation, especially with the World Bank. But the post-1997 programme in the region did pioneering work on a more systematic approach to cooperation with larger donors as a major strategic modality – an interesting experiment even if success was mixed.

DFID's exit from regional programmes was generally well planned and foreseen well in advance. However the accelerated exit from Romania and Bulgaria, in particular, was widely considered unfortunate both because its suddenness and from the stand-point of the countries' continuing needs for support. It was dictated by wider political and financial considerations.

The Paper recognises that assessment of effectiveness and impact of the programme must be somewhat subjective and impressionistic – both for familiar reasons of attribution of benefits, particularly to small programmes, and because rather few independent evaluations of the programmes were carried out at the time. Such evaluations and reviews as have been carried out have generally arrived at favourable conclusions. Most programmes considered are felt “to have been successful and to have left a sustainable legacy” (Poland review) or to have “met their institutional objectives” (regional development study). This review also looked at the record presented by PCRs and OPRs, but found no strong conclusions emerging; and carried some 40 interviews with people active in the region during the period. The results are inevitably personal and impressionistic. They tend to suggest that the UK programmes had some major successes in the finance and privatisation fields, as well as in institution building, but also some less successful experiences, particularly in countries which suffered frequent reversals in the course of the transition.

Section 8 attempts to draw together the lessons sugested by the review, which particularly apply to relatively small providers of mainly technical assistance and to institution building activities, but also resonate with experience from countries undergoing rapid and systemic change. At the country level approaches to working with and outside government and supporting “drivers of change” may be of interest. At the sector level sector concentration is favoured, and the prominence of the finance sector in the earlier period raises the question whether this sector is still relatively neglected in the UK and other donor programmes. The Know How Fund’s policy of exploiting the UK’s comparative advantage may be worth reflecting on.

At the project level the advantages of speed and flexibility come across clearly, and the relative merits of small and large projects are also discussed. The experience of working with other donors, notably the EC and World Bank, has wider application. The Review points to the advantage of early engagement, and the importance of giving due weight to value added from TA, in addition to possible returns from influence on larger players. Finally on impact, the report highlights the importance of building the collection of basic data into project design. Sustainability is suggested as a proxy for impact when, as often, direct measures are problematic. The report also raises the question whether arrangements for read-across and lesson learning within DFID could be strengthened.

Section 9 on further work suggests the Review results could be strengthened – or modified – by one or two more country or regional studies. It notes that access to records poses a substantial challenge to exercises of this type. A seminar in the region to discuss the results of the Review is recommended.

CONTENTS

APPR	Annual Plan and Programme Reviews
ASAL	Agricultural Sector Adjustment Loan (World Bank)
CSEED	(DFID) Central and Eastern Europe Department
CDF	Comprehensive Development Framework
CEE	Central and Eastern Europe
CSP	Country Strategy Paper
DFID	(UK) Department for International Development
DTI	(UK) Department of Trade and Industry
EBRD	European bank for reconstruction and Development
EC	European Commission, European Community
ECAD	(DFID) Europe and central Asia Department
EECAD	(DFID) Eastern Europe and Central Asia Department
EIB	European Investment Bank
EU	European Union
EvD	(DFID) Evaluation Department
FCO	(UK) Foreign and Commonwealth Office
FSU	Former Soviet Union
IFC	International Finance Corporation
ISPA	EU structural assistance programme for accession countries
JAU	(FCO/ODA) Joint Assistance Unit
KHF	Know How Fund
LICUS	Low Income Counties Under Stress
MS	(EU) Member States
NCB	(UK) National Coal Board
ODA	(UK) Overseas Development Administration
OPR	Output to Purpose Review
PARP	Policy and Resource Plan
PCM	Project Cycle Management
PCR	Project Completion Report
PHARE	Poland, Hungary Assistance for Reconstruction of the Economy
PIFS	Pre-Investment Feasability Scheme
PRISM	Performance Reporting Information Systems Management
PRSP	Poverty Reduction Strategy Paper
PSA	(UK) Public Service Agreement
SAPARD	Special Accession Programme for Agriculture and Rural Development
SME	Small and Medium Enterprises
TA	Technical Assistance
TIPS	Training for Investment Personnel
UK	United Kingdom
US	United States
USAID	United States Agency for International development
WTO	World Trade Organisation

Introduction

1.1 I was appointed in February 2004 to carry out a relatively short and low-input review of Overseas Development Administration (ODA)/Department For International Development's (DFID) programmes in the accession countries of Central and Eastern Europe (CEE). The terms of reference are at Annex 1. The objectives of the review are to reach preliminary conclusions on the effectiveness of United Kingdom (UK) programmes in relation to the process of European Union (EU) accession and their other objectives including poverty reduction; and to draw out relevant lessons for DFID and other actors in the development/transition process.

1.2 An Inception Report was presented on 18 February, as requested in the Terms of References (TORs). This contains some further comments on what the study could expect to achieve, and on its country coverage (the ten CEE accession candidates – Poland, Hungary, Czech Republic, Slovak Republic, Slovenia, Estonia, Latvia, Lithuania, Romania, Bulgaria) and the time period 1995 to the present, but including reflections on the earlier period from 1989-95. It added the question of exit strategy to the key issues for the review, and considered possible approaches to consultation within the region. The Inception Report is available on request.

1.3 Resources for the study were 25-30 days of consultant time - subsequently increased by agreement to a maximum of 40 days - plus travel expenses.

Methodology

1.4 Given the limited resources for the study, the approach was to make maximum use of existing written materials, supplemented by a programme of interviews, mainly of DFID and Foreign and Commonwealth Office (FCO) staff, but including some representatives of the European Commission (EC), consultants and others (list at Annex 2).

1.5 The documentary base of the review is listed in Annex 3. It was extremely difficult to obtain material from the period up to 1997, due to the difficulty in identifying and accessing pre-1997 files. There is also a paucity of assessment material: only 5 formal evaluations were identified. There are 37 Project Completion Reports (PCR) and 29 Output to Purpose Reviews (OPR), listed in Tables 4. They are very variable in detail and information content, and while some of the later reports benefited from the participation of independent consultants, the earlier ones were purely desk exercises.

1.6 Interviews were largely limited to DFID and FCO officials accessible in London, there were few telephone interviews held. The only overseas visit was to Brussels, which enabled a few relevant Commission officials to be interviewed.

1.7 Thus the study is subject to significant limitations. While the processes of transition and accession are well documented by the European Bank of Reconstruction and Development (EBRD) and the European Commission respectively, and the strategies and character of DFID's programmes and their evolution over time are also reasonably clear, well founded judgements on effectiveness and impact of UK programmes are extremely difficult to make. Apart from the paucity of independent assessments, the problem of attribution of results applies particularly strongly to the programmes of relatively small donors, and to technical assistance in general. The report should be read against that background.

Acknowledgments

1.8 I am most grateful to DFID staff in Europe and Central Asia Department (ECAD) and Evaluation Department (EVD), particularly to Jim Butler of ECAD and Iain Murray of EvD, for their cooperation and support, and to all in DFID, FCO and outside government who gave their time for interviews. A special word of thanks is due to Mark Herbert of EvD, who compiled most of the figures in the attached tables.

2. Background – The transition and EU accession in Eastern Europe

2.1 The transition process in the ten countries covered by the study has been, overall, a remarkably successful example of economic and political transformation. The economic process has been effectively charted in the EBRD/s annual transition reports, which track 9 mainly economic indicators of transition over a run of years starting in the early 1990's. Table 1 summarises the progression of the 9 indicators from 1995 to 2003. While there have always been some more advanced and less advanced reformers, all have shown significant progress over this period, and some processes such as small-scale privatisation and foreign exchange liberalisation had already been largely completed before 1995.

2.2 On the political side, all 10 countries have well established democratic systems and have held numerous elections since the early 1990's, with increasing degrees of transparency. While institutional development, economic and political, is incomplete particularly in the less advanced reformers, there has been enormous progress towards greater conformity with European and advanced country standards.

2.3 The situation is markedly different in many of the countries which are not candidates for early accession to the EU, both in south eastern Europe and Central Asia, where recurrent conflict and the persistence of many of the features of the previous state controlled regimes present a far less favourable picture. There is no doubt that, where it has been extended, the prospect of EU accession has been an immensely powerful force, creating or cementing a national consensus and giving a powerful incentive to governments of different parties to follow the path of EU integration and accept and implement EU's standards in terms of the legal framework, market liberalisation and regulation, and political pluralism and the protection of human rights.

EU Integration and Accession

2.4 As communist regimes were replaced in 1989-90, the EU's initial reaction was the signature of "Europe Agreements" envisaging a progressively closer association between the EU and CEE countries. It was not until the Copenhagen Council of June 1993 that countries signing Europe Agreements were accepted as future full members of the EU – but without any specified date for accession. Applications for EU membership were made by all the countries covered by this review in the period 1994-1996, and negotiations were opened with the first 6 accession candidates (5 Central European countries plus Cyprus) in 1998.

2.5 The Luxembourg Council of 1997 set out a process of negotiation and legal and institutional reform to align the accession candidate countries with the *acquis communautaire*. At the same time the Commission's instruments for supporting the accession countries were re-engineered – see section 3. Accession negotiations were framed around 31 thematic chapters, representing the main headings of the *acquis*. The Commission reported annually to the European Council on the progress on negotiations. Chapters were progressively opened for negotiation and closed on completion as preparations progressed. A target was also set for Romania and Bulgaria to accede in 2007.

2.6 The Laeken Council in 2001 named the 10 countries to become new EU Member States from 2004: Poland, Hungary, the Czech and Slovak Republics, Slovenia and the three Baltic countries, plus Cyprus and Malta. Negotiations with the 10 were completed at the Copenhagen European Council in 2002, and they became full members on 1 May 2004.

3. Transition and Accession: Donor Support

3.1 Programmes of support for the transition process were launched by multilateral and bilateral donors starting in 1989-90. The main multilateral donors have been the EC, World Bank, EBRD and European Investment Bank (EIB). The EBRD was created specifically to support the transition in Central and Eastern Europe and the former Soviet Union, and began operations in 1991. The largest bilateral donors have been the United States (US), Germany and the UK.

3.2 Table 3a summarises grant assistance by donor from 1990 to 2002. The EC is by far the largest source of grant assistance, followed by a surprisingly high total for Germany, with the United States close behind. The German figure includes as much as $4 billion for Poland, within which the largest annual amount is $2.68 billion in 1995 – presumably a special subvention of some sort. But if this is set aside, Germany remains by far the largest bilateral donor after the US. UK figures, which total some £300 million over the period 1990-2002/03, are contained in tables 4.

3.3 The World Bank, EBRD and EIB provided substantial resources to the accession countries over the period on near commercial terms (the figures in table 3a for the EBRD are grants only). See Tables 3b-3d for details – not wholly comparable but giving an idea of the order of magnitude for each.

3.4 The bilateral programmes all began with much the same objectives – to support the economic transition from central planning to a market based system on the one hand, and from totalitarism to democracy and pluralism on the other. The World Bank, EBRD and EIB, consistent with their mandates and the instruments at their disposal, focused on the economic side of the transition. World Bank programmes had a high policy content, with structural adjustment assistance a feature of most country programmes, and increasingly targeted poverty and the social sectors in their later years. The EBRD's and EIB's programmes have concentrated on private sector investment and public infrastructure.

3.5 The EC programmes began with Poland Hungary Assistance for Reconstruction of the Economy(PHARE), originally extended in 1990 to Poland and Hungary, subsequently to the rest of the accession countries. Early PHARE programmes were oriented towards transition objectives, and have been widely criticised as being slow to mobilise and complicated to access. But a major reorientation of the PHARE programme took place in 1997, when the facility was refocused on supporting the accession partnerships and the enlargement process. This reform led to substantially improved programme performance. At the same time two new accession-oriented programmes were launched – Instrument for Structural Policy (ISPA) for regional and structural development and Special Accession Programme for Agriculture and Rural Development (SAPARD) for agriculture and the rural sector.

3.6 The US programme initially emphasised democratic initiatives and economic restructuring, including support for privatisation and the creation of enterprise funds. Subsequently, in recognition of economic dislocation created by the transition, stronger emphasis was given to addressing unemployment and to social service provision.

3.7 The stated aims of the German programme were to assist in building efficient market economies and democratic societies. The services of German consultants were provided with the primary objective of establishing the conditions necessary for a social market economy, developing small and medium size businesses and for corporate restructuring, privatisation and divestment. Other areas have included financial services and help for the development of privately owned agriculture. Assistance was also provided in areas such as vocational training, commercial law, labour policy, and environmental protection.

3.8 UK programmes of assistance to the region began with the setting up of the "Know How Fund" (KHF) for Poland in 1989, rapidly extended to Hungary and Czechoslovakia, and by the end of 1991 to all 10 accession countries and also Albania and the former Soviet Union. Expenditure details are in Tables 4.

3.9 The aim of the programmes, like other bilateral programmes set up at the time, was to support the transition to democracy and the market economy. The Know How Fund had a policy of sector concentration – on banking/finance, privatisation, employment and small business, and management training. It also supported British investment in the region through a set of investment promotion schemes, managed by Department for Trade and Industry (DTI) staff and initially funded by DTI. On the political side support consisted of small-scale activities, mainly in the areas of parliamentary links, media development, and support to the police and legal sectors. A matched funding facility to support civil society, Charity Know-How, was also created.

