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**Department of Crime Problems
Directorate General I –Legal Affairs**

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PROGRAMME AGAINST CORRUPTION AND ORGANISED CRIME IN SOUTH-EASTERN EUROPE (PACO)

IMPLEMENTATION OF ANTI-CORRUPTION PLANS IN SOUTH-EASTERN EUROPE (PACO IMPACT)

**PACO IMPACT Project
Final Report
(March 2004 – July 2006)**



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1 INTRODUCTION

The PACO Impact regional project is fully funded by the Swedish International Development and Cooperation Agency (Sida) with up to an amount of EURO 1.5 million. The project is aimed at the implementation of anti-corruption plans and geographically covers countries of South-eastern Europe, namely: Albania, Bosnia and Herzegovina, Croatia, "the Former Yugoslav Republic of Macedonia", Serbia¹ and Montenegro. The project started in March 2004 and was initially to last until February 2006. In December 2005, Sida and the Council of Europe agreed to extend the project duration at no additional cost until 31 July 2006.

During the implementation phase the following reporting have been produced and submitted to Sida:

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|---|---|
| ▪ Inception Phase (1 March – 30 June 2004): | Inception Report (November 2004) |
| ▪ First Phase (1 March 2004 – 31 January 2005): | 1 st Semi-Annual Report (15 February 2005) |
| ▪ Second Phase (1 February – 31 July 2005): | 2 nd Semi-Annual Report (31 July 2005) |
| ▪ Third Phase (1 August 2005 – 31 January 2006): | 3 rd Semi-Annual Report (31 January 2006) |
| ▪ Fourth Phase (1 February 2006 – 20 May 2006) | Activity Progress Report (20 May 2006) |
| ▪ Final Phase (21 May 2006 – 5 July 2006) | Activity Progress Report (7 July 2006) |

Following its approval, the Inception Report with its Workplan became the guiding document for the project's implementation.

The 1st Semi-Annual Report provided progress reporting on overall activities carried out since the beginning of the project, as well as a description of the state of play for each project area, and an updated calendar of activities.

The 2nd Semi-Annual Report provided an up-date on achievements to date and on activities against each output. In addition, that report served as the basis for discussion between the Council of Europe, the Sida project management team, and representatives of the beneficiary (partner) countries at the mid-term review, which took place on 30 August 2005 in Strasbourg.

The 3rd Semi-Annual Report and an Activity Progress Report of 20 May 2006 provided an up-date on activities and progress made against each output, as does this Activity Report.

The current report is the Final Report on Project Implementation with narrative analysis on the general and specific achievements of the project associated with several observations during the project report. In addition, as part of the annexes of this report, the activity report contains the chronological order reporting of activities that have been carried out during the implementation period of the project. Due to the amount and big size documentation, all electronic and hard publications of project deliveries (indicated in relevant activity reporting) are available either at the project's website or at the Secretariat of the Council of Europe.

¹ The project area includes also Kosovo (Serbia), currently under the interim administration of UNMIK in accordance with the United Nations Security Council Resolution 1244 (1999).

2 ACHIEVEMENTS: OUTPUTS/INTERVENTIONS

Achievements following the logical framework of the project by its outputs during March 2004 – July 2006 can be summarised as follows:

Long-term objective:	Strengthen democracy and the rule of law in South-eastern Europe through the prevention and control of corruption
Project objective:	To contribute to the implementation (and further elaboration) of anti-corruption plans in countries of South-eastern Europe

Output 1:	Anti-corruption plans improved or elaborated
Activities:	<ul style="list-style-type: none">▪ In-country working group meetings, workshops and training events and advice to improve or elaborate and operationalise anti-corruption plans (including clear benchmarks, indicators, and assignment of tasks, and reflecting a balance between law enforcement, prevention and public awareness/involvement)▪ Regional seminars to allow for a mutual review of anti-corruption plans and experience exchange (in support of the aims of the SPAI)

Output 2:	Institutional mechanisms for the monitoring and management of anti-corruption plans strengthened
Activities:	<ul style="list-style-type: none">▪ Advice on legal basis, tasks, organisational set up and management of anti-corruption institutions▪ Provide training for staff and advice to these institutions▪ Provide basic equipment to these institutions (if necessary)▪ Facilitate experience exchange and networking among anti-corruption institutions (in support of the aims of the SPAI)

Output 3:	Draft laws/amendments available to bring the criminal legislation on corruption in line with European standards
Activities:	<ul style="list-style-type: none">▪ Support review of criminal legislation▪ Commission legal opinions▪ Hold workshops/training events to discuss and finalise draft laws for submission to government

Output 4:	Pilot activities supported
Activities:	<ul style="list-style-type: none">▪ In each project area support the implementation of limited number of activities which are of high priority and impact, which could serve as examples or which could help create a momentum▪ Regional seminars to provide access to best practice and disseminate experience gained in different countries.

