European Commission

EVALUATION ROADMAP			
TITLE OF THE EVALUATION	*Ex post* evaluation of the economic adjustment programme for Portugal (2011-2014)		
LEAD DG – RESPONSIBLE UNIT	DG ECFIN – UNIT A.2	DATE OF THIS ROADMAP	09/2015
TYPE OF EVALUATION	Evaluation *Ex post* Internal	PLANNED START DATE PLANNED COMPLETION DATE	Q3 / 2015 Q2 / 2016
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A. Purpose

(A.1) Purpose

The purpose of this evaluation is to assess the economic adjustment programme for Portugal (the intervention) in order to draw lessons for future decision-making and identify areas of improvement for similar on-going or future possible interventions. The evaluation consists of an *ex post* assessment of the economic objectives, content and results of the programme (for more details about the programme, see 'Content and Subject of the evaluation'). The analysis will be primarily economic and based on data analysis (for more details, see 'Scope of the Evaluation').

(A.2) Justification

Evaluation is a key step of the policy cycle, enabling the experience of policies implemented to translate into institutional learning and effectively respond to strategic needs. The important role of evaluation is highlighted in the current Better Regulation Guidelines (SWD(2015)111) attached to the most recent Communication COM(2015)215, which includes a commitment to evaluate in a proportionate way all EU spending and non-spending activities intended to have an impact on economy.

This evaluation will review the economic adjustment programme for Portugal which started in May 2011 and ended in June 2014. Sufficient time has elapsed to ensure the necessary data that covers the programme period is now available to inform an economic evaluation of the programme. The intervention to be economically evaluated is briefly defined as:

'Economic adjustment programme for Portugal as negotiated with the beneficiary Member State by COM – in liaison with the European Central Bank (ECB) – on behalf of EU/euro area (EA) Member States and the International Monetary Fund (IMF). Conditional financial assistance was approved by the ECOFIN Council and the IMF executive board in May 2011. Compliance with programme conditionality was monitored by COM, in liaison with the ECB, and the IMF'

The Portuguese programme was complex, and of huge economic and financial importance for both Portugal and the euro area as a whole. An *ex post* economic focussed evaluation of the design, implementation and outcome of the programme is in line with best practice and reflects the strong commitment of the European Commission to evaluate all activities with a significant impact.

B. Content and subject of the evaluation

(B.1) Subject area

In the run-up to Portugal's request for financial assistance in April 2011, the cost of government borrowing for Portugal reached unsustainable highs due to the loss of investors' confidence in its capacity to deal with the connected challenges of unfavourable developments in public finances and worsening economic outlook. Around the turn of the millennium, the Portuguese economy had entered a protracted slump associated with low productivity growth, while rising unit labour costs and deeply-rooted structural deficiencies were eroding competitiveness. When Portugal requested financial assistance, the domestic banking sector was marked by high leverage ratios, large credit exposures and was experiencing significant funding pressures.

Portugal officially requested financial assistance from the European Union, the euro area countries and the IMF on 7 April 2011. The request was for financing "with a view to supporting a policy programme to restore confidence and enable the return of the economy to sustainable growth, and to safeguarding financial stability in Portugal, the euro area and the Union." [1]

On 3 May 2011 a joint mission with members from COM, IMF and ECB (also known as 'the three institutions') reached agreement at staff level with the Portuguese authorities on a comprehensive economic policy package for the period 2011-2014.[2] At the ECOFIN/Eurogroup meeting of 16 May 2011, Ministers endorsed the economic adjustment programme with financial assistance for Portugal.[3] The related Memorandum of Understanding (MoU detailing the programme conditionality) was signed by COM – on behalf of the ECOFIN/Eurogroup - and the Portuguese authorities. In the context of Portugal's request for financial support from the IMF, the Letter of Intent of the government of Portugal, accompanied by the Memorandum of Economic and Financial Policies (MEFP) and Technical Memorandum of Understanding (TMU), was also signed in May 2011.