3.10 The Know How Fund began life as a small-scale FCO programme, but within a few months some DFID staff had been introduced, and the "Joint Assistance Unit" (JAU) was set up, composed in roughly equal numbers of FCO and DFID staff. The JAU was split in 2 in June 1992, with 1 unit dealing with the Central European countries, the other with the former Soviet Union. This structure continued until 1997, when DFID took over full control of the programmes, and the JAUs became Central and Southern Eastern Europe Department (CSEED) and Eastern European and Central Asia Department (EECAD). Finally in 2003 these 2 departments were merged to create ECAD, covering all the transition countries.

3.11 Apart from the Know How Fund, Poland had access to an additional fund created by a UK contribution of $100 million in 1990 to an international fund to stabilise the Polish currency. The fund was held in accounts at the Polish National Bank but was never called upon to support the currency. $75 million of the UK contribution was recycled into a fund to restructure the bad debt portfolios of Polish banks, and $25 million, plus accrued interest, was reallocated in 1994 to additional projects for Poland. Three substantial sized projects were approved:

- The Polish British Enterprise Programme, which provided technical assistance and investment funds for small enterprise support in 2 Polish regions, Lublin and Bialystok;
- The Enterprise Restructuring Project, which provided technical and financial assistance for debt workout departments in 3 Polish banks;
- Financial and corporate restructuring of the Bank of Food Economy (BGZ).

Expenditure from these three projects is listed separately at the end of Table 4.

3.13 It did not prove possible within the scope of this study to identify the management costs of the programme with any precision. Substantial research on old files would be needed, and DFID's practice of charging some management costs to the programme until recently is an added complication. By 1993 the 2 JAUs had a total staff of 48, roughly equally divided between the 2 units. Numbers probably did not increase substantially from that point onwards. Recent figures are available for CSEED and ECAD, but each of these covers countries other than accession countries, with the weight of CSEED's programmes progressively moving away from accession countries and towards the Balkans region. The CSEED PARP for 2000-2003, dated April 2000, shows a staff of 40 in that year planned to decline to 37.5 in 2003, with resources progressively shifting from the accession countries to the Balkans. CSEED's running cost allocation at that point was some £1.5 million.

3.14 The KHF's professional advisory resources came partly from ODA, and partly by recruitment of advisers on contract, particularly those needed to design and manage the KHF's important financial sector programmes. There were 11 contract advisers in 1992/93, according to the KHF annual report of that year, and 14 are listed by ECAD/CSEED in 1999. Financial Sector Advisers in particular commanded high pay rates, so a rough guess would suggest that the administration of the Know How Fund during the central period; 1993-8, might have cost about £2 million in present day terms, split equally between administrators and professional advisers.

4. UK Programmes: The Strategic Framework

Strategy for the Region

4.1 There was a significant change in the strategic framework for the UK programmes with the change of Government in 1997, and 2 distinct periods can be identified:

- 1989-97 – “Know How Fund period”
- 1998 to present – “DFID period”

However, there was a considerable evolution of the KHF strategy over the period from 1989, and there was also a good deal of continuity between the pre and post 1997 periods.

4.2 The basic Know How Fund Strategy which persisted throughout the KHF period (and indeed, in some respects, beyond) set as its central objective support for the process of political and economic transition – from command to market based economies and from totalitarian systems to pluralist democracies. This was combined with a policy of sectoral concentration, designed to prioritise sectors which were critical to the transition and in which the UK had a comparative advantage. These “core sectors” were consistently stated as finance/banking, privatisation, employment/small business development, and management training. Agriculture was a focus sector only in certain countries (Poland and Romania within the region), and public administration and support for local government became more prominent as time went on. The political side of the mandate was pursued through mainly small-scale activities in support of media development, legal system, police training, and parliamentary links.

4.3 In addition, a number of features, found individually in other programmes, collectively gave a distinctive flavour to the KHF:

- Making speed of response a deliberate and central objective:
- Deploying UK expertise, supporting UK investment, and emphasising the UK’s comparative advantage;
- Openness to outside requests and ideas from a variety of sources;
- More emphasis on flexibility in implementation than on detailed initial design;
- Avoidance of government processes, but a willingness to work with reformers inside and outside government (an early example something akin to the “drivers of change” approach)

4.4 While the KHF has been accused of lack of focus, it can be seen from table 4 that there was a high degree of sectoral concentration, with 4 sectors occupying some 80% of flows over the 13 years covered. It is certainly true that Know How Fund supported a very large number of discrete projects – after only 4 years of operations, the 1993/94 KHF annual report refers to some 2000 projects supported. But the bulk of the finance went on quite a small number of substantial projects in the agreed priority sectors.

4.5 A more justified criticism is that KHF advisers tended to work within their own sectors and there was comparatively little read-across between sectors. The economists and to some extent the

Social Development Adviser's (SDA) had an overview, but they were a thinly spread resource. The DFID period saw a substantial increase in interdisciplinary working.

4.6 The arrival of the new government in 1997 saw the creation of DFID and the formulation of the 1997 White Paper making poverty reduction the central aim of all the activities of the new department. There was suspicion of the Know How Fund as excessively free market oriented and neglecting poverty and social issues, and work began on a new regional strategy which appeared in 1998. This period also coincided with the decision of the EU to open negotiations on accession and the re-orientation of the PHARE programme to support the enlargement process.

4.7 The new strategy for the first time explicitly recognised poverty reduction as an objective, and it also advocated a more systematic approach to cooperation with multilaterals and support for the accession process. The overall objective was stated as "support for a sustainable and equitable transition" and 5 thematic areas were identified:

- Support for the enabling framework, including well regulated markets, enterprise restructuring, and Small and Medium Enterprise (SME) development;
- An approach to economic management that addressed present and future inequalities;
- Empowerment of excluded groups and individuals through the establishment of rights, freedom of information, and democracy;
- An integrated approach to environmental issues;
- The global dimension, including EU and World Trade Organisation (WTO) accession, and increasing international links.

Country Strategies

4.8 The new strategy certainly constituted a major change of emphasis, but would still have been consistent with quite a wide range of activities at country level. A process of country strategy formulation was launched, but not completed until the end of 1999. In the meantime the programme suffered from something of a strategic hiatus, with operators clear that a reorientation was needed, but not exactly what it involved. By the time country strategies had been completed, the advanced accession countries were already on a clear exit path, and although the regional strategy does not refer to exit issues, the new generation of country strategies does.

4.9 Country strategies had in fact been prepared since the early days of the Know How Fund. The first generation of Country Strategy Papers (CSP) dates to 1990. In the early to mid 90's a 2-year cycle developed, with a new strategy prepared in 1 year and a strategy update in the next. Although I have succeeded in accessing only a few of these papers (see Annex 2), they give a reasonable flavour of the approach. There did tend to be a proliferation of the number of sectors mentioned in each strategy paper over time, but the focal areas identified in the early Know How Fund remained dominant. For example, the 1995 strategies for Hungary, the Slovak Republic and Romania all have the following focal sectors: financial services, privatisation, SME, management training, public administration, and governance. Romania adds natural resources and environment, Slovakia emphasises regional development. The 1999 country strategies were clearly more focused, calling for reducing or exiting from certain sectors. This was inevitable as programmes for accession countries overall were downsized and exit from the advanced reformers came into view.

Accession and Poverty

4.10 As noted earlier, the EU's enlargement strategy evolved over the period but took an important step forward in 1997-98, and this is reflected in the higher profile given to accession in the new strategy. But EU integration and accession had already begun to feature in KHF programmes from around 1995. Indeed, in September 1995 an EU Accession adviser was recruited and retained until 1999, though from 1998 increasingly working with the FCO rather than DFID. The KHF approach to accession tended to treat it as a subject for free-standing projects, such as the attachment of advisers to key ministries and advice to Governments on legal aspects of accession. The post 1997 strategy viewed accession as a theme running through virtually all country programmes and sectors - a more integrated approach. This was also combined with a deliberate policy of influencing the EC and other multilaterals, for which see section 5 below. The evolution in thinking about accession broadly reflected the inception and growth in momentum of the EU enlargement project. From 1997 this increasingly dominated the thinking of policy-makers in the region.

4.11 It is worth adding that the perception of the EU Accession Adviser was that accession was regarded as an important priority during her time at the Know How Fund, but that after 1997 it became more difficult to deal with accession countries, because managers were searching for pro-poor projects which did not fit readily within the agenda or priorities of advanced accession candidates. A Deputy Head of CSEED also noted some conflict between the objectives of transition and accession on the one hand, which were closely aligned, and poverty reduction on the other.

4.12 Poverty was not an explicit objective during KHF period, but there was concern that the transition was creating large numbers of losers, and the effect this would have on sustaining political support for the process. The KHF response was to look at the supply side, emphasising employment creation and small business, though employment exchanges and social security also featured in some programmes.

4.13 The 1998 strategy considered poverty from a broad perspective including excluded groups, human rights and political freedom. This approach had more direct application in Romania and Bulgaria, and beyond that for the Balkans and the FSU, than for the advanced accession candidates, where incidence of poverty was low (see Table 2c). But the weight of the programme was in the event switching in the direction of the former groups. For the accession candidates, there is considerable force in the argument, put to me by several interviewees, that completion of the transition process and accession to the European Union was likely to have a far more powerful effect on growth and poverty reduction than any specific poverty focused activities, such as area development or targeting particular communities, (notably the Roma). CSEED recognised this, while also favouring some targeted interventions for poor and excluded groups.

Assessment

4.14 While the new strategy of 1998 looked like a step change, the above analysis suggests a more evolutionary process over time, in which strategic modifications responded to outside events, notably the progress of the transition and of EU enlargement. When it came, the new strategy of 1998 was well tuned to the requirements of the less advanced accession candidates, as well as the Balkans and most parts of the FSU.

4.15 Perhaps the most fundamental characteristic of the Know How Fund was the extent to which it was demand led. Projects were often both designed and implemented, through a process approach, in close liaison with partners, and frequently in support of reformers inside or outside government. The approach during the DFID period was both more focussed and more prescriptive, in order to reorient the programme both sectorally and by country.

4.16 Both approaches had their strengths and weaknesses. The KHF was particularly suited to the early, fast-moving, unpredictable and sometimes chaotic phase of the transition. A more focussed and systematic approach was appropriate later on.

5. Working with the Multilaterals and other Donors

5.1 The Know How Fund did not have an explicit policy of working with other donors. The programme was strongly bilaterally oriented and emphasised British expertise and reputation. The KHF did take part in coordination activities in-country, and attempted to influence the EC through the PHARE Management Committee in Brussels, but direct cooperation was comparatively rare.

5.2 The new strategy in 1998 gave a much higher profile to cooperation with the multilaterals – the EC and the World Bank in particular were regarded as means of delivering the strategy almost on an equal footing with the bilateral programme. A detailed strategy for working with the EC was developed, and extended to other key multilaterals.

5.3 The UK's key partners were the EC and the World Bank throughout. The relationship with the EBRD was largely limited to the Trust Fund, together with contacts on overall transition policy with the economists department. With the EIB there seems to have been even less contact, and it barely gets a mention in the interview records. This may be largely because neither the EBRD nor the EIB were major players in policy terms, both being more engaged at the level of transactions, particularly private sector investment for the EBRD and infrastructure for the EIB.

5.4 Relationships with other bilaterals remained fairly thin throughout the period. There is an example of operational cooperation with USAID in the Hungarian Stock Exchange, which had its ups and downs but was successful overall, but several interlocutors thought USAID a difficult partner.

5.5 While World Bank was a key partner, most interviewees thought it hard to influence. Once the Bank had approved a project, their openness to design modification was minimal. The World Bank largely viewed the KHF as a source of TC, not a policy partner. The only way to exercise influence was to place experts on identification and design missions, so that some of their contributions became part of Bank policy. Examples of cooperation:

- In the banking sector and the early privatisations in Poland, also involving International Finance Corporation (IFC) and the EBRD;
- In the agricultural sector in Poland in 1995. Here the KHF provided expertise to help the Poles to meet the conditionality of the World Bank Agricultural Sector Adjustment Loan (ASAL), a contribution appreciated by Bank staff;
- In local government and education management in Romania, pre-1997;
- In mines closure in Poland and Romania in 1999-2001, a frustrating experience because DFID arrived too late on the scene to influence the Bank's project design. But Bank staff appreciated the expertise of the NCB;
- Close and successful cooperation post 1998 in Romania and Bulgaria, including the Comprehensive Development Framework (CDF) pilot in Romania, public administration reform in Romania, also involving the EC, and social security reform in Bulgaria.

5.6 The EU was viewed in a different way from other partners, because of UK membership and the major British financial contribution to the programme. EC officials have expressed appreciation of the KHF, especially of its role in the finance and banking sectors. But direct cooperation was difficult because of procedural differences, and also because of the Commission's caution about getting too close to 1 member state, and their suspicion about Member States (MS) commercial competition.

5.7 While most interviewees considered DFID had basically been unsuccessful in influencing the EC in terms of project or programme design, which after 1998 was dictated by the content and progress of accession negotiations, some felt that the Management Committee had potential for influencing developments of EC thought over significant periods of time: for example, de-centralisation of EC management and setting up a strong evaluation function were both long advocated by the UK. It is also argued that the UK influenced the EC twinning programme between the rather unsuccessful first and more valuable second rounds (2000-2002).

5.8 Inevitably much of this is anecdotal and impressionistic. While influencing the EC and World Bank became a major objective post 1998, clear examples of successful influence are not widespread. But exercising influence in terms of changing behaviour is not the only possible or desirable outcome of working with other donors. Other outcomes may include helping partners, notably the EC, to establish and build up their programmes, dividing tasks on the basis of comparative advantage, and increasing the effectiveness of partner programmes through well-directed technical assistance. Though hard evidence is difficult to come by, there is a general impression that UK programmes performed quite well in these respects, and that their contribution was appreciated by larger players. Both the World Bank and the EC spoke highly of KHF policy advisers placed in strategic ministries, particularly in the finance sector, and the EBRD greatly valued the UK Trust Fund, which it argued led to investments of a large multiple of the resources deployed.