2.1 Output 1

Anti-corruption strategies have been designed, elaborated, improved to become the guiding and institutionalised documents for action plans and policy orientation (per project area):

Project Areas	Anti-corruption Strategies/ Programmes	PACO Impact intervention	Strategy Endorsement by government	Strategy Endorsement by parliament	Anti-corruption Action Plans
Albania	Improved, elaborated and functioning until September 2005 of the Albanian anti-corruption Strategy and its annual Action Plan Matrix of Specific measures per each institution.	Advice and assistance in monitoring 2004-2005 Anti-corruption Action Plan	March 2005 December 2005	The strategy was not necessary to be submitted to Parliament	Improved, elaborated and functioning until September 2005
	<i>* complete overhaul of anti-corruption policy/institutions by new government (09/ 2005) spelt out in a Short-Term Action Plan (Policy) of Anti-Corruption Reforms in Albania (10/2005-06/2006)</i>	<i>* New policy has been discussed, advice has been provided in support of medium and long term strategy in the fight against corruption</i>	Short-term Policy on Anti-corruption reforms as per short term Action Plan is endorsed by government only		Launching of "List of Short-Term Actions" under the new government policy on AC reforms
Bosnia and Herzegovina	An integrated Anti-corruption and Organised Crime Strategy and Action Plan drafting initiated in early 2006 finalised and endorsed by Council of Ministers	Advice and assistance in evaluating and drafting the Anti-corruption and organised crime Strategy and Action Plan	June 2006	Not required	The Strategy against corruption and organised crime incorporates in itself the Action-Plan matrix for Anti-corruption and Organised crime specific measures.
Croatia	National Strategy against corruption Finalised in November 2005	Advice and assistance in drafting and reviewing final version prior to government debate. Additional assistance was provides also on public awareness	March 2006	June 2006	Specific measures "mini-programmes" have been introduced by each institution.

		campaign in launching the new National Strategy.			
"the Former Yugoslav Republic of Macedonia"	Improved, elaborated and functioning, and annually reviewed. In addition, Annex on AC Measures in Local Government, adopted in June 05.	Advice and assistance in implementing specific measures related to local government, public education and awareness and surveys.	Yes Annual review/ update	Yes Annual review/ update	Improved, elaborated and functioning, and annually reviewed
Montenegro	Program on suppression of Corruption and Organised crime Finalised	Advice and assistance in drafting and finalising.	July 2005	Not required	Final Action Plan on specific measures against corruption and organised crime endorsed by government in July 2006
Kosovo	Strategy Finalised	Advice and assistance	Yes	Not required	Anti-corruption Action Plan endorsed in February 2006
Serbia	Strategy Finalised	Advice and assistance	May 2005	December 2005	Specific institutional Action Plans are being designed underway with assistance of other donor organisation
Regional Component	All regional thematic seminars aimed at exchanging best practices, models, and evaluations of lessons learned on drafting strategies and action plans; a network of anti-corruption services has been established.				

2.2 Output 2

Institutional mechanisms relevant for the fight against corruption continue to be strengthened

Project Areas	Status of Anti-corruption Services	PACO Impact intervention
Albania	Following the new government's institutional reform, the former Anti-corruption Unit has now been transformed into a Department for Internal Administrative Audit and Anti-corruption (DIAC), introducing a larger structure with additional powers (internal administrative inspection and anti-corruption).	<p><i>* Initial policy discussions in order to support technically the framework of the new structure and maintain the sustainability of the existing institutional memory</i></p> <p><i>* Technical expertise in drafting methodology and internal rules of procedure</i></p>
	Following policy discussions initiated by PACO Impact, a	High-Level Discussions and Policy