The economic adjustment programme set out measures and reforms whose implementation was a condition for the disbursement of the financial assistance. The programme included a joint financing package of €78 billion that relied on contributions from the EU's European Financial Stabilisation Mechanism (EFSM - €26 billion), euro-area Member States through the European Financial Stability Facility (EFSF - €26 billion), as well as funding from the IMF (€26 billion).

The three institutions monitored compliance with programme conditionality during quarterly review missions and negotiated amendments to the original conditionality (MoU and MEFP) where necessary. Positive conclusions of quarterly programme reviews by the ECOFIN/Eurogroup and the IMF Executive Board – on the basis of 'review reports' prepared by staff of the three institutions – unlocked the disbursement of EFSM, EFSF and IMF assistance tranches.[4]

The subject area of this *ex post* evaluation is the overall intervention (consisting of the economic adjustment programme and financial assistance) whose objectives and logic are reported below (under B.2 and B.3).

[1] Excerpt from the Council Implementing Decision on Granting Union Financial Assistance to Portugal (2011/344/EU), 17/05/2011. The document can be found on http://eur-lex.europa.eu
For further details, reference can be made mainly to: Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal', Occasional Papers 79, June 2011. This and other relevant documents can be found at
http://ec.europa.eu/economy_finance/assistance_eu_ms/portugal/index_en.htm
http://www.imf.org/external/country/PRT/index.htm

[2] The statement of the Eurogroup and ECFIN Ministers of 8 April 2011, MEMO/11/227, http://europa.eu/rapid/press-release_MEMO-11-227_en.htm had invited the COM, ECB, IMF and Portugal to set up a policy programme in exchange of financial support.

[3] Statement by the Eurogroup and ECOFIN Ministers on 16 May 2011 www.consilium.europa.eu
Council Implementing Decision on Granting Union Financial Assistance to Portugal (2011/344/EU), 17/05/2011.

[4] For further details, reference can be made mainly to the review reports that can be found at
http://ec.europa.eu/economy_finance/assistance_eu_ms/portugal/index_en.htm
http://www.imf.org/external/country/PRT/index.htm

(B.2) Original objectives of the intervention

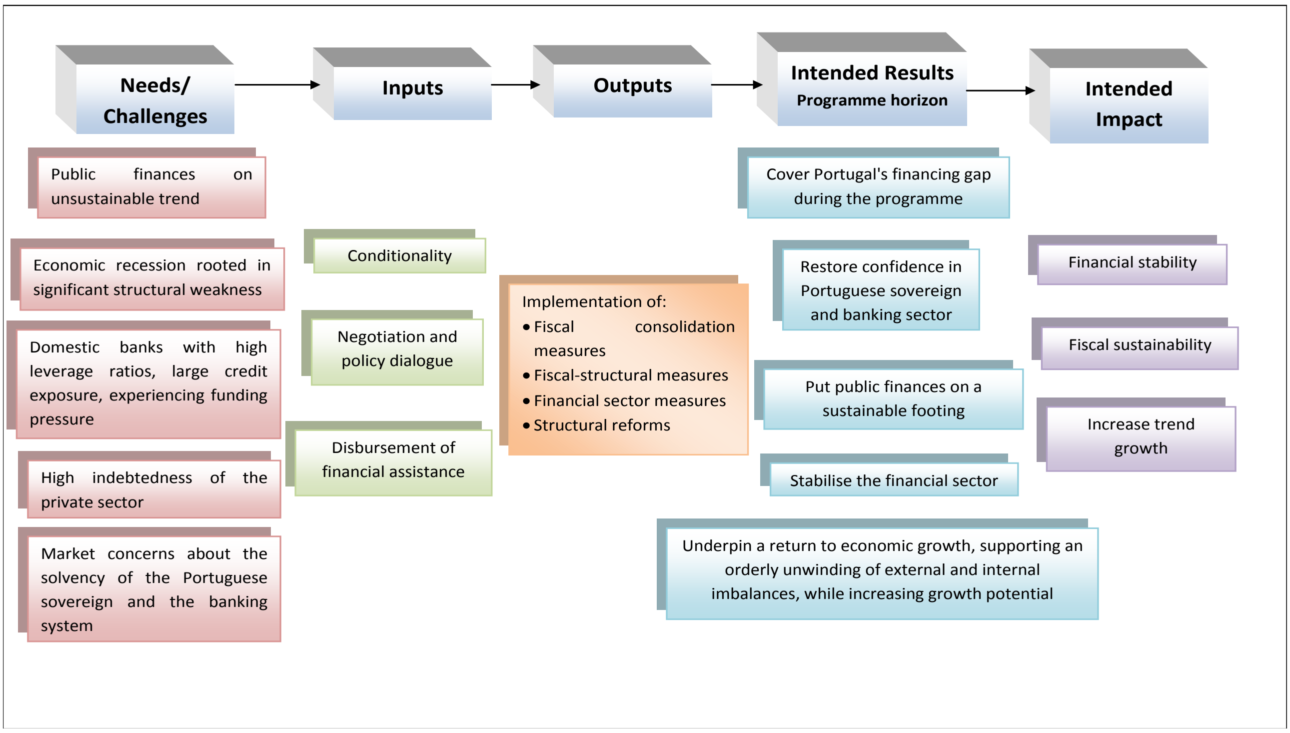
The original objectives of the intervention were the following[5]:

- Cover Portugal's financing gap during the adjustment programme;
- Restore financial market confidence in the banking system and the sovereign;
- Put the public finances on a sustainable footing (including reducing the government deficit to 3% of GDP and bringing the public debt-to-GDP ratio on a downward path);
- Stabilise the financial sector;
- Underpin a return to economic growth, supporting an orderly unwinding of external and internal imbalances, while increasing the underlying growth potential of the Portuguese economy through in-depth structural reforms.

In the medium/long term, these objectives were seen as instrumental to secure macro-financial stability, achieve fiscal sustainability, and increase trend growth.

(B.3) How the objectives were to be achieved

Intervention logic of Economic Adjustment Programme for Portugal 2011-2014



The intervention logic can be described as follows, based on the schema above:

- There was a **need** to address the following economic challenges:
  - A recession following a period of economic stagnation, rooted in significant structural weaknesses. Portugal had been experiencing low GDP and productivity growth for more than a decade, with weak implementation of structural reforms;
  - High private sector debt and vulnerabilities in the financial sector. Domestic banks had high leverage ratios, large credit exposure and were experiencing funding pressure;

[5] On the basis of the content of the original Memorandum of Economic and Financial Policies (May 2011) and the original Memorandum of Understanding on Specific Economic Policy Conditionality (May 2011).

- Unsustainable trend of the public finances, given the high government deficits, growing public debt and large fiscal risks;
- Dramatic feedback loops between the crisis in the economy and in the financial sector, feeding into market concerns about the solvency of the Portuguese sovereign and of the banking system;