5.9 Some key messages:

- Influencing the World Bank's programme or project design requires upstream involvement. But there can be beneficial cooperation downstream in terms of comparative advantage and effectiveness.
- The UK's influence on the EC in Brussels – in management committees, with Commission staff, and with other Member States - should not be under-estimated, but the effects can be seen only over fairly long periods.
- Operational cooperation will not influence EC programmes in circumstances such as accession partnerships, where the aims and operations are determined in great detail by enlargement policy.
- The role of UK technical assistance in facilitating larger programmes, particularly upstream, should not be under-estimated.
- Given the level of resources it deploys, the EIB may deserve more of DFID's attention.

6. Exit

6.1 The terms of reference ask:

"How successfully was DFID's exit from these country programmes planned and managed"

6.2 Shifting the weight of the UK programme from advanced accession to less advanced countries was envisaged many years in advance. This appears to have been the main thrust of a regional policy paper produced in 1996, although it has not been possible to retrieve this paper from the files. The Poland Country Strategy of 1997 drafted before the 1997 election speaks of "tapering the programme with a view to eventual exit".

6.3 The new generation of CSPs prepared in 1999 do not explicitly refer to exit, but those for Poland, Hungary and the Czech Republic all envisage sharply reducing allocations, and the texts refer to the plans to taper levels of assistance, and in the case of Hungary speak of the "concluding phase of the bilateral KHF programme". The programmes for Slovakia, the Baltic countries, Romania and Bulgaria, on the other hand, envisage resources continuing at broadly the same level through the strategy period to the year 2001/02.

6.4 The Annual Plan and Programme Reviews (APPR) of 2000 for Hungary, Slovakia and Bulgaria all conclude that the strategy in the CSP is still relevant. But the 2001 APPRs for Poland and the Czech Republic envisage that the bilateral programmes will end in March 2003. The PARP of April 2000 envisages phasing out the programmes for Poland, Hungary, the Czech Republic and the Baltics, but maintaining those for Slovakia, Romania and Bulgaria. By the time of production of the 2001 PARP, Slovakia has been added to the list of advanced accession countries scheduled for exit in 2002/03. The programmes for Romania and Bulgaria, however, were envisaged as continuing until 2006/7, consistent with the plans for accession to the EU.

6.5 However, following the invasion of Iraq in 2003 and DFID's commitment to contribute substantial resources to the reconstruction of the country, offsetting savings were sought in other middle income countries to help DFID to meet its PSA target of 90% of bilateral assistance to poor countries. The graduation of Romania and Bulgaria was accelerated by 2 years, to 2004-05.

6.6 In interviews I found a wide-spread feeling, both amongst DFID and FCO staff, that the timing of exit from the advanced transition countries was about right, and the process was well planned, prepared and communicated to recipient governments and partners in country. The graduation of Hungary, Slovakia and the Baltics was advanced by 1 year, but this appears to have met with understanding within the countries.

6.7 On the other hand, many respondents felt that exit from Romania and Bulgaria was too early, looked at from the standpoint of the countries' progress in transition and towards accession. There would have been benefits from continued involvement until the planned exit date (March 2007), and the costs would have been small. DFID's involvement in other parts of the Balkans would probably have been strengthened by a continuing presence in Romania and Bulgaria. Problems were also created for local staff in Embassies by early termination of the programmes. Many had worked for the KHF/DFID for many years.

6.8 It is also fair to ask whether it was best to launch significant new activities in an exit phase ("changing direction at the end of the road" as one interviewee put it). It might have been more effective to concentrate on drawing existing activities to a successful conclusion. But several of the new projects (eg the Rural Development activities in the Baltics and in Poland's Lublin region) are felt to have performed well.

6.9 The general conclusion is that as far as possible it is best to plan the exit from a country programme well in advance and then adhere as far as possible to the established schedule. In the case of Romania and Bulgaria, in particular, higher level considerations intervened and the exit was less smooth and well prepared than it could have been.

7. Effectiveness and Impact

7.1 The documentary basis for assessing the effectiveness and impact of the UK programmes in accession countries is quite slender. The information base for this section (see annex 2) consists of:

- 5 project evaluations, relating to early KHF projects;
- 2 country studies, of Poland and Romania;
- a study of CSEED's portfolio of local and regional development projects;
- the set of OPRs and PCRs contained on Performance Reporting and Information System Management (PRISM); and
- the interviews I have carried out in the course of the study (annex 3).

7.2 OPRs and PCRs are enormously variable in terms of the level of detail they contain and are essentially management documents not independent evaluations. Interviews can only provide a very personal and impressionistic view of impact, and most interviewees had a role in the UK programmes and were not independent observers.

Evaluation

7.3 The evaluations consist of a set of 4 carried out in early 1995 and one in 1998:

- 2 relating to Poland (Pilot Privatisation and Banking Training);
- 1 to Hungary (the Budapest Stock Exchange);
- 1 to the Czech and Slovak Republics (Voucher Mass Privatisation); and
- an evaluation of enterprise education in Slovakia dated December 1998, but relating to a project implemented in 1992-95.

7.4 All have an overall success rating of A, ("successful, objectives largely achieved, significant overall benefits in relation to costs"); except for the Polish banking training project, which has a rating of B, ("some objectives achieved, some significant overall benefits in relation to costs"). In general, this set of evaluations paints a favourable picture of the performance of the KHF in the difficult circumstances of the early transition, with major contributions to transitional objectives having been made by the Czech and Slovak and Polish privatisation programmes and the Budapest Stock Exchange. The quality of the expertise provided seems to have been high in all these cases, and the role of KHF professional advisers receives favourable comment. But obviously this is a very small sample from which to draw general conclusions.

Country and Regional Reviews

7.5 The 2 country reviews, on Poland and Romania, are particularly valuable documents because they look over the full range of country level activities, cover the 2 largest UK programmes in the region, and relate to 1 advanced and 1 less advanced transition country. Both are broadly positive in their findings. On Poland:

"Our broad conclusion is that [the programme of UK assistance] did make a significant contribution to Poland's transition in the main areas where assistance was provided".

And on Romania:

"The programme was largely successful". This assessment was based on the view that most projects were realistic, DFID was flexible and willing to take risks, London based advisers were able to identify key development opportunities, the quality of technical assistance provided was high, and projects in the later period were designed to complement and add value to multi-lateral programmes, while in the earlier period successful private sector projects worked with committed Romanian partners.

7.6 The Poland study, by David Stafford and Hubert Szlaszewski, is based on 25 reviews of major projects and programmes, most of which are judged to have been successful, and to have left behind a sustainable legacy. The projects selected cover the main focal sectors of UK programmes, and more or less the full period of the country programme, from 1989-2002. Desk studies were supplemented by a substantial programme of interviews of Polish policy makers and project partners in Poland.

7.7 From the standpoint of the present review, the Romania country programme evaluation carried out by OPM (draft report dated January 2004) is somewhat less satisfactory, because it covers only the period 1997-2003. But the reviewers rightly observed that, for the first 3 years or so, the programme was largely determined by its Know How Fund history, and divided the review period into 2 3 year sub-periods. They too carried out detailed reviews of 25 projects, and conducted written surveys by questionnaire with beneficiaries, consultants and government and donor agency partners.

7.8 As a result of its foreshortened time period, this evaluation does not do justice to the systems and strategic framework operating during the Know How Fund period. But the general conclusion that the programme was more tightly focussed after the appearance of the 1999 CSP is correct, and also that cross-sectoral multi-disciplinary work became more common. It is interesting that the review finds (in para 8.2) "no major difference in the assessed effectiveness of the projects under the KHF and CSP periods, and indeed several of the larger projects which dominated the CSP period were in fact developments of initiative established in the KHF period". The Romania Country study nonetheless contains a great deal of very valuable analysis, particularly on the 1998 strategy and its implementation, for example pursuit of the aim of influencing multilaterals and of the poverty reduction agenda.

7.9 The University of Birmingham Review of local and regional development projects (final report, April 2003) looked in detail at a group of 11 projects in the related areas of regional development, rural and community development, and institutional and capacity building at a regional level. 9 of the projects were in accession countries - Slovakia, Romania, Poland, Hungary, Bulgaria and the Baltic countries – the other two in Bosnia. The review is a desk study, supplemented by interviews in the UK. A number of the projects were still under implementation at the time of the study and this partly accounts for the reluctance of the reviewers to reach conclusions about impact. Nonetheless the study concludes that almost all of the projects in the portfolio achieved their institutional aims in creating partnerships, though most encountered difficulties along the way. The reviewers found evidence of successful transfer of planning skills, completion of plans, and greater understanding on the part of stakeholders of regional development, accession and the requirements for access to EC funds.

PCRs and OPRs

7.10 It was possible to review 54 PCRs and 29 OPRs. As noted above they are extremely variable in their content and level of detail, some earlier PCRs containing little more than a project description and a few sentences on results, while many later OPRs in particular contain substantial project reviews. All these documents do however contain project ratings (except for 6 OPRs, considered too uncertain to rate), and these have been analysed to produce comparative ratings:

- for more advanced and less advanced transition countries;
- for documents prepared before 1998 and from 1998 onwards;
- for the finance sector compared to other sectors.

The results are subject to a substantial health warning; it is not clear, and indeed it may be rather unlikely, that consistent standards have been applied over the whole period or across countries or sectors. They are presented, for what they are worth, in Table 5c. Project ratings go from 1, very successful, to 5, completely unsuccessful, so lower averages represent a higher quality portfolio. The table shows straight averages by numbers of projects and weighted averages by project value (ie financial allocation).

7.11 Projects before 1998 have a slightly higher simple average rating and a substantially higher value-weighted average (due in large measure to one large pre-1998 project with a 1 rating). But particular caution is needed here in view of the likelihood of rating standards changing over time. A more significant finding is the better quality of the portfolio in more advanced reforming countries against the less advanced. This is however very much as expected, since a better policy environment will tend to result in more successful projects. Finance sector projects come out slightly better than others, but less noticeably so, and this result may well be correlated with the pre- and post-1998 result, since finance sector projects predominated in the Know How Fund period.

7.12 Given more time, somewhat more analysis could be carried out on the PCRs/OPRs.

Interviews

7.13 Most interviewees felt that the impact of projects and programmes in which they were involved was variable, some very successful and some missing the mark. The Poland country programme was widely viewed as the best in the region, in terms of its strategic impact on the transition process and the closeness of the relationship between Know How Fund staff and advisers and key Polish policy makers. The fact that it was the largest programme in the region and benefited in addition from access to the Polish Stabilisation Fund no doubt contributed to the amount of attention it received from key Polish reformers. The Hungarians were also generally viewed as effective utilisers of the technical assistance available from the UK programme. The Czechs were less inclined to take external advice though the record of the mass privatisation programme shows that this was not always the case. Where progress in reform was more uneven, in Bulgaria, Romania and, for most of the period, Slovakia, interviewees felt that the programmes had been less successful and had less impact, though many human development and institution building programmes succeeded in building valuable capacity for the future. Slovak commitment to reform became much stronger later in the period, but unfortunately by that time the UK programme was already being scaled down.

7.14 Most interviewees felt that the general quality of British consultants provided was high, with a few exceptions, that strong local partnerships were generally the key to success, and that the programme benefited from a wide range of high quality local institutional partners. The key difference between more or less advanced transition countries was the level of political engagement. Many interviewees commented on the speed of delivery, particularly in the early Know How Fund days. Some felt reaction times increased as time went on, and reference was made to EC procurement rules which made quick action more difficult, except on a small scale.

7.15 Most viewed operations in the KHF's key focal sectors, finance and banking, privatisation, and management development as having been the most successful. In management development, in particular, and also in small business support in Poland, sustainable institutions had been created and continued to make valuable contributions to transition objectives. The UK's contribution to local government and regional institutional development was also appreciated by the EC, which was not active in this area itself. In the later period, the rural and regional development programmes in Poland and the Baltics were thought particularly successful and to have a strong linkage with EU priorities and facilities, and to accession. Throughout the period, the placement of senior, long term advisers in ministries was felt to have provided particularly good value. Both World Bank and EC representatives commented on the value they attached to this long term presence.

7.16 Inevitably respondents had more to say about successful than less successful activities. More critical comments included:

- In the capital markets area, activities sometimes ran ahead of market development - for example stock exchanges in less advanced countries (including Macedonia) may have been substantially too early or not needed at all;
- a number of projects suffered from a lack of effective exit strategies, and lingered on too long;
- The investment schemes, Pre-Investment Feasibility Scheme (PIFS) and Training for Investment Personnel (TIPS), were examples of this. While serving a purpose in raising awareness of investment opportunities in the region in the early years of transition, they probably continued long after they were providing any significant added value.
- There were a couple of references to "people ploughing their own furrow" during the KHF period – ie being allowed to pursue individual interests which were not strongly linked to the strategy.

7.17 The key evidence of impact and effectiveness of programmes in the region comes from the country studies, the regional study and the 5 evaluations. All these are serious pieces of work, and all come to a generally positive conclusion on the impact of the activities studied. It seems reasonable to conclude:

- that UK TA programmes had considerable impact on the progress of the transition, especially in its early stages, in the finance sector and privatisation, and in the more advanced transition countries;
- that institutions and individuals with market related skills were created with a good deal of success;
- and that the UK's reputation was substantially enhanced by the favourable impression of British assistance programmes which was very widespread throughout the region.