Bosnia and Herzegovina	recent decision of the Ministry of Finance and Ministry of Security proclaims budgetary and political will to support the drafting of Anti-corruption Law that would include, inter alia, the establishment of Anti-corruption Services	Advice * <i>Initial Advice on Anti-corruption Structures set up has been provided, however, reform has not been initiated yet, pending a political decision, and endorsement of the Draft AC Strategy and Action plan</i>
Croatia	Policy discussions are still on-going in order to determine the feasibility and the real need of introducing new preventive Anti-corruption Services in addition to USKOK, due to different opinions among institutions themselves in Croatia	High-Level Discussions and Policy Advice and Technical Support to USKOK and MoI * <i>Advice and Assistance provided in policy discussions with relevance to the need of establishing an Anti-corruption national committee to monitor the new Anti-corruption National Strategy.</i>
"the Former Yugoslav Republic of Macedonia"	The State Anti-corruption Commission (SACC) should be further strengthened in order to consolidate their key role in the design and monitoring of anti-corruption measures and reforms	Additional assistance in implementing specific measures that fall under the authority of the SACC.
Montenegro	The Office of Anti-corruption Initiative (OACI) continues to participate and undertake activities while taking further on actions for strengthening their capacities	Advice and assistance in relation to OACI's role in drafting the Anti-corruption Programme and Action Plan; Full technical support and assistance in establishing the Public Relation component (through, inter alia, an officer) section within OACI, and launching public awareness campaign in reporting corrupt practices.
Kosovo	Following the promulgation of the Anti-corruption Law, initial technical and policy advice steps have been taken aimed at supporting the establishment of the new Anti-corruption Agency	Advice and assistance on internal rules of procedure, modalities of the Agency and provision of equipment.
Serbia	Following on-going discussions over the new draft law on anti-corruption, the establishment of a new setting for the anti-corruption services is expected to take place. However, the existing Anti-corruption Council still continues to be operational and participates in these discussions.	Advice and assistance on guidelines for drafting the AC Law, as well as assessing all relevant legislation that is already enforced (i.e., funding of political parties, conflict of interests, civil service law).
Regional Component	Regional dialogue, exchange of best practices, identification of priorities as well as dissemination of information and regional networks throughout have been strengthened during the first and second regional thematic seminars on anti-corruption services; follow-up actions have been agreed upon with stakeholders and continue to be exchanged and evaluated among all partners in the region. The "Joint Declaration" in Skopje on 1 April 2005, reconfirmed high-level political commitment from the authorities from each project area.	

2.3 Output 3

Legislative reform continues to be brought in line with international standards

Project Areas	PACO Intervention on Initiating and Drafting New Legislation	PACO Intervention on Evaluating existing Legislation	PACO Intervention on Training and on Aspects of implementation of Legislation
Albania	<ul style="list-style-type: none"> ▪ Law on Conflict of Interest (2004) ▪ Legal Framework of DIAC (AC Services) (2006) ▪ Drafting of Internal rules of Procedure (2006) ▪ Corporate Liability (2006) 	<ul style="list-style-type: none"> ▪ Law on Conflict of Interest (2004) 	<ul style="list-style-type: none"> ▪ Law on Freedom of Information (2005) ▪ Law on Conflict of Interest (2005)
Bosnia and Herzegovina			<ul style="list-style-type: none"> ▪ Criminal and Criminal Procedure Law (2005); ▪ Corporate Liability Law (2005)
Croatia			<ul style="list-style-type: none"> ▪ Treaty Law: CoE and UN Conventions on Corruption (2005) ▪ Prosecution of Grand Corruption (2006)
"the Former Yugoslav Republic of Macedonia"		<ul style="list-style-type: none"> ▪ Funding of Political Parties and Electoral Campaigns in line with the new electoral code (2006) 	<ul style="list-style-type: none"> ▪ Anti-corruption Law (2004); ▪ Criminal and Criminal Procedure Law (2004 and 2005); ▪ Compilation and publication of all relevant anti-corruption instruments (2005) ▪ Local Government Ethics (2006)
Montenegro	<ul style="list-style-type: none"> ▪ Law on Conflict of Interest (2005); ▪ Law on funding of Political Parties (2006) 	<ul style="list-style-type: none"> ▪ Criminal Procedure Law (2005 and 2006); ▪ State Prosecutor's Act (2005); ▪ Internal Rules of Procedure for Prosecution Services (2005); ▪ Law on Conflict of Interests (2005); ▪ Law on financing of political parties (2006). 	<ul style="list-style-type: none"> ▪ Criminal and Criminal Procedure Law (2005 and 2006); ▪ Corporate Liability Law (2005)
Kosovo	<ul style="list-style-type: none"> ▪ Rules of Internal Procedure of Anti-corruption Agency of Kosovo (2006) 	<ul style="list-style-type: none"> ▪ Anti-corruption Law (2004) 	<ul style="list-style-type: none"> ▪ Anti-corruption Law (2005)
Serbia	<ul style="list-style-type: none"> ▪ Anti-corruption Law (2005 and 2006) 	<ul style="list-style-type: none"> ▪ Law on Conflict of Interest (2005 and 2006); ▪ Law on the Funding of Political Parties (2004) 	<ul style="list-style-type: none"> ▪ Anti-corruption Law (2004) ▪ Provisions on funding of Political Parties (2006) ▪ Provisions on Conflicts of Interest

		and 2006)	(2006)
Regional Component	Regional peer review and compliance with relevant international Anti-corruption Conventions, as well as training on the transposition of treaty law into domestic legislation has been part of the second regional thematic seminar on treaty law application of anti-corruption standards; follow-up recommendations for reform were issued and agreed upon. In addition, issues and best practices of approximation of legislation and implementation aspects of the respective Laws on Conflict of Interest were thoroughly discussed during the third regional thematic seminar, in addition to issues related to anti-corruption services, and have been of major benefit for all participants from SEE.		