8. Lessons from the Accession Experience

8.1 A very large number of lessons have been put forward both in the documentation and in interviews in the course of the review. This section is based on the sources, but seeks to organise and condense them to manageable proportions. I have organised the lessons in 5 groupings:

> the country level; the sector level; the programme or project level; the level of working with others ("influencing"); and impact assessment.

8.2 Some of the lessons have broad application to development programmes, but most are particularly relevant to 1 or more of the following situations:

- small bilateral donors operating largely technical assistance programmes;
- institution building and skills transfer – but against a background of generally good educational levels;
- for the early transition, periods of rapid and systemic change, including the concepts of identifying and supporting reformers or "drivers of change".

Country level

8.3 **Influencing Governments.** The small TA donor is not in a position to influence important government policies or political processes, but on implementation issues and modalities a flexible and responsive TA provider can substantially help to mould and further the process of reform. Resident advisers in key ministries, a common KHF approach, are generally thought to have provided excellent value for money both by reviewers, interviewees and international partners. This practice started in the KHF period and continued post-1997, when DFID began to provide of modest budgets for these advisers, improving their effectiveness.

8.4 **Relations with Government.** The Know How Fund's policy of avoiding inter-governmental agreements was an interesting and unusual experiment. It seems to have worked quite well for a small donor of Technical Assistance (TA), but did not preclude close relations with reforming governments and cooperation with government efforts and aid coordination. Since it is almost impossible to move from formal government agreement to an informal relationship, the implications are limited.

8.5 **Civil Society.** In circumstances where governments are adverse to or cautious on reform, efforts to build up civil society and develop understanding of democratic norms, for example through parliamentary exchanges, are worth while, though their effects are likely to appear only in the long term.

8.6 **Drivers of Change.** The KHF can be viewed as an early exponent of this approach. It sought to identify and support reformers and reform oriented institutions inside and outside government. This is a radically different approach from the Poverty Reduction Strategy Paper (PRSP) model of long term partnership with governments, and more akin to approaches that are being developed for dealing with Low Income Countries Under Stress (LICUS)/poor performers. As time went on strong partnerships were forged with consistent reformers, notably Hungary and Poland, elsewhere frequent hiatus or reversals made the "drivers of change" approach more appropriate.

8.7 **Levers for Change.** In the early years of the transition the desire of most central European countries to escape the Soviet grasp was the main motivation for governments. From 1993 onwards the possibility, then increasingly concrete prospect of EU accession became and remained an immensely powerful lever, consolidating a national consensus on the direction of change and offering the prospect of huge economic gains for all sections of society. As long as countries believe their prospects of accession are realistic, the same mechanism is likely to be very powerful in the Balkans. Where it does not exist, for example in the FSU, policy makers need to consider whether there is an alternative mechanism that can be sufficiently powerful to drive forward reform, not only in economic areas but in democratisation and protection of human rights. Closer trade relationships with the EU might form part of such a strategy. Elsewhere, it may be necessary to consider how elites can be incentivised to support reform through concrete rewards – reform should not be a zero sum game.

8.8 **Working with the FCO.** The KHF had particularly close relations with the FCO for historical reasons, and this helped its managers to understand and keep abreast of the political context and changing currents. The joint administration arrangement had pluses and minuses – staff inexperienced in programme management but often bringing enthusiasm and fresh ideas.

8.9 **Exit.** Exit from a country programme should be planned as far ahead as possible. The intention to exit should be explained and disseminated, and once a schedule has been established it should as far as possible be adhered to. Problems include loss of interest on the part of governments and national and international partners in the later stages, and difficulty in attracting and retaining DFID staff. There should be flexibility in the final stages to round off activities satisfactorily, for example by creating a small fund to cover limited carry-over expenses.

Sector Level

8.10 **Sectoral Concentration.** There are advantages for a small donor in limiting the number of sectors in which it seeks to be active. This was indeed the original Know How Fund strategy, but the Fund's parallel policies of responsiveness and openness to outside ideas tended to drive it towards proliferation of activities. As noted in section 4, the fund retained a high degree of concentration on the sectors initially identified – finance/banking, privatisation, management development and public administration/local government, but the "tail" of small projects was probably excessive. The benefits of sectoral concentration include economies in advisory resources, and building up over time a deeper understanding of the sectoral framework and local conditions.

8.11 Similar arguments apply to concentration on certain regions within large countries, and reviewers have suggested the Polish programme might have benefited from a greater degree of regional concentration, though not pursued too rigidly.

8.12 **The Finance Sector.** A major lesson from UK experience in the accession countries is the importance of the finance/banking sector. Getting this right was a fundamental task for the accession countries, a process still incomplete in some countries, but which has made enormous progress over the years of the transition. UK expertise was able to make a major contribution in the sector, drawing on the strength and depth of the British finance sector.

8.13 **Comparative advantage.** This raises the issue of UK (or DFID's) comparative advantage. The Romania country study notes that the 1999 CSP aims to orient the programme on the basis of DFID/s comparative advantage, without stating where that advantage lies. The reviewers suggest on the basis of the Romania experience that the strengths that differentiated DFID included:

- Flexibility and adaptability on the ground;
- Willingness to take risks and experiment with new approaches;
- The quality of DFID advisers and of DFID TA.

Whether this holds more widely or not, an attempt to identify DFID's comparative advantage might well have implications for the orientation and management of many of its programmes.

8.14 The other question raised by the KHF experience is whether DFID should seek to exploit the UK's national comparative advantage. The UK's expertise in the finance/banking sector and privatisation were well deployed by the early Know How Fund. One of the implications of this approach is the level of support and interest it generates for programmes within the UK. Another result was that the Know How Fund's perceived effectiveness greatly enhanced the UK's reputation across the region. This is not to suggest a return to TA tying - on the contrary, if genuine areas of UK comparative advantage are identified, British organisations should be well placed to win open competitions. The question is whether there would be advantage to DFID in stronger links with its home base.

The Project Level

8.15 **Partnership and ownership.** A powerful lesson, brought out strongly by the Poland review, is the importance of effective partnership between external consultants and local institutions to the success of skills transfer or institution building. The tendency of the Know How Fund to adopt a process approach to project development – originating from the fact that the transition was a unique process with no established models to draw on – worked particularly well in fostering the local partnerships. Involvement of local partners in programme design has the potential to develop a particularly strong sense of ownership, brought out, for example, in the DFID evaluation of the enterprise education programme in Slovakia. The presence of a permanent team in-country helped to create a strong partnership, as well as to build up knowledge and understanding of the local scene.

Study tours were felt to be helpful in building local partners' awareness of the objectives and modalities of a programme. A financial contribution by the local partner, commensurate with its financial capacity, was sometimes found to be helpful as a proof of commitment. **Continuity** was stressed as a precondition for successful partnerships, and of value at different levels – for the project managers; for local officers and at donor HQ.

8.16 Favourable mention was made of the Know How Fund's openness to outside ideas in this connection. Donors who came with their own blueprints and lacked flexibility to modify them fared less well.

8.17 **Speed and flexibility.** Particularly in periods of rapid change, the ability to respond quickly paid great dividends. Other donors - even bilaterals - could not match the KHF's response time, which often enabled it to field advisers for specific tasks within a matter of days. Multilaterals generally have much longer response times. As the transition progressed and the situation became more stable, the balance between speed of response and thorough preparation progressively changed, and this also corresponded with the progressive introduction of PCM procedures in the KHF. While typical response times are felt by many to have become longer during the DFID period, the ability to respond quickly was demonstrated in 2000 by the rapid mobilisation of 5 advisers to support President Kostunica in Serbia. The lesson seems to be that, while a small bilateral donor will generally benefit from being able to demonstrate short response times, there is a particular premium on fast response in times of rapid or radical change. The course taken by governments may be more susceptible to influence early in their lives, and reformers may have a better chance to demonstrate the virtues of their policies if they are able to develop convincing plans quickly. As noted above, the good reputation of UK programmes in the region was very importantly related to their fast response capacity.

8.18 Concern has been expressed that **EC** procurement rules make it far more difficult to run a fast response programme than it was in the KHF period (para7.14). The need for EC wide tenders for comparatively small procurement certainly tends to slow down the process, but it may often be possible to make a quick response by mobilising an individual adviser to work with the local partner in developing a larger activity. Procurement rules may also present problems for institution building projects, which develop organically rather than within a set timeframe and often require contract renewals. In such projects, building the possibility of renewal into contractual arrangements should always be considered.

8.19 **Large and small projects.** The KHF is often criticised for its proliferation of small projects, but there can also be strengths for a small donor in a willingness to take on small-scale activities which larger players will shun. Management implications need to be considered, but small projects need not involve heavy administrative burdens if proportionality is observed. For a short term assignment, the essential requirements are a clear view of the objective and a concise and focused final report. The Know How Fund almost certainly went too far in the direction of proliferation of small activities, since management was unable to keep track of their effectiveness. But appropriate management arrangements, including packaging small projects (for example support for civil society) and field management arrangements (used only in a few cases in the KHF period) can take much of the pressure from DFID management and advisers.

Working with the Donors

8.20 Under the new 1998 strategy, DFID adopted a much more explicit aim of working with and influencing major multilaterals, particularly the EC and World Bank. But it is commonly held that the record of exercising influence in the sense of changing policy and behaviour has been limited. Lessons include:

- To influence World Bank programme or project design, a contribution must be made upstream, for example by secondment to identification and design missions. Once the design has been approved, the Bank's flexibility to modify it is extremely limited;
- Similar considerations apply with the EC. Relationships need to be built up over a period with programme managers (formerly in Brussels, but increasingly now in the field). Help at the programme designs stage may well be appreciated, though the EC always has to take care not to appear to favour 1 member state over others;
- The need for the UK to operate at the appropriate level in relation to different objectives. If the aim is to shape or modify overall enlargement or country policy, this is only possible through Management Committee and Council procedures in Brussels. Once the enlargement strategy and accession partnerships had been agreed, the Commission was unable to respond to in-country attempts to modify its policy, for example in the direction of greater poverty focus;
- Brussels processes are timeconsuming but can produce results in the longer term (see also para 5.7).
- But influencing is not the only, or necessarily most important, target for international cooperation. It is also possible to identify institutions or programmes which DFID generally supports, and provide complementary assistance (generally TA) to make them more effective. The EBRD Trust Fund is a good example. In those circumstances, DFID does not need to engage in extensive policy dialogue or to second guess.
- TA is a powerful instrument in the hands of a bilateral which can manage it efficiently such as DFID, and forms a basis for partnerships of various types with multilaterals;
- Very broadly, the course of the accession process suggests that DFID might with advantage give more attention to working with major donors, and relatively less to managing its own independent bilateral programme – though the country programmes are of course important as the basis for DFID's country-level expertise.

Impact

8.21 Some evaluations have pointed out that arrangements for data collection within programmes was inadequate. For example it is not known how many people benefited from enterprise training in Slovakia, or how many were trained through the Poland Management Training Centres. Basic data of this kind should be routinely collected, and specified in terms of reference.

8.22 For some institutional programmes assessment of impact is particularly difficult, and the regional capacity building programmes analysed in the Birmingham University review are an example. The reviewers suggest that **sustainability** of institutions and mechanisms created by projects should be regarded as a good initial basis for judging effectiveness. They also suggest that for the future, there is a role for "action research", ie preliminary research elements embedded in the project design.

8.23 The regional study also offers some comments on the OPR. It is a relatively heavyweight instrument as currently used, and they question whether a better system would be 6 monthly reports and a mid term review mission. Also by concentrating exclusively on the Logframe they suggest that the OPR may fail to take into account unforeseen consequences of projects.

8.24 Finally the regional study also notes that only 1 of its 11 projects refers to lessons learnt from a previous project, although the 11 projects have a good deal in common. While this may have been partly a matter of timimg – most of these projects were developed at roughly the same time - the reviewers raise the question whether DFID has adequate mechanisms in place for learning lessons on project design, implementation and achieving outcomes. This issue might be further considered by management with Evaluation Department.

9. Further Work

9.1 The terms of reference ask whether further work can usefully be done to arrive at more objective robust conclusions? As noted above, there is probably a limit to the amount of further work DFID will wish to fund in the region, given that all country programmes have already been closed or are scheduled for closure this financial year. 1 or 2 more country or sector cross-regional studies would certainly help to provide fuller and more credible picture both of the character of the programmes and on effectiveness and impact. A review of the Bulgarian programme, which is in its final year, might be useful. A review of programmes in public administration and Civil Service reform might have wider lessons.

9.2 It would be useful for all evaluators if old files could be made more useable and accessible. At present DFID's file repository does not even seem to have a list of the titles and references codes of the files which they hold. In these circumstances it is extremely laborious to retrieve information going back more than about 5 years, and the present review has only been able to obtain a limited amount of written information from that period.

9.3 In the short term, it is recommended that this report, or a summary prepared from it, should form the basis of a workshop or seminar held in the region, possibly in Bucharest or Sofia to test the report/s conclusions and draw in some views and perspectives from regional actors. The potential invitation list would include DFID and FCO staff, UK and regional consultants involved in UK programmes, and representatives of accession country governments and of institutions supported by the KHF.

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5 July 2004.

Review of DFID/ODA's Programmes in Accession Countries

Terms of Reference for a consultancy for DFID's Evaluation Department

Background

1. In response to the collapse of Communism in Central and Eastern Europe and the Former Soviet Union during the period 1989-91, Britain and other Western donors and institutions launched programmes of assistance designed to help these countries effect a transition to Western market-based economic and democratic political systems.

2. Britain's programme, known as the "Know-How Fund", was a technical assistance programme of consultancies, training and institutional links. The Know-How Fund started in Poland and Hungary in 1989-90 and was progressively extended to the then Czechoslovakia, Romania, Bulgaria and the Baltic countries (Estonia, Lithuania and Latvia), and also to the countries of the Former Soviet Union, in the next 2-3 years.

3. Other Western responses included the setting up of the European Bank for Reconstruction and Development in 1991, the European Commission's PHARE (Central and Eastern Europe) and TACIS (Former Soviet Union) programmes, a new World Bank regional programme and numerous Western bilateral facilities.

4. Change in the then Yugoslavia came more slowly and was inhibited by protracted conflicts between Croatia and Serbia and in Bosnia, which required a large-scale NATO military intervention to secure stability. While Slovenia broke off early from the old Yugoslavia, other countries of this region began to progress consistently in the transition only after the Kosovo war in 1999 and the collapse of the Milosevic regime. The development of Albania and Macedonia was also slowed down by turbulence in the region.

5. Accession to the European Union was viewed as a reasonable aspiration for Central European countries from a fairly early stage of the transition, and was formalised in 1993 by a decision of the Copenhagen European Council.

6. A process was launched by the Commission to prepare the candidate countries for accession. This consisted of the preparation of documentation on each country's state of compliance with the "acquis communautaire", the setting up of a DG Accession, tracking progress and reporting to a succession of European Councils, and enhanced assistance programmes

7. The Commission opened negotiations with 6 countries in 1998, following a decision of the Luxembourg Council in 1997. Later additions made up a list of 12 accession candidates (plus Turkey), including 10 from Central and Eastern Europe:

Poland, Hungary, the Czech Republic, Slovakia, Slovenia, Estonia, Latvia, Lithuania, Bulgaria, Romania. These are the “accession countries” for the purposes of this review.

The Copenhagen Council of 2002 decided that the first 8 were ready for accession in 2004, and they will join the Union in may 2004. Accession of the last two is planned for 2007.

8. Britain strongly advocated the Eastwards widening of the Union from an early stage, and accession was accepted as one of the objectives of Know How Fund programmes, alongside the key aims of economic and democratic transition.

9. In 1997 the change of Government saw the withdrawal of the FCO from a direct management role, and a change in orientation of (now) DFID's programmes in the region, set out in a new regional strategy and summarised in the 1997 White Paper on International Development. The sectoral scope of the programmes was broadened to include key social sectors, and accession and cooperation with the European Commission and other multilaterals became more prominent features. Finally in 2003 a decision was made for accelerated exit from DFID programmes in a number of middle income countries, including Romania and Bulgaria in the region. Programmes in the Former Yugoslavia and the South-west Balkans will however continue.

Objectives

10. Against this background, the objectives of the consultancy are:

- To review ODA/DFID's programmes in the accession countries of Central and Eastern Europe from 1995 to the present with a view to reaching preliminary conclusions on their effectiveness in assisting the accession process and in relation to their other stated objectives, including poverty reduction.

- To draw out relevant lessons for the strategic direction and management of DFID's remaining programmes in Southeast Europe, and for other key players in the region, and to identify possible areas for follow-up work.

Key Questions

11. In preparing the report, the consultant will consider the following key questions:

- What were the objectives of ODA/DFID's programmes in the accession countries, and how did they change over the period?

- When was accession explicitly recognised as an objective of the programmes?

- To what extent did ODA/DFID's programmes contribute to recipients' progress towards accession? Were there any elements that contributed negatively?

- To what extent did DFID attempt to make/succeed in making accession more pro-poor?

- To what extent were DFID's programmes effective in relation to their stated objectives other than accession, including poverty-related objectives?

- How successful was DFID in working with the EC and multilaterals on accession and pro-poor objectives?

- How successfully was DFID’s exit from these country programmes planned and managed?

- What lessons can be drawn for the future of DFID's programmes in the region? For the EC, multilaterals, other governments?

- What further work could usefully be done to arrive at more objective and robust conclusions?

Scope and methodology

12. The main resource for the study will be the consultant's time, hence work will mainly be done on secondary sources, including country and regional strategy papers, existing evaluations and other reviews, project completion reports and Consultants’ final reports, European Council deliberations on accession, and the EBRD's Annual Transition Reports. A preliminary list of documents is attached.

13. The consultant will work closely with Eastern Europe and Central Asia Department (ECAD), who will help to assemble the data, as well as with Evaluation Department (EvD) on methodology and the general progress of the review. EvD/ECAD will provide desk space and DFID system access in the 1 Palace Street HQ.

14. Interviews will be carried out with accessible DFID and FCO officials who were engaged in the programmes during the period, and with EC officials in Brussels, as far as feasible. One visit to the region may be undertaken later on in the review, if this seems likely to add value materially to the study.

15. Assessment of impact of the programmes will be possible only to limited extent and will inevitably be somewhat subjective. The consultant will consult Evaluation Department on methodological issues as the review progresses.

Timing

16. The consultant will allocate 25-30 days time to the review over the period February-April 2004.

Outputs

17. An inception report will be presented after 5-8 days work following an initial literature review. The inception report will be 3-5 pages long, and will make proposals for the conduct of the review during the main phase.

18. The final report will be not more than 20/25 pages long, excluding annexes. A draft of the report will be presented to the Heads of Evaluation Department and Eastern European and Central Asia Department not later than 16 April 2004, unless any extension is requested and agreed. Following discussion a final report will be completed by 30 April.

19. Accounts will be presented (a) with the inception report, (b) by 20 March for payment this financial year (c) a final account on completion of the report.

DFID Contact Points

20. The EvD contract officer is Iain Murray. The ECAD contact officer is Jim Butler.

DFID

11 February 2004 (revised 18 February)

List of Documents Consulted

EBRD Transition Reports, 1993-2003

KHF/DFID Country Strategy Papers

1990: Hungary, Czechoslovakia, Bulgaria
1995: Hungary, Romania, Bulgaria
1997: Poland
1998: Poland, Hungary, Czech Rep, Slovakia
1999: Romania, Bulgaria, Baltics

Annual Plan and Programme Reviews (APPRs)

2000: Slovakia, Bulgaria
2001: Poland, Hungary, Czech Republic, Baltics, Romania

Country reviews

Poland:	UK Assistance for Poland's Transition 1989 2003 Stafford and Slaszewski, DFID August 2002 (a DFID Partnership Publication)
Romania:	DFID Country Programme Evaluation 1997 – 2003 Draft Report Oxford Policy Management January 2004
Romania:	World Bank CDF Multi-country Review, 2003
Hungary & Ukraine:	Ainscow and Spooner, first draft 1999
Poland:	Management Development in Poland, Ed Richard Thomas, 1998
Slovakia:	EBRD Country Strategy Evaluation, 2004

Regional Strategies/Reviews

Support for Transition Countries: a New Strategy, DFID, 1998
Know How Fund Annual Reports
1991/2, 18992/3, 1993/4
"Know How Diplomacy ",
(a brief history of the KHF 1989-93, Keith Hamilton, 1994)
Review of Regional Development Projects across CSEE
(Birmingham University, April 2003)
"Two Stories of Transition" (review of social policy reform projects
in CSEE), Anne James, Dec 2002
Know How Fund Regional Programmes, ODA Internal Audit Dept, 1999

DFID Evaluations

Czech and Slovak Voucher Mass Privatisation, EV582, Feb 1995
Polish Banking Training, EV 575, Jan 1995
Budapest Stock Exchange, EV570, Jan 1995
Poland Pilot Privatisation, EV 576, Jan 1995
Slovakia Assistance to Enterprise Education, EV 617, Dec 1998

Project Completion Reports (PCRs) and Output to Purpose Reviews (OPRs)

See Lists, Tables 5a and 5b

Project Documents

Poland: Enterprise Restructuring Project, PEC(94)23, 1994
Poland: BGZ Restructuring, PEC(96)20, 1996
Polish-British Enterprise Project, Final Report, DFID, Nov 1999
Baltic States Rural Partnership Programme, Final Report, Enterplan, Nov 2003
Lublin Rural Development Initiative, Final Report, Enterplan, Feb 2003

DFID Files

Many of the files requested were unobtainable, however most of the files we had access to came under the general themes outlined below:-

Country Specific Project Completion Reports
Country Specific Country Strategy Papers
Country Specific Know How Fund
Country Specific Country Information
EJP/Policy/1 Policy - CSPs - Aid to Poland - 1997
EJR/ADM/6 KHF Romania - Country strategy Programme - 1997
EJH/POLI/3 KHF Hungary - Country Staregy Paper - 1997
EJQ/NON/4 KHF for Slovakia: Country startegy & Objectives - 1997
EJB/LAT/NON/6 KHF for Latvia: Country Strategy and Project Summary/Lists - 1997

List of People Interviewed

DFID Staff

	Post held	Period	Date of Interview
Michael Geen	Ec Adviser, CSEED	1998-99	15/03/04
Rachel Turner	Ec Adviser, JAU	1992-96	16/03/04
Garth Glentworth	Gov Adviser, JAU/CSEED	1989-2001	16/03/04
Charlotte Heath	Soc Dev Adviser, CSEED	1999-2002	17/03/04
Simon Ray	Head, CSEED	1997-2002	17/03/04
Gary Jenkins	Head of Section, CSEED	1995-96	17/03/04
Robin Milton	SDA	2002-03	22/03/04
Andrew Macheta	Desk Officer, CSEED	1998-2001	15/03/04
Jim Maund	Head of Section, CSEED	1997-2002	15/03/04
Pauline Hayes	Gov/Instits Adviser, CSEED	1998-2000	22/03/04
Chris Austin	Head of CSEED	1999	23/03/04
Harry Hagan	Ec Adviser, JAU	1996-98	23/03/04
Dave Smith}	Desk Officer, JAU	1990-91	25/03/04
}	Head of section, CSEED	1999-2004	
Jonathan Hargreaves	Gov Adviser, CSEED	2000-2002	25/03/04
Annie Feltham	Health Adviser, JAU	1993-95	03/04/04
Jim Butler	Head of Section, CSEED	1999-2004	22/04/04
Richard Thomas	Management Dev't Adv, JAU	1991-96	26/04/04
Rosemay Stevenson	Dep Head, JAU(CE)	1994-97	27/04/04
John Winter}	Dep Head, CSEED	1997-98	03/05/04
}	DNE, EC ENL	1999-2000	

FCO Staff

Richard Barr	Desk Officer, JAU	1991-96	22/04/04
Nat Dawbarn	Desk Officer, JAU	1993-95	22/04/04
Tony Brennan	KHF Officer, Prague	1996-2000	22/04/04
Anna Clunes	KHF Officer, Warsaw	1996-2000	24/03/04
Dominic Meiklejohn	KHF Officer, Warsaw	1993-96	29/03/04
Michael Davenport	KHF Officer, Warsaw	1990-1993	29/03/04
Jack McIver	Head of Section, JAU	1995-1998	29/03/04
Stuart Puryer	Desk Officer, JAU	1994-1996	29/03/04
Dickie Stagg	Ambassador, Sofia	1998-2001	02/04/03
Stuart Laing	Head of JAU (CE)	1995-98	27/04/04

EC

M Deganck	EC Official		24/03/04
M Degert	EC Official		24/03/04
John Millett	EC UK SNE		24/03/04
Pierre Mirel	EC Official	1990-2003	24/03/04
Morten Jung-Olsen	EC Official		24/03/04
Domenico Gigliotti	EC Official	1995-1999	24/03/04
Amir Naqvi	EC Official	1990-99	26/04/04
Marc Franco	EC Official	1990-98	03/05/04

Other

David Stafford	Consultant, Poland review	2002	21/04/04
Robert Stone	Consultant, Finance Sector	1991-2004	19/04/04
Kate Mortimer	KHF Financial Adviser	1989-2000	21/04/04
Humphrey Winterton	Consultant, Agric Sector	1989-97	22/04/04
Robert Smith	CSEED Financial Adviser	1997-2004	26/04/04
David Humphreys	KHF/CSEED Agric Adviser	1995-2003	28/04/04
Gary Bond	EBRD Official		30/04/04
Basil Kavalsky	World Bank Official	1997-2000	03/05/04
Lindsay Paterson	KHF Integration Adviser	1995-99	29/04/04
Charles Duff	Consultant, Reg Dev't	1995-2003	05/05/04

Interview Questionnaire

1. Personal details

- Your involvement in the transition/ accession process?
  Which countries? (eg JAU/CSEED official, FCO official, consultant, etc)
- Your Job title?
- Predecessor/Successsor/other contacts?
- Dates of involvement?

2. KHF/DFID Strategy

- Was the strategy appropriate to requirements of the Transition?
- Was accession recognised as a key objective? From what time?
- Did the strategy change, and how, post 1997?
- Were poverty issues adequately taken into account in the strategy?

3. Programme/project design

- Was project selection and design responsive to the strategy and, when it changed, to its modifications?
- To what extent was project selection responsive to local demand, strategically directed, influenced by JAU/DFID staff/advisers, Embassy staff, Consultants?
- Was project selection/design influenced by (a) transition impact (b) accession objectives (c) poverty/exclusion?

4. Effectiveness and impact

- Were the projects/programmes in which you were involved effective in relation to their objectives?
- Were they timely?
- Did they contribute significantly to the transition process? In what way?
- Was accession an explicit/implicit objective? Did they make a significant contribution to it?
- What was the quality of the expertise provided high/adequate/poor?

5. Working with other donors

- Which other donors were regarded as key partners?
  (eg the EC, World Bank, EBRD, Bilaterals)
- How successful was this cooperation?
- Did you/KHF staff seek to influence EC programmes / other donor programmes to further (a) transition objectives (b) poverty focus (c) quality enhancement (d) other objectives?
- With what success? How assessed?