2.4 Output 4

Pilot Activities are initiated and being implemented

Project Areas	Pilot Activity Type	Initiated	Status of Implementation
Albania	Case Management Reform aiming to Prevent Corruption within the Prosecutorial Services	July 2004	July 2006 (still pending on Prosecutor General Order to be officially issued for implementing the new system)
Bosnia and Herzegovina	Preparation and dissemination of the "Manual on the Practical Tools and Guidelines on criminal proceedings against corruption related offences – (Tools Manual)".	May 2005	Finalised in June 2006
Croatia	Strengthening technical and operational capacities during criminal proceedings against corruption-related offences	November 2005	Finalised in February 2006
"the Former Yugoslav Republic of Macedonia"	Twining partnership consultative cooperation between the State Anti-corruption Commission and their counterpart institutions in Estonia and Italy	November 2005	Finalised in April 2006
Montenegro	Strengthening operational capacities and increasing effectiveness of the Special Prosecutor's Office	June 2005	Finalised in May 2006
Kosovo	Provision of assistance and support to the establishment of the new office of ACA in Kosovo (including the procurement of equipment)	February 2006	Finalisation in July 2006
Serbia	Developing and introducing a new Integrity Plans Manual for the judiciary: (District Court and District Prosecutors Office)	December 2005	Finalisation in July 2006

Regional Component	Dissemination and publication of certain pilot activity products and best practices in regional or English language will be done by the end of the project, in order to ensure the dissemination of model practices and lessons learned throughout the region. Such interaction has already started to take place between Albania and Montenegro, Serbia and Bosnia and Herzegovina, "the Former Yugoslav Republic of Macedonia" and Albania.
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3 GENERAL ACHIEVEMENTS

Assessing the results of the project against its agreed outcomes (see project document), the project has achieved its main objectives. However, the sustainability of many of the interventions will become clear in the medium- to long-term future. However, it should be mentioned here that the changes that interventions such as those carried out by the Council of Europe under PACO IMPACT are in part an end in itself. This means that even though changes might be forthcoming very slowly, it does not question the rationale of the interventions. On the contrary, the reforms necessary are often painful and unpopular, and it does need an outside player such as the Council of Europe to constantly and consistently pressure for change.

3.1 Anti-corruption Strategies and Plans

The key anti-corruption policy documents such as national-level Anti-corruption Strategies and operational Anti-corruption Action Plans to support the implementation of these strategies are in place in all project areas. Although these policy papers and operational documents have been drafted with PACO IMPACT assistance, primarily provided through expert input to the drafting process, the main driving force were the project areas' authorities themselves. This appears to be an important shift compared to earlier years of technical assistance provision in this area, and it holds promises for the sustainability of the reform process underway. One of the reasons for this shift appears to be the growing importance that anti-corruption measures receive in the framework of assessing countries' readiness to join the European Union, thereby having a concrete incentive to implement relevant reforms.

3.2 Strengthened anti-corruption specialized services/bodies

Countries have understood the importance of clearly assigning the coordination of implementation of anti-corruption strategies and action plans to either existing bodies or to institutions specifically created for this purpose, even though in a number of project areas, these bodies have been subject to a shake up or radical restructuring. As a secondary outcome of the project, the regional experts from the anti-corruption services have developed stronger relationships, which has translated into day-to-day contact during which approaches and solutions are being shared between project areas.

3.3 Legal Approximation

Project areas are moving towards completing the creation of a modern legal framework covering repressive and preventive aspects of corruption, in line with key international standards as set in the Council of Europe Criminal and Civil Law Conventions against Corruption, and the Council's other instruments, as well as in line with the UN Convention against Corruption, and the OECD Anti-bribery Convention. Legal experts in the region are increasingly familiar with the letter and the spirit of the conventions, understand the importance and are able to lobby and work towards transposition of these instruments into national legislation.