6. Exit

- Was exit from the programme well planned/executed?
- Should the programmes have been phased out earlier or continued longer?
- What was the reaction of country authorities to termination of the programme?

7. Lessons

- What were the main strengths of the programme?
- What were its weaknesses? What could have been done better?
- Could resources have been better used – in terms of finance/personnel?
- Can you identify specific lessons from your experience
  a. for DFID's remaining programmes in the region?
  b. for wider DFID programmes?
  c. for the EC/other donors?

5 March, 2004.

Table 1 - Progress in Transition

Accession Countries Review

Progress in transition in eastern europe and the CIS

	Private Sector share of GDP (%)								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Bulgaria	45.0	45.0	50.0	50.0	60.0	70.0	70.0	70.0	75.0
Czech Rep	70.0	75.0	75.0	75.0	80.0	80.0	80.0	80.0	80.0
Estonia	65.0	70.0	70.0	70.0	75.0	75.0	75.0	80.0	80.0
Hungary	60.0	70.0	75.0	80.0	80.0	80.0	80.0	80.0	80.0
Latvia	60.0	60.0	60.0	60.0	65.0	65.0	65.0	70.0	70.0
Lithuania	55.0	65.0	70.0	70.0	70.0	70.0	70.0	75.0	75.0
Poland	60.0	60.0	65.0	65.0	65.0	70.0	75.0	75.0	75.0
Romania	40.0	60.0	60.0	60.0	60.0	60.0	65.0	65.0	65.0
Slovakia	60.0	70.0	75.0	75.0	75.0	75.0	80.0	80.0	80.0
Slovenia	45.0	45.0	50.0	55.0	55.0	55.0	55.0	65.0	65.0

	Large-scale privatisation								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Bulgaria	2.0	2.0	3.0	3.0	3.0	4-	4-	4=	4-
Czech Rep	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4+
Estonia	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4+
Hungary	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Latvia	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3+	3+
Lithuania	3.0	3.0	3.0	3.0	3.0	3.0	3+	4-	4-
Poland	3.0	3.0	3+	3+	3+	3+	3+	3+	3+
Romania	2.0	3.0	3-	3-	3-	3.0	3+	3+	3+
Slovakia	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Slovenia	3.0	3.0	3+	3+	3+	3.0	3.0	3.0	3.0

	Small-scale privatisation								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Bulgaria	3	3	3	3	3+	4-	4-	4-	4-
Czech Rep	4	4	4+	4+	4+	4+	4+	4+	4+
Estonia	4	4	4+	4+	4+	4+	4+	4+	4+
Hungary	4	4	4+	4+	4+	4+	4+	4+	4+
Latvia	4	4	4	4	4	4+	4+	4+	4+
Lithuania	4	4	4	4	4+	4+	4+	4+	4+
Poland	4	4	4+	4+	4+	4+	4+	4+	4+
Romania	3	3	3	3+	4-	4-	4-	4-	4-
Slovakia	4	4	4+	4+	4+	4+	4+	4+	4+
Slovenia	4	4	4+	4+	4+	4+	4+	4+	4+

	governance & enterprise restructuring								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Bulgaria	2	2	2+	2+	2+	2+	2+	2+	3-^
Czech Rep	3	3	3	3	3	3+	3+	3+	3+
Estonia	3	3	3	3	3	3	3+	3+	3+
Hungary	3	3	3	3+	3+	3+	3+	3+	3+
Latvia	2	3	3-	3-	3-	3-	3-	3-	3^
Lithuania	2	3	3-	3-	3-	3-	3-	3	3
Poland	3	3	3	3	3	3	3+	3+	3+
Romania	2	2	2	2	2	2	2	2	2
Slovakia	3	3	3-	3-	3	3	3	3	3
Slovenia	3	3	3-	3-	3-	3-	3-	3	3

	Price Liberalisation								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Bulgaria	3	2	3	3	3	3	3	3	4+
Czech Rep	3	3	3	3	3	3	3	3	4+
Estonia	3	3	4	3	3	3	3	3	4
Hungary	3	3	3+	3+	3+	3+	3+	3+	4+
Latvia	3	3	3	3	3	3	3	3	4+
Lithuania	3	3	3	3	3	3	3	3	4+
Poland	3	3	3	3+	3+	3+	3+	3+	4+
Romania	3	3	3	3	3	3	3+	3+	4+
Slovakia	3	3	3	3	3	3	3	3	4+
Slovenia	3	3	3	3	3	3+	3+	3+	4

	Trade & Foreign exchange system								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Bulgaria	4	4	4	4	4+	4+	4+	4+	4+
Czech Rep	4	4	4+	4+	4+	4+	4+	4+	4+
Estonia	4	4	4	4	4	4+	4+	4+	4+
Hungary	4	4	4+	4+	4+	4+	4+	4+	4+
Latvia	4	4	4	4	4+	4+	4+	4+	4+
Lithuania	4	4	4	4	4	4	4+	4+	4+
Poland	4	4	4+	4+	4+	4+	4+	4+	4+
Romania	4	3	4	4	4	4	4	4	4
Slovakia	4	4	4	4+	4+	4+	4+	4+	4+
Slovenia	4	4	4+	4+	4+	4+	4+	4+	4+

	Competition Policy								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Bulgaria	2	2	2	2	2	2+	2+	2+	2+
Czech Rep	3	3	3	3	3	3	3	3	3
Estonia	3	3	3-	3-	3-	3-	3-	3-	3-
Hungary	3	3	3	3	3	3	3	3	3
Latvia	2	2	3-	3-	3-	2+	2+	2+	3-^
Lithuania	2	2	2+	2+	2+	3-	3	3	3
Poland	3	3	3	3	3	3	3	3	3
Romania	1	1	2	2	2	2+	2+	2+	2+
Slovakia	3	3	3	3	3	3	3	3	3
Slovenia	2	2	2	2	2	3-	3-	3-	3-

	Banking Reform & interest rate liberalisation								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Bulgaria	2	2	3-	3-	3-	3	3	3+	3+
Czech Rep	3	3	3	3	3+	3+	4-	4-	4-
Estonia	3	3	3+	3+	4-	4-	4-	4-	4-
Hungary	3	3	4	4	4	4	4	4	4
Latvia	3	3	3	3-	3	3	3+	4-	4-
Lithuania	3	3	3	3	3	3	3	3	3
Poland	3	3	3	3+	3+	3+	3+	3+	3+
Romania	3	3	3-	2+	3-	3-	3-	3-	3-
Slovakia	3	3	3-	3-	3-	3	3+	3+	3+
Slovenia	3	3	3	3	3+	3+	3+	3+	3+

	Secuirities markets & non bank financial institutions								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Bulgaria	2	2	2	2	2	2	2	2+	2+
Czech Rep	3	3	3	3	3	3	3	3	3
Estonia	2	2	-3	3	3	3	3	3+	3+
Hungary	3	3	3+	3+	3+	4-	4-	4-	4-
Latvia	2	2	2+	2+	2+	2+	2+	3	3
Lithuania	2	2	2+	2+	3-	3	3	3	3
Poland	3	3	3+	3+	3+	4-	4-	4-	4-
Romania	2	2	2	2	2	2	2	2	2
Slovakia	3	3	2+	2+	2+	2+	2+	2+	3-^
Slovenia	3	3	3	3	3	3-	3-	3-	3-

Source: EBRD

Table 2a - Population

	Population - 1997-2003 - (million)								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Bulgaria	n/a	n/a	8.4	8.3	8.2	8.1	8.1	8.1	8.1
Czech Rep	n/a	n/a	10.3	10.3	10.3	10.3	10.3	10.3	10.3
Estonia	n/a	n/a	1.5	1.5	1.4	1.4	1.4	1.4	1.4
Hungary	n/a	n/a	10.3	10.1	10.1	10.0	10.0	10.0	10.0
Latvia	n/a	n/a	2.5	2.5	2.4	2.4	2.4	2.4	2.4
Lithuania	n/a	n/a	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Poland	n/a	n/a	38.5	38.7	38.8	38.7	38.7	38.7	38.7
Romania	n/a	n/a	22.7	22.5	22.4	22.3	22.3	22.3	22.3
Slovakia	n/a	n/a	5.3	5.4	5.4	5.4	5.4	5.4	5.4
Slovenia	n/a	n/a	2.0	2.0	2.0	2.0	2.0	2.0	2.0

Source: EBRD

Table 2b - Income per Head

GNI per capita, Atlas method (current US$ Thousands)

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Bulgaria	2,260	1,620	1,430	1,250	1,250	1,370	1,210	1,200	1,270	1,450	1,580
Czech Rep	..	..	2,900	2,970	3,540	4,400	5,150	5,280	5,160	5,120	5,250
Estonia	..	..	..	2,440	2,530	2,840	3,080	3,270	3,490	3,540	3,790
Hungary	2,880	2,780	3,180	3,520	3,880	4,140	4,350	4,510	4,480	4,620	4,770
Latvia	..	..	..	1,710	1,820	1,910	2,060	2,290	2,430	2,570	2,940
Lithuania	..	..	2,260	1,970	1,860	2,010	2,160	2,410	2,700	2,850	3,110
Poland	..	..	1,910	2,270	2,490	2,790	3,200	3,560	3,860	4,060	4,230
Romania	1,730	1,430	1,240	1,190	1,270	1,470	1,600	1,520	1,520	1,580	1,680
Slovakia	3,340	2,490	2,230	2,200	2,610	3,220	3,680	3,990	4,000	3,860	3,800
Slovenia	..	..	..	..	..	8,280	9,310	9,890	9,740	10,010	10,250

GNI per capita, PPP (current international $ Thousands)

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Bulgaria	5,480	5,250	5,040	5,130	5,350	5,650	5,240	5,070	5,380	5,610	6,070
Czech Rep	10,790	9,940	10,120	10,310	10,800	11,700	12,460	12,620	12,650	12,910	13,620
Estonia	8,050	7,720	6,340	6,120	6,250	6,780	7,290	8,260	8,830	8,970	9,870
Hungary	8,640	7,900	7,860	8,030	8,460	8,800	9,130	9,770	10,410	11,060	11,930
Latvia	8,560	7,970	5,380	4,780	4,980	5,110	5,460	6,130	6,610	6,950	7,640
Lithuania	9,230	9,010	7,280	6,270	5,820	6,180	6,650	7,300	7,990	8,010	8,570
Poland	5,640	5,420	5,680	6,020	6,450	7,040	7,610	8,280	8,780	9,270	9,850
Romania	5,340	4,830	4,590	4,780	5,070	5,570	5,920	5,680	5,490	5,520	5,670
Slovakia	8,980	7,950	7,560	7,430	7,940	8,610	9,280	9,980	10,490	10,770	11,250
Slovenia	..	..	..	10,930	11,620	12,320	13,030	13,920	14,660	15,610	16,640

Source: World Bank

Table 2c - Relative Poverty

Accession Countries Review

1.1 Income Poverty and Population 1993 - 2003

Percentage of poulation below $2 a day
Percentage of population below $2 a day

	%	Year (Latest figure available)
Bulgaria	23.7	2000
Czech Republic	<2	96
Estonia	9	95
Hungary	17	97
Latvia	8.3	98
Lithuania	13.7	2000
Poland	<2	98
Romania	20.5	2000
Slovak Republic	2.4	96
Slovenia	<2	98

Table 3a - Grant Aid by donor

Accession Countries Review

Total Aid received by Donor 1990 - 2001

		1990		1991		1992		1993		1994		1995		1996	
		$	£	$	£	$	£	$	£	$	£	$	£	$	£
Bulgaria	Germany	1.45	0.82	11.00	6.24	8.60	4.90	14.89	9.92	20.21	13.20	14.66	9.29	24.97	16.00
	United States	0.00	0.00	0.00	0.00	28.00	15.95	19.00	12.65	10.00	6.53	5.00	3.17	9.00	5.77
	EC	0.89	0.50	263.12	149.16	73.89	42.10	46.02	30.65	102.76	67.13	58.15	36.84	107.21	68.70
	EBRD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.49	0.97	1.40	0.89	1.14	0.73
Slovak Rep	Germany	1.59	0.90	4.00	2.27	9.90	5.64	7.06	4.70	3.95	2.58	7.96	5.04	12.88	8.25
	United States	0.00	0.00	0.30	0.17	15.00	8.55	0.00	0.00	0.65	0.42	2.00	1.27	9.00	5.77
	EC	1.57	0.88	93.15	52.81	14.30	8.15	22.37	14.90	29.07	18.99	63.47	40.21	53.81	34.48
	EBRD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.73	1.13	1.32	0.84	1.34	0.86
Czech Rep	Germany	3.18	1.79	8.00	4.54	20.00	11.39	18.37	12.23	15.12	9.88	26.80	16.98	31.99	20.50
	United States	0.00	0.00	0.70	0.40	30.00	17.09	1.00	0.67	2.00	1.31	2.00	1.27	7.00	4.49
	EC	3.13	1.76	186.40	105.67	28.60	16.29	44.04	29.33	84.24	55.03	74.49	47.20	54.62	35.00
	EBRD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.45	0.95	0.84	0.53	0.62	0.40
Slovenia	Germany	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.55	1.62	21.76	13.94
	United States	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.65	0.00	0.00	2.00	1.28
	EC	0.00	0.00	0.00	0.00	0.00	0.00	7.14	4.76	13.46	8.79	33.61	21.30	44.29	28.38
	EBRD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.09	1.37	1.55	0.98	2.74	1.76
Hungary	Germany	5.64	3.18	66.40	37.64	22.50	12.82	28.74	19.14	24.24	15.84	20.88	13.23	39.79	25.50
	United States	1.00	0.56	2.00	1.13	38.00	21.65	2.00	1.33	3.00	1.96	4.00	2.53	10.00	6.41
	EC	37.45	21.08	508.87	288.48	81.45	46.40	72.27	48.13	125.28	81.85	-342.92	-217.27	90.75	58.15
	EBRD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.27	0.83	1.57	0.99	1.75	1.12
Poland	Germany	294.10	165.58	219.40	124.38	339.40	193.36	105.25	70.10	92.68	60.55	2,676.35	1,695.74	96.86	62.07
	United States	273.00	153.70	1,563.00	886.06	109.00	62.10	21.00	13.99	841.00	549.43	4.00	2.53	33.00	21.15
	EC	288.63	162.50	69.81	39.58	74.59	42.49	108.58	72.31	247.98	162.01	306.17	193.99	281.64	180.47
	EBRD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.80	1.18	2.48	1.57	1.05	0.67
Latvia	Germany	0.00	0.00	1.40	0.79	6.20	3.53	12.38	8.25	10.93	7.14	9.84	6.23	12.04	7.72
	United States	0.00	0.00	0.00	0.00	24.00	13.67	1.00	0.67	2.00	1.31	1.00	0.63	4.00	2.56
	EC	0.00	0.00	0.00	0.00	22.10	12.59	9.89	6.59	12.30	8.04	16.86	10.68	26.72	17.12
	EBRD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.13	1.39	2.49	1.58	2.37	1.52
Estonia	Germany	0.00	0.00	1.80	1.02	5.80	3.30	10.46	6.97	6.38	4.17	6.40	4.06	9.35	5.99
	United States	0.00	0.00	0.00	0.00	24.00	13.67	6.71	4.47	0.00	0.00	0.00	0.00	1.00	0.64
	EC	0.00	0.00	0.00	0.00	14.05	8.00	0.00	0.00	8.02	5.24	16.47	10.44	20.63	13.22
	EBRD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.76	1.15	2.71	1.72	2.54	1.63
Romania	Germany	67.77	38.15	110.10	62.42	22.50	12.82	28.05	18.68	15.58	10.18	20.30	12.86	28.67	18.37
	United States	64.00	36.03	22.00	12.47	25.00	14.24	14.00	9.32	15.00	9.80	3.00	1.90	20.00	12.82
	EC	61.85	34.82	112.10	63.55	119.23	67.93	78.45	52.25	74.18	48.46	198.37	125.69	112.63	72.17
	EBRD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.98	1.95	2.13	1.35	2.62	1.68
Lithuania	Germany	0.00	0.00	1.70	0.96	5.30	3.02	14.39	9.58	11.06	7.23	65.59	41.56	11.47	7.35
	United States	0.00	0.00	0.00	0.00	25.00	14.24	24.00	15.98	15.00	9.80	11.00	6.97	14.00	8.97
	EC	0.00	0.00	0.00	0.00	20.86	11.88	11.37	7.57	16.24	10.61	63.25	40.08	28.92	18.53
	EBRD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.23	1.46	1.97	1.25	2.35	1.51

		1997		1998		1999		2000		2001		2002		Totals	
		$	£	$	£	$	£	$	£	$	£	$	£	$	£
Bulgaria	Germany	22.71	13.86	29.22	17.64	29.56	18.27	29.08	19.21	37.09	25.75	49.17	32.70	292.61	187.79
	United States	5.00	3.05	7.36	4.44	37.21	23.00	119.16	78.72	39.79	27.63	47.53	31.61	327.05	212.52
	EC	140.09	85.52	92.80	56.01	120.97	74.77	95.34	62.98	165.04	114.59	183.14	121.79	1,449.42	910.75
	EBRD	0.09	0.05	1.80	1.09	2.31	1.43	0.08	0.05	2.02	1.40	2.88	1.92	13.21	8.53
Slovak Rep	Germany	10.80	6.59	6.58	3.97	6.40	3.96	5.72	3.78	6.14	4.26	6.73	4.48	89.71	56.42
	United States	4.00	2.44	4.11	2.48	12.30	7.60	1.97	1.30	3.05	2.12	4.85	3.23	57.23	35.34
	EC	36.90	22.53	113.21	68.33	280.82	173.57	85.69	56.61	127.85	88.77	145.99	97.08	1,068.20	677.32
	EBRD	1.30	0.79	0.92	0.56	0.90	0.56	0.00	0.00	0.67	0.47	1.14	0.76	9.32	5.95
Czech Rep	Germany	24.03	14.67	13.25	8.00	13.10	8.10	9.82	6.49	9.77	6.78	16.34	10.87	209.77	132.21
	United States	1.00	0.61	0.01	0.01	0.45	0.28	0.45	0.30	0.50	0.35	2.49	1.66	47.60	28.41
	EC	56.99	34.79	396.28	239.19	284.28	175.71	284.28	187.80	281.97	195.77	340.35	226.33	2,119.67	1,349.89
	EBRD	0.02	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.07	0.30	0.20	3.33	2.16
Slovenia	Germany	-15.47	-9.44	-0.04	-0.02	1.85	1.14	-2.44	-1.61	-6.70	-4.65	-2.90	-1.93	-1.39	-0.96
	United States	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.66	0.46	0.30	0.20	3.97	2.60
	EC	102.61	62.64	30.66	18.51	27.27	16.86	58.98	38.96	123.99	86.09	166.95	111.02	608.96	397.30
	EBRD	1.32	0.81	1.00	0.60	0.25	0.15	0.00	0.00	0.45	0.31	0.57	0.38	9.97	6.36
Hungary	Germany	34.12	20.83	17.99	10.86	28.81	17.81	23.98	15.84	18.86	13.09	11.47	7.63	343.42	213.40
	United States	1.00	0.61	2.13	1.29	5.11	3.16	1.98	1.31	2.51	1.74	1.88	1.25	74.61	44.94
	EC	75.05	45.82	125.07	75.49	216.27	133.68	195.67	129.26	359.26	249.43	427.96	284.59	1,972.43	1,245.09
	EBRD	0.85	0.52	1.41	0.85	0.22	0.14	0.01	0.01	0.43	0.30	0.21	0.14	7.72	4.90
Poland	Germany	72.28	44.13	65.54	39.56	62.20	38.45	44.32	29.28	39.37	27.33	37.33	24.82	4,145.08	2,575.33
	United States	26.00	15.87	30.23	18.25	37.74	23.33	32.67	21.58	7.97	5.53	3.12	2.07	2,981.73	1,775.59
	EC	234.82	143.36	426.83	257.63	592.91	366.48	837.85	553.48	464.61	322.58	762.15	506.83	4,696.57	3,003.71
	EBRD	0.43	0.26	0.75	0.45	2.90	1.79	0.22	0.15	4.07	2.83	2.38	1.58	16.08	10.48
Latvia	Germany	7.57	4.62	7.53	4.55	5.47	3.38	5.73	3.79	4.64	3.22	3.76	2.50	87.49	55.72
	United States	2.00	1.22	2.08	1.26	3.81	2.35	1.15	0.76	1.71	1.19	0.81	0.54	43.56	26.16
	EC	29.85	18.22	47.58	28.72	50.17	31.01	52.04	34.38	52.35	36.35	55.21	36.71	375.07	240.41
	EBRD	2.42	1.48	1.33	0.80	1.01	0.62	0.40	0.26	0.92	0.64	0.64	0.43	13.71	8.72
Estonia	Germany	3.24	1.98	4.91	2.96	4.16	2.57	2.93	1.94	2.37	1.65	2.38	1.58	60.18	38.18
	United States	0.00	0.00	0.00	0.00	0.88	0.54	1.80	1.19	0.49	0.34	-7.72	-5.13	27.16	15.72
	EC	26.95	16.45	48.02	28.98	53.31	32.95	38.75	25.60	41.21	28.61	50.36	33.49	317.77	202.99
	EBRD	1.99	1.21	5.60	3.38	0.48	0.30	0.23	0.15	0.94	0.65	0.98	0.65	17.23	10.84
Romania	Germany	24.83	15.16	31.56	19.05	31.05	19.19	24.70	16.32	24.83	17.24	29.74	19.78	459.68	280.22
	United States	0.00	0.00	1.98	1.20	18.48	11.42	61.37	40.54	41.81	29.03	54.69	36.37	341.33	215.14
	EC	125.37	76.54	172.61	104.19	243.70	150.63	264.17	174.51	497.07	345.12	501.34	333.39	2,561.07	1,649.24
	EBRD	4.84	2.95	3.82	2.31	2.80	1.73	0.06	0.04	2.68	1.86	4.52	3.01	26.45	16.87
Lithuania	Germany	8.24	5.03	8.32	5.02	7.42	4.59	4.00	2.64	6.84	4.75	6.87	4.57	151.20	96.30
	United States	1.00	0.61	9.26	5.59	7.81	4.83	2.04	1.35	-1.19	-0.83	-1.51	-1.00	106.41	66.51
	EC	41.72	25.47	50.61	30.55	65.28	40.35	45.74	30.22	76.45	53.08	106.78	71.01	527.22	339.34
	EBRD	1.79	1.09	2.32	1.40	0.94	0.58	0.26	0.17	0.89	0.62	0.92	0.61	13.67	8.69
														25,675.47	16,157.09

Source: OECD

Donor Regional Totals		
	$m	£m
Germany	5,837.75	3,634.61
US	4,010.65	2,422.93
EC	15,696.38	10,016.05
EBRD	130.69	83.50

Table 3b - World Bank - Commitments

WORLD BANK GROUP COMMITMENTS BY COUNTRY, 1991-2002

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Bulgaria	17	250	178	148	125	121	94	116	161	221	102
Czech Republic	300	246		80							
Estonia			30	50	30	15				25	
Hungary	550	200	413	129	38		293	336		32	
Latvia			45	25	53	27	98	8	59	40	2
Lithuania			60	26	32	42	113		20	57	99
Poland	1,400	390	900	146	215	182	67	522	327	161	155
Romania	180	650	120	401	55	510	625	131	340	113	130
Slovak Republic	150			135							
Slovenia				80			24		15	10	
Totals	**2597**	**1736**	**1746**	**1220**	**548**	**897**	**1314**	**1113**	**922**	**659**	**488**

WORLD BANK GROUP NET DISBURSEMENTS BY COUNTRY, 1991-2002

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Bulgaria		144.0	7.0	78.5	177.7	10.8	60.7	180.1	65.4	219.6	18.1
Czech Republic		251.6	53.4	13.1	51.4	38.3	22.8	(-) 25.0	(-) 24.8	(-) 43.7	(-) 41.5
Estonia			13.7	12.5	9.7	18.1	17.1	6.8	10.6	8.1	(-) 10.3
Hungary	279.3	277.6	38.0	32.3	(-) 5.9	(-) 107.7	(-) 420.4	(-) 755.1	(-) 32.7	(-) 80.8	7.1
Latvia			6.9	28.0	14.4	10.7	50.7	55.9	30.0	54.7	12.9
Lithuania			6.9	39.0	11.5	3.1	50.8	16.4	57.0	24.7	58.8
Poland	139.1	340.8	397.5	306.6	585.0	426.7	27.0	47.8	(-) 64.6	68.9	122.1
Romania		42.1	303.7	167.5	227.8	214.7	167.7	305.7	86.7	353.6	144.0
Slovak Republic			157.0	16.6	71.3	10.1	1.9	(-) 1.6	(-) 9.4	(-) 22.0	(-) 22.4
Slovenia	1.2	1.3	92.5	(-) 17.0	0.4	18.8	(-) 15.6	(-) 1.3	(-) 13.8	(-) 18.3	(-) 14.6
Totals	**419.6**	**1057.4**	**1076.6**	**694.1**	**1149.2**	**751.3**	**398.7**	**612.7**	**249.7**	**729.6**	**363**

Source: World Bank

Table 3c - EBRD Disbursements

Accession Countries Review

EBRD CUMULATIVE NET COMMITMENTS BY COUNTRY TO 31 DECEMBER 2003

	Number of signed projects	€ million	Percentage of total EBRD investments
Bulgaria	46	848	3.7
Czech Republic	41	916	4
Estonia	42	451	2
Hungary	66	1,526	6.7
Latvia	24	332	1.5
Lithuania	27	393	1.7
Poland	129	2,843	12.5
Romania	75	2,361	10.4
Slovak Republic	38	1,012	4.5
Slovenia	26	506	2.2
Total	**514**	**11,188**	**49.2**

Table 3d - EIB Flows

EIB LOANS IN FUTURE MEMBER STATES IN CENTRAL EUROPE SINCE 1990

	Million EUR
Estonia	250.00
Latvia	371.00
Lithuania	337.00
Poland	6306.00
Czech Republic	4664.34
Slovakia	1477.96
Hungary	3140.00
Romania	3001.50
Slovenia	1225.00
Bulgaria	1136.00
Total	**21908.80**

Table 4 - UK Spend Summary

DFID Spend by country (total) and sector (total and year by year) - 10 countries

Sector Totals

	Total Spend	Sector %
Total Economic	135,137,891	44.8%
Total Education	24,731,090	8.2%
Total Health	2,573,702	0.9%
Total Governance	50,911,374	16.9%
Total Social	18,928,957	6.3%
Total Human Asst	1,210,048	0.4%
Total Rural Livehds	26,652,558	8.8%
Total Environment	8,842,221	2.9%
Total Other	32,588,141	10.8%
	301,575,982	100.0%