3.4 Pilot Projects

PACO IMPACT has facilitated a number of original initiatives with potential relevance for the whole region. The project was able to accommodate and realize ideas coming from the beneficiary regions themselves, ranging from the purchase of material equipment to upgrade the work of relevant anti-corruption institutions, to the development of specific training materials, and the conduction of a public awareness campaign.

3.5 Capacity Building

The project has trained seven Local Project Officers (LPOs), 50% of whose time was allocated to PACO IMPACT (the other 50% was spent on the EC-funded thematically related CARDS Police Project-“CARPO”). It is felt that these LPOs would now have the capacity to advise their respective governments on corruption-related issues from inside the administrations. Further, the project has tried to make intensive use of regional experts (as opposed to Western experts), not least as they were able to bridge the language barrier, but also because it was felt that there was sufficient knowledge available locally, and that solutions would be easier accepted and adjusted if they weren't seen to be coming from the outside regional setting.

4 CHALLENGES THE PROJECT FACED

The project faced a number of challenges that had an impact on the pace of activities (i.e. resulted in delays), and potentially could raise questions on the sustainability of a number of reforms and assistance provided.

4.1 Need to reconcile continuity and sustainability of interventions

PACO IMPACT offered the countries a facility to draw on expert advice on short notice for a whole range of policy areas. This assistance and expertise was as in all technical assistance projects carried out by the Council of Europe delivered according to organisation's standards and international best practices, and built on previous assistance given to the project areas. However, the expertise provided is of advisory nature, and it is the authorities' prerogative to accept or to decline it. Notably in the case of Albania, where the CoE had been involved since 1999 in the establishment of an anti-corruption structure, the new government decided to largely disband these in favour of a different set up. While it was felt that less radical steps could have achieved similar objectives, it was made clear to the authorities that whichever path they chose to advance their reforms, expertise would be made available to support them.

4.2 Ensuring sustainability by working with the technical level

PACO IMPACT, as other CoE-led projects, tried to work with governments, but primarily with the technical experts' level inside the respective administrations. In this way, it was hoped, interventions could be made sustainable, as this level was less prone to political changes and appointments. This has, however, not always been the case, and institutional memory has suffered from changes in government that affected parts of the administration. It appears that there is no real short-term solution to this dilemma, and that interventions should continue to target counterparts in the medium- and senior civil service.

4.3 Absorptive capacity, donor congestion

Another challenge that PACO IMPACT faced is the still relatively congested donor landscape in the region, and the limited absorptive capacity of the beneficiary countries. This has manifested itself in some project areas in counterparts being overwhelmed with the multitude of projects to be administered and guided, and even the sheer physical challenge of needing to be present at seminars and workshops. It is ultimately the countries themselves who need to prioritize between donor interventions.

5 OTHER OBSERVATIONS

5.1 Role of the Council of Europe as the implementing agency

The CoE feels that it has made good use of its unique position as driving and leveraging anti-corruption reforms in the region, in close coordination with the European Commission and the CoE's Group of States against Corruption. In the future, there might be an argument for strengthening this understanding when dealing with counterparts in the project areas, as in a congested donor landscape, it could contribute to project areas' prioritizing of policy measures. The CoE also noted again the continuous importance of being a powerful outside pressure in support of domestic reforms and will in future projects increasingly stress the relationship between the assistance provided and the European integration process.

During the evaluation of the project it became clear that not all beneficiaries had understood the nature of the work of the Council of Europe as an intra-governmental political body. A number of participants suggested that future co-operation projects should include and focus specifically on civil society counterparts. The Council of Europe has in this as in other projects underlined the importance of civil society in the fight against corruption and as a matter of principle invited representatives of civil society to its activities. Nevertheless, the Council of Europe's strength stems from its access to Member States' governments. The Council of Europe does not see its particular value-added in working through exclusively or even predominantly civil society partners.

5.2 Cooperation with other donors and stakeholders

Cooperation with other donors has been a very positive experience, in particular with the European Commission delegations in the project areas, the OSCE, UNDP, UNODC, OECD. The project has also ensured joint activities and communication with and in support of the Stability Pact Anti-corruption Initiative (SPAI).

5.3 Project design

The project has been one of the most ambitious technical assistance efforts undertaken by the technical cooperation section in the Council of Europe's Directorate General of Legal Affairs. As such, it was a tremendous learning experience for the Secretariat, and lessons learned will be carried forward into future projects. With an overall financial envelope of € 1,5 Million, and 130 activities, more than 30 technical papers and opinions, this project has had an impressive cost – benefit ratio.

While formally, PACO IMPACT has been a regional project, *de facto*, it is a project that manages 7 project areas activities that differ very much in nature, needs and types of activities carried out. The Council of Europe's Project Management Team feels that the value-added of the project was its ability to react swiftly to project areas' needs and requests, and that in such a way, it bridged a gap between project areas lack of resources and grand-scale technical assistance projects.