Country Totals

	£m	%
Poland	110,191,618	36.5
Hungary	45,933,735	15.2
Czech R	16,370,713	5.4
Slovakia	24,638,775	8.2
Romania	52,915,210	17.5
Bulgaria	32,438,839	10.8
Slovenia	4,030,347	1.3
Estonia	4,497,575	1.5
Latvia	4,898,788	1.6
Lithuania	5,660,448	1.9
	301,576,046	100.0

year	1990/91	%	1991/92	%	1992/93	%	1993/94	%	1994/95	%	1995/96	%
Economic	8,837,397	7%	11,127,174	8%	14,734,055	11%	17,762,863	13%	13,640,098	10%	16,471,349	12%
Education	1,403,135	6%	1,558,479	6%	1,614,588	7%	2,445,334	10%	3,183,087	13%	3,290,519	13%
Health	135,365	5%	91,079	4%	25,305	1%	32,008	1%	80,055	3%	312,196	12%
Governance	454,466	1%	1,114,201	2%	2,114,221	4%	4,303,116	8%	5,553,536	11%	6,116,715	12%
Social	0	0%	227,327	1%	248,909	1%	277,891	1%	590,528	3%	942,145	5%
Human Asst	500,000	41%	10,000	1%	1,914	0%	0	0%	78,195	6%	95	0%
Rural Livehds	134,498	1%	412,377	2%	948,434	4%	2,385,082	9%	3,395,319	13%	3,128,660	12%
Environment	3,834	0%	114,376	1%	337,467	4%	1,029,230	12%	668,813	8%	587,121	7%
Other	598,917	2%	2,419,708	7%	2,695,446	8%	3,409,086	10%	3,134,072	10%	3,311,354	10%

year	1999/00	%	2000/01	%	2001/02	%	2002/03	%	Total Spend
Economic	6,172,889	5%	3,351,475	2%	2,924,036	2%	1,839,657	1%	135,137,891
Education	1,871,362	8%	703,823	3%	112,667	0%	132,922	1%	24,731,090
Health	128,677	5%	120,422	5%	332,847	13%	357,918	14%	2,573,702
Governance	3,200,047	6%	3,000,801	6%	3,724,471	7%	4,382,941	9%	50,911,374
Social	1,178,695	6%	2,805,218	15%	4,019,303	21%	4,840,236	26%	18,928,957
Human Asst	0	0%	0	0%	1,627	0%	51,487	4%	1,210,048
Rural Livehds	1,950,015	7%	1,925,015	7%	1,596,273	6%	598,831	2%	26,652,558
Environment	444,704	5%	833,226	9%	1,788,021	20%	1,422,317	16%	8,842,221
Other	2,114,026	6%	2,079,733	6%	1,714,103	5%	1,530,397	5%	32,588,141

Table 5a - OPRs Seen

Accession Countries Review

OPRs		Rev Date	Risk Cat	Purp Ratg	Outp Ratg		Links	Ref No	sector	commitment	expenditure
Poland											
1	Rural Communities Represn	5/6/02	low	1	1	Inf collection & tors preparation		287500066	Agric + Livestock	£400,000	£734,049
2	Silesian Community Devt	1/10/01		2	2	TA to Mining Comms & Local Auths		287510002	Mining	£650,000	£691,409
3	BGK National Housing	11/12/98	low	2	2	TA to design/ run a Nat HousgFund		287540120	Finance	£750,000	£695,623
4	Police Prog	2/3/99	med	2	2	Tr, crime, commun policing		287542076	Public Admin	£130,000	£404,307
Hungary											
1	Local Govt Reform	12/6/00		3	2		WB	276542033	Public Admin	£2,089,000	£2,054,503
2	COMET - Man't training	25/11/99		2	2	Comp'ces in Man't for Eff Transition		276550025	Education	£1,000,000	£998,599
3	CHAMP Change Man't	26/11/99		1	2	Training man't consultants/trainers		276550023	Education	£1,306,000	£1,180,408
4	Evidence based Medicine	1/11/01		2	3	Preparing policy guidelines		276555007	Health + Pop	£375,000	£361,363
Czech Republic											
1	Support for SEC	13/6/99	med	3	X	X - too early to say		306540083	Financial Services	£400,000	£334,098
Slovakia											
1	ALGRP Phase 3	17/4/01		1	2	Local Govt support for devolution		307542094	Public Admin	£1,018,540	£969,340
2	Cit Advice & Inf Service	23/11/02	med	X	X	X - too early to say		307559003	Misc Community Serv	£462,000	£458,581
Lithuania											
1	Citizens Advice Service	12/7/02	Low	2	2	Visit to discuss project		291559002	Misc Community Serv	£217,660	£183,933
Romania											
1	Environment Devt	21/3/02	low	1	2	ISPA Project Prep for Municipalities	EU	289501020	Environmental	£718,000	£695,703
2	Local/Reg Ptnrshp Devt	21/8/03	low	X	2	Participn in planning process		289508001	Rural Development	£3,149,700	£1,752,227
3	Accy and Audit	1/2/04	low	2	2	Improving qual of fin statements		289540065	Finance	£2,382,362	£1,659,107
4	Education Local Finance	1/3/03	med	X	X	Delegated Budgets		289540069	Finance	£1,050,000	£897,647
5	Probation Services	1/2/04	low	1	2	Est of a nat prob service	WB	289542052	Public Admin	£2,595,430	£2,000,687
6	CGMC Implem Phase	1/10/01	med	X	2	Mine Closure & Social Mitign	WB	289542055	Public Admin	£770,846	£765,768
7	Mining NAD Social Mitign	1/11/01	med	3	3	Mining Local Community devt	WB	289542057	Public Admin	£2,718,000	£2,706,981
8	Child protection	1/10/03	low	2	2	Est of CP regulator and Agency		289542060	Public Admin	£1,800,000	£1,669,867
Bulgaria											
1	Banking Distance Learning	29/6/01	med	2	2			265540040	Finance	£783,500	£783,350
2	Export Insurance Agency	1/11/01		5	X	Establish an ECGD		265540042	Finance	£658,000	£627,057
3	Preparatory Phase	7/12/01		X	2	Asstce to Min of Labour & Soc Pol		265542113	Public Admin	£1,032,817	£1,019,122
4	Reform of Barriers to SMEs	23/4/01		3	3	One Stop Shops		265542114	Public Admin	£494,746	£494,304
5	Strenthg Municipal & Reg Devt	2/12/02		2	2	Reg Decentralisation	EU	265442115	Public Admin	£1,100,000	£1,020,276
6	Performance Apraisal	16/7/03	Low	X	X	PA in Central Administration	WB/EU	265542116	Public Admin	£1,280,290	£1,200,306
7	Citizens Advice Bureau	15/3/01		3	3	Capacity Building		265559003	Misc Communty Serv	£300,000	£209,213
8	One Stop Shops	16/7/03	Low	X	X			265542118	Public Admin	£1,300,000	£1,177,056
9	Community Child Care	27/3/00		2	2	Dev new child care policy	EU	265559004	Misc Communty Serv	£441,000	£435,447
	Total Nos	29									

Table 5b - PCRs Seen

Accession Countries Review

PCRs		Rev Date	Risk Cat	Purp Ratg	Outp Ratg	Description	Links	Ref No	sector	commitment	expenditure
Poland											
1	PSF Utilisation	2/2/99		2	2	Project identification (?)		287001002	Country Grants	£0	£0
2	ADF EU Integration Advice	5/3/99		1	1	Assistce to MAFE on EU accession	EU	287500041	Agric + Livestock	£808,000	£813,237
3	Integrated Potato Project	1/4/97		2	3	Estab potato producer mktg Group		287500043	Agric + Livestock	£588,000	£619,913
4	Rural Devt	18/2/03	med	1	1	Build capacity in LG & rural soc	EU	287500068	Agric + Livestock	£1,250,000	£880,567
5	British Elect Int (BEI)	17/12/97		3	3	Commercialising Elect Supply		287518001	Energy	£823,000	£1,041,851
6	Gdansk Airport Phase 2	4/12/98		2	2	Ta for new passenger terminal		287528002	Air Transport	£500,000	£500,861
7	Privatisation (WBK)	30/6/93		1	1	WBK preparation for Privatisation		287540003	Finance	£9,685,000	£9,682,511
8	Accountancy Standards	5/4/95		1	2	Develop auditing standards/guidelines		287540012	Finance	£4,317,100	£5,137,109
9	Reg Management Centres	1/3/00	med	2	2	Develop four management tr schools		287540015	Finance	£5,000,000	£6,610,265
10	ISBF Banking Training	6/7/99		2	2	Banking School Inst Dev		287540021	Finance	£2,630,000	£2,624,103
11	BGZ	9/1/04	med	2	2	Restructuring BGZ Debtor Ents		287540080	Finance	£11,151,000	£1,660,967
12	PKO (BP) Debt work-out	23/4/02	high	2	2	TA to PKO Bank and Enterprises		287540102	Finance	£1,500,000	£1,476,450
13	Bank Handlowy Pn Advice	1/4/97		1	1	Privatisation of Bank successful		287540131	Finance	£1,314,000	£921,155
14	Police Training	9/6/98		1	2	Exchanges betw Police forces		287542009	Public Admin	£767,059	£767,058
15	Restructure & privatise PKS	1/4/97		2	2	Bus Co Privatisation		287542015	Public Admin	£400,000	£760,504
16	Local Govt Assistance Prog	12/1/04	med	2	2	Network of tr & cons centres	EU	287542057	Public Admin	£5,700,000	£3,443,445
17	English for Man't	20/5/98		3	1	Est advisory service for Bus Eng		287550001	Education	£1,500,000	£1,351,328
18	Tr Awards & Intl Links(TRAIL)	14/9/98		1	1	Man't Dev for Indivs & Instits		287550027	Education	£1,843,952	£1,881,093
19	Manage't Inst Dev	1/3/00	med	1	1	Dev/commerc three Man Centres	EU/WB	287550035	Education	£1,500,000	£1,641,250
Hungary											
1	Electricity Privatisation	22/11/94		2	2			276518002	Energy	£0	£89,883
2	Financial services	22/11/94		1	1	Set up central market support system		276540001	Finance	£1,492,000	£1,493,789
3	Privatisation	22/11/94		2	1	Parameters of a Pn scheme		276540002	Finance	£1,703,422	£1,493,793
4	Mass Privatisation	18/12/95		3	1	Implementation of Accel P'n Prog		276540077	Finance	£3,800,000	£3,414,484
5	Civil/Public Service	1/5/93		1	1	Estab model Open Learning centre		276542001	Public Admin	£547,866	£551,945
6	UNIDO Trust Fund	22/11/94		1	2	Industrial support projects		276546002	Public Admin	£1,000,000	£1,000,000
7	Colleges Project	20/12/01		2	2	Assistance to Colleges (?)					
Czech Republic											
1	Bus Support Agency Devt	5/3/99		4	4	Dev't of bus sup ags and a Reg Cntr		306540038	Finance	£501,700	£501,661
Czechoslovakia											
1	Banking	31/7/95		1	1	TC to Bank VUB		268540001	Finance	£0	£69,856
2	Privatisation	1/1/93		1	1	Expert Advisory Team		268540002	Finance	£0	£1,594,114
3	Academic links	20/3/97		1	2	UK/Czech links for research/teaching		268550003	Education	£0	£689,811
4	Banking Training: Execs	22/11/94		3	3			268540022	Finance	£272,200	£280,537
5	Komercni Bank TA	22/11/94		2	2	2 Advisers to Invest Bank division		268540019	Finance	£390,500	£399,319
6	Small Bus Devt	31/7/95		4	3	B'nai B'rith		268540009	Finance	£0	£13,154
7	Man't Training	31/7/95		2	1	BC Training Trainers		268540003	Finance	£378,000	£367,944
Slovakia											
1	Secondary markets	23/11/94		2	2	For voucher privatisation		307540021	Finance	£500,000	£500,000
2	Bus Support Agency Devt	3/5/99		2	2			307540053	Finance	£636,500	£636,500
3	Social exclusion	3/10/03	low	2	2	LG/CS partnerships - 2PCRs 1 Proj		307542101	Public Admin	£1,000,000	£737,534

Table 5c - PCR/OPR Anaylysis

PCRs	No of PCRs	Total Fin Alloc	Average of Ratings
			By No of PCRs
		£'000	
Before 1/41998	25	£33,076	1.8
2/4/1998 onwards	29	£36,967	1.97
Advanced Reformers*	35	£53,774	1.66
Less Advanced	19	£16,270	2.13
Finance/Economic Sector	25	£44,842	1.84
Other Sectors	29	£25,202	1.86

OPRs	No of OPRs	Total Fin Alloc	Average of Ratings
			By No of OPRs
		£'000	
Before 1/41998	0	£0	None
2/4/1998 onwards	23	£23,485	2.13
Advanced Reformers	9	£7,304	2
Less Advanced	14	£16,181	2.21
Finance/Economic Sector	3	£3,252	2
Other Sectors	19	£20,233	2.15

* Advanced reformers defined as: Poland, Hungary, Czech Rep, Baltics, Slovenia
Less advanced as Slovakia, Romania, Bulgaria

THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

The Department for International Development (DFID) is the UK Government department responsible for promoting sustainable development and reducing poverty. The central focus of the Government's policy, based on the 1997 and 2000 White Papers on International Development, is a commitment to the internationally agreed Millennium Development Goals, to be achieved by 2015. These seek to:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

DFID's assistance is concentrated in the poorest countries of sub-Saharan Africa and Asia, but also contributes to poverty reduction and sustainable development in middle-income countries, including those in Latin America and Eastern Europe.

DFID works in partnership with governments committed to the Millennium Development Goals, with civil society, the private sector and the research community. It also works with multilateral institutions, including the World Bank, United Nations agencies, and the European Commission.

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ISBN 1 86192 641 3

Produced by AKROS PRINT LTD for DFID International Division