5.4 Ownership

With the exception maybe of Bosnia and Herzegovina, the authorities of the project areas have in general been very supportive to the project, and have made good use of the assistance it offered, and have felt and expressed their ownership over the project's activities and its deliveries.

5.5 Dialogue with the donor

The CoE project management team would have wished for more frequent and constructive interaction with the donor, both at headquarters level, and at project area level, through, for example, Sida's attendance at a minimum number of events. The CoE feels it has conformed to its reporting and any other communications, but felt that at times, the project was not clearly owned and thus supported by Sida.

6 SPECIFIC ACHIEVEMENTS

6.1 Regional Activities

6.1.1 Achievements

Through its regional activities, the project managed to share, discuss, and subsequently adapt to specific project area context important policy documents. The activity on case management delivered operational tools for law enforcement and prosecutorial services. Another 'natural' activity at the regional level was the development of tools and guidelines for the implementation of treaty law in relation to corruption, and of the UN Convention against Corruption and other relevant international legal instruments.

It also resulted in the creation of networks of professionals. In particular, the Macedonian beneficiaries have built up close contacts with their counterparts from Albania, Kosovo, and Serbia. These networks of practitioners might need further support through technical co-operation, with the final objective of becoming sustainable.

The regional component of PACO Impact also created synergies with another regional project, CARPO, funded by the EC's CARDS programme.

6.1.2 Challenges encountered

The regional component of PACO Impact was designed to further knowledge and skills on substantive corruption-related issues. It was also included into the overall project in order to facilitate lessons learned and experience sharing between project areas, and with the ambition that a number of solutions can in that way be adapted to other areas' contexts. Frank and self-critical exchange of lessons learned does still not come easy to countries, which is partly due to an altogether positive sense of competition between countries in the region.

6.2 Albania

6.2.1 Achievements

Despite the challenges described below, PACO IMPACT managed to convince the Albanian authorities to retain a well-structured anti-corruption office. It also contributed to the installation of operational rules and mechanisms for a newly created structure, the Department for Internal Investigation and Audit (DIAC).

6.2.2 Challenges encountered

The Council of Europe's history of technical assistance in the anti-corruption field dates back to 1999, when PACO Albania (I and II) helped the authorities to set up the country's anti-corruption structure, helped the elaboration of an anti-corruption strategy and the formulation of an operational-level Action Plan. PACO IMPACT continued to provide assistance to these structures; however, after the July 2005 elections the new government decided to radically dismantle the existing structure in favour of a new approach.

At the project level, this has caused some delays for planned activities. What has been a more substantial concern is the sustainability of past assistance for the newly established structures. The Albanian authorities have assured the Council of Europe that institutional memory would be preserved as much as possible; in turn, the CoE Secretariat has made clear that it was the prerogative of the government to take decisions on its institutional structures, and that assistance would be provided respecting the choices made.

The pilot activity on case management could only partially be implemented. This activity is subject to the decision by the Prosecutor General, who is currently being investigated under parliamentary procedure. It is hoped that the Albanian authorities will take up the pilot activity in the framework of its intention to completely review the internal procedure and structure of the prosecution services aimed at reducing and preventing corruption in the area of case management and proceedings.

6.3 Bosnia and Herzegovina

6.3.1 Achievements

At the end of PACO IMPACT, the Bosnian authorities have made clear progress in the drafting and launching the National Anti-corruption Strategy and an operational-level Action Plan for its implementation. This has been due to the pressure of the Council of Europe on the one hand, and the European Commission on the other hand; the latter included progress on this matter into its monitoring reports on preparedness for European integration. Interventions provided through the project have also emphasized the need for either creating a specialized structure, or assigning an existing structure the coordination and follow-up of the implementation of the Strategy and Action Plan, and the BiH authorities are working towards this.

The project area's pilot activity resulted in a training manual on prosecution of corruption cases being finished, which is of value and has been distributed to practitioners from the wider region.

6.3.2 Challenges encountered

BiH has been a somewhat a challenging partner in this project, for reasons mainly to do with the complex institutional set-up of the administration and government, paired with wide-ranging authorities of the OHR that contribute to a fragmentation of responsibility and ownership for the reforms that PACO IMPACT has tried to support. Unfortunately, the Country Project Director has been largely absent from the project, resulting in a lack of ownership and ultimately, guidance on the most useful project activities.

In addition, responsibilities were reassigned between institutions, without the necessary communication either between the institutions themselves, or from the institutions to the PACO IMPACT LPOs.

6.4 Croatia

6.4.1 Achievements

PACO IMPACT in Croatia has broadly achieved its goals as stipulated in the project orientation. The previous anti-corruption strategy has been revised and adopted by Parliament, and has been subject of a public information campaign. The government has been deliberating the re-assignment of monitoring functions for the implementation of the strategy. In addition, the project has made a significant contribution to the material up-dating of the working environment of the prosecutorial services.

6.4.2 Challenges encountered

There has been a protracted debate among stakeholders in Croatia as to whether a monitoring body should be established to follow up on progress in the anti-corruption field. Only by the end of the project has it become evident that such a new structure is indeed needed, and that it should also have a mandate for carrying out preventive anti-corruption work.

6.4.3 Other observations

As reflected in the project work plan, the Croatian counterparts had inserted fewer activities to be carried out in the framework of the PACO IMPACT compared with other project areas. The Croatian side felt that the Anti-corruption Strategy was the main outstanding reform that could be supported by the project. Given Croatia's candidacy status with the European Union, the country is indeed benefiting from a number of relevant projects already. One of these is a twinning project with USKOK, which has considerable more resources than PACO IMPACT and thus an entirely different scope for manoeuvre.

6.5 Kosovo

6.5.1 Achievements

PACO IMPACT has achieved its objectives in that it has contributed to the elaboration of an Anti-corruption Strategy and its Action Plan, and the initial steps to establish a specialized anti-corruption structure/body in charge of overseeing the implementation of the strategy. PACO IMPACT assisted thoroughly with the introduction of rules and procedures for the anti-corruption agency, but has also helped through the purchase of equipment for the new office.

6.5.2 Challenges encountered

The main challenges for PACO Impact in Kosovo were posed by the specific power structure marked, for example, by UNMIK's "reserved powers" covering the repressive measures against corruption and organized crime, which made it difficult to adequately address and contribute to preventive measures against corruption in the short- and medium-term. A protracted discussion surrounded the institutional endorsement of the strategy and Action Plan.

Another difficulty for the project was the reluctance of the Kosovar authorities to participate in the regional activities due to their disagreement with the name used for the project area.

6.6 Montenegro

6.6.1 Achievements

PACO IMPACT has achieved its objectives as set out in the project orientation. The project substantially contributed to the elaboration of the National Anti-corruption Strategy – which has been adopted by the government - and its Action Plan. This has contributed to a positive assessment in the framework of the EU integration process, as the EU Partnership priorities had specifically stipulated the need for a national anti-corruption strategy and action plan.

The Office for Anti-corruption Initiative (OACI) has been supported by increasing its capacity to work with the public. OACI, but also the NGO community were assisted in initiating legislative reform with regard to the Law on Funding of Political Parties and Electoral Campaigns.

The pilot activities contributed to the strengthening of the capacities of the newly established Special Prosecutor's Office, by providing advice its set-up and by purchasing of equipment.

6.6.2 Challenges encountered

The impact of a number of interventions are difficult to assess as there have been partly substantial delays in taking forward legal advice provided through the project, such as a new draft Law on Conflict of Interest, have ever since been deadlocked in the parliamentary procedure. Also, for most of the project duration, the issue of independence has halted the conclusive resolution of a number of points.

6.7 Serbia

6.7.1 Achievements

As a result of PACO IMPACT, National Anti-corruption Strategy was drafted and adopted. Legal advice on legislative changes related to funding of political parties, conflict of interest and in introducing a new anti-corruption law was provided, and specific advice focused on how a new anti-corruption body would be part of the anti-corruption law. The pilot activity has been initiated quiet late at the stage of implementation of the project, however by the end of July 2006, the integrity tests and plans managed to be introduced to the two pilot institutions which were selected to launch and implement in the future (after July 2006) the application of the integrity plans in the judiciary.

6.7.2 Challenges encountered

The effectiveness of some of the project's interventions is difficult to assess in that many issues have been subject to protracted internal arguments inside the administration, such as on areas of responsibilities and portfolios. Certain legal advice has not been forwarded to parliament, and there have been a number of delays in the passage of policy documents. There have been improvements in the intra-institutional relationship, but more needs to be done.

6.7.3 Other observations

Twinning projects in the framework of EC assistance have complemented PACO IMPACT interventions, such as those relating to the implementation of a new strategy in specific sectors covered by the Action Plan.

6.8 "the Former Yugoslav Republic of Macedonia"

6.8.1 Achievements

PACO IMPACT has achieved all its objectives as set out in the project orientation, and the counterparts appear to have made maximum use of the assistance offered through the project. With PACO IMPACT's help, the State Commission managed to consolidate its role and capacity in the fight against corruption, as confirmed by major international partners on the ground; the project directly contributed to major research into the causes and perceptions of corruption in the 'former Yugoslav Republic of Macedonia'. Cooperation on the project with the national counterparts has been marked by full commitment.

PACO IMPACT also supported a survey of corruption in the country, which included local government anti-corruption measures and involved all local government entities. At the end of PACO Impact, the survey results are being prepared for education and dissemination. A direct result of the survey are recent moves by the State Commission for the Fight against Corruption to work on ethics issues at the local government in accordance with standards set by the Council of Europe.

7 CLOSING CONFERENCE (STRASBOURG, 10-11 JULY, 2006)

The final PACO IMPACT conference brought together stakeholders from all institutions and all project areas that had participated in the project, the project management team and partners from international organizations.

The objective of the conference was three-fold, which aimed to:

- a) present, analyse and discuss achievements of PACO IMPACT per project area, and their relevance and potential for replication in the region;
- b) provide a forum for the evaluation of the project;
- c) list and discuss challenges the project areas face in the short-, medium- and long-term, and how they could be met through technical co-operation projects.

7.1 Presentation, analysis and discussion of PACO IMPACT achievements

Stakeholders from the respective project areas presented activities and their results that had been carried out in the framework of PACO Impact against the project's objectives (outputs). Achievements can be summarized as follows:

- All project areas have policy documents in place that guide their anti-corruption reform efforts. PACO Impact has been crucial in putting these documents into place;
- All project areas are now aware of the need for operational level action plan to implement these policies. All project areas have elaborated such plans either as separate part of their anti-corruption strategy or as integrated one. PACO IMPACT has made a significant and continuous contribution to countries' elaboration of such action plans;

- The need for effective and efficient monitoring of anti-corruption strategies and action plans has been acknowledged by all project areas. Responses to this need differ, but all project areas have started to address the issue, be it through the establishment of specialized anti-corruption agencies or specific monitoring mechanisms, or the embedding of this function into existing structures. PACO IMPACT has helped increasing the capacities of project areas to meet this need;
- Through the assistance of PACO IMPACT, the criminal legislation and relevant legislation ranging as conflict of interests, funding of political parties, and legislation on anti-corruption to effectively tackle corruption has been improved or newly introduced in all project areas.
- Pilot activities have been able to respond to project areas' specific needs, often providing a material improvement of the working conditions of anti-corruption agencies.

In overall during the concluding remarks all project area delegations expressed their gratitude toward the technical and political support that PACO IMPACT has been providing to their institutions and the region in furthering their anti-corruption efforts and making them more sustainable. In addition follow up support and assistance to maintain the momentum and continue these reforms was addressed and requested by each delegation representative.

7.2 Evaluation of PACO Impact

The project has been evaluated by two different teams (Council of Europe Evaluators and Sida Evaluators) in the weeks leading up to the final conference; both teams presented their preliminary findings during the Final Conference. Stakeholders from the project areas had the opportunity to provide feedback and respond to additional questions as raised by the evaluators. The evaluation reports can be found in the Annexes of this report.

Participants had been asked to reflect on strengths and weaknesses of project design and delivery and had filled in a questionnaire to that end. While the project had in general been very well received by stakeholders, the prime concern expressed by project areas was the shortage of time for the implementation of an ambitious agenda of measures.

7.3 Challenges ahead

Although no immediate follow-up technical co-operation has been planned, yet, project areas, the Council of Europe Project Management Team, and experts also had the opportunity to brainstorm on challenges ahead for the countries.

In general terms, project areas agreed that continuity and persistence in pushing reforms forward was necessary. At the same time, it was stressed that the speed of reform in the countries of the region had at times a negative impact on the quality of the policy measures or legislative changes adopted; project areas stressed that they would need more time for deliberation and carefully opting for country and context-adequate measures and models, instead of rushing into donor-driven solutions that are not sustainable. Legal certainty was to take precedence over hastily adopted legislation that would require frequent and swift changes.

From the regional point of view the need for regional co-operation and networking was highlighted by all participants. Project areas pointed out that the medium- to long-term challenge was to make the networks established through projects like PACO IMPACT sustainable and independent from technical co-operation projects.

8 ANNEXES

1. Activity Report (March 2004-July 2006) – *including Technical Papers List*
2. Evaluation Report from CoE Evaluator (1 August 2006)
3. Project Document: Inception Report and Workplan (January 2005)
4. CoE and Sida Contract (February 2004)
5. CoE and Sida Memoranda on Project Extension (January 2005)