- The intervention itself was the **Input** designed to achieve the programme objectives. It consisted of:
  - Conditionality: negotiated measures to be implemented by Portugal during the programme period. This included a timetable for implementation. The measures were monitored during the programme and adapted as required, either in terms of design or timeline, in response to developments (see next bullet point);
  - Negotiation and policy dialogue on the conditionality that involved Portugal, COM (in liaison with the ECB and the IMF) and other EU MS, in view of the approval of the economic adjustment programme, the quarterly reviews, sometimes involving changes in conditionality, and related disbursements of the financial assistance;
  - Disbursements of financial assistance, subject to favourable assessments of Portugal's compliance with the policy conditionality;
- It was anticipated that the Input would lead to a series of **Intended Outputs**, which are the policies implemented to repair the Portuguese economy and financial sector. The Intended Outputs can be grouped as follows:
  - <u>Fiscal policy</u> measures both on the revenue and expenditure sides, in order to achieve reductions in both the public deficit and public debt;
  - <u>Fiscal-structural</u> measures to support the fiscal adjustment, including: Strengthening of the public financial management framework, including commitment control procedures and arrears' monitoring; Comprehensive review of the Public and Private Partnerships (PPPs) and concessions and strengthening of the related reporting and approval mechanisms; Better regulation of the creation and functioning of State Owned Enterprises (SOEs) and enhancement of their financial governance (including review of the tariff structures, tighter debt ceilings); Privatisation; Comprehensive reform of the health care sector; Modernisation and strengthening of the revenue administration and tax courts; Measures to improve the public administration efficiency across all levels;
  - <u>Financial sector</u> measures, including: Facilitating the issuance of government guaranteed bank bonds for an amount up to €35 billion; Balanced and orderly deleveraging of banks, while monitoring the impact on credit aggregates and the economy as a whole; Measures to achieve higher capitalisation of banks, including if necessary temporary public provision of equity; Re-privatisation of *Banco Português de Negócios* (BPN); Strengthening of banking regulation and supervision; Measures to strengthen the early intervention and resolution framework for banks and the legal framework for debt restructuring (including monitoring of corporate and household sectors indebtedness);
  - <u>Structural reforms</u> in the labour market (including a revenue neutral reduction of employer's social security contributions), in the education sector, in the energy markets, in telecommunications and postal services, in transport and services sectors (including regulated professions), in the housing market and in the judicial system. Another intended output was the implementation of measures to improve public procurement, reduction of administrative and regulatory burdens on business, and enhancement of the enforcement of competition rules and the independence of sectoral regulators;

- The intervention was set up to achieve the following objectives (**Intended Results**) which in turn fit into a medium-term vision (**intended impact)**:
  - Cover Portugal's financing gap during the adjustment programme;
  - Restore financial market confidence in the banking system and the sovereign;
  - Put the public finances on a sustainable footing;
  - Stabilise the financial sector;
  - Underpin a return to economic growth, supporting an orderly unwinding of external and internal imbalances, while increasing the underlying growth potential of the Portuguese economy through in-depth structural reforms.

C. Scope of the evaluation

(C.1) Topics covered

This exercise will evaluate/assess the economic elements of the intervention over the whole programme period (May 2011 – June 2014). It will assess the relevance, appropriateness and effectiveness of the fiscal policies, measures to support the banking sector and structural reforms, in the context of the macroeconomic situation of Portugal and the economic challenges it faced.

The programme had specific economic aims. This *ex post* assessment will look at these in detail and assess the programme's economic objectives, content and results. The analysis will be primarily economic and based on data analysis and interviews with the main stakeholders. Other aspects of the programme that fall outside the scope of the economic rationale and results of the programme will not be considered in this evaluation. The evaluation will not assess measures taken by the Portuguese authorities before the programme. It will also not consider the political and administrative dimensions of the programmes. This evaluation is not to be interpreted as a 'compliance oriented' exercise.

The scope of the evaluation will be to assess whether:

- The objectives and conditionality of the economic adjustment programme were relevant to the economic and financial challenges faced by Portugal (relevance);
- The conditionality (programme design) and financial assistance were appropriate, given the intended outputs and results (appropriateness/efficiency);
- The intended results and impacts have been achieved or can be expected to materialise in the medium/long term (effectiveness);
- The EU intervention added value (EU added value) and was in line with the relevant EU policies (coherence).

(C.2) Issues to be examined

<u>How well did the objectives correspond to the challenges faced by Portugal (relevance)?</u>

The assessment of the relevance of the economic adjustment programme will look at the relationship between the objectives of the programme and the challenges faced by Portugal. To do so the evaluation will analyse the economic and financial situation in Portugal in the run-up to the request for financial assistance. The analysis will look at GDP and its components, productivity, wage and price inflation, external competitiveness and export performance, the current account balance and external debt, private sector indebtedness, the state of the public finances, the banking sector including banks' funding structure and exposure, sovereign interest rates and risk *premia* etc. This will serve to assess whether the objectives of the programme were the right ones.

<u>Was conditionality (programme design) appropriate in relation to the intended outputs and results (efficiency)?</u>

This part of the evaluation will assess the economic rationale linking the programme's measures with the intended results with a view to looking at its efficiency. The intention and result of the measures will be looked at in terms of how and whether they contributed to the original objectives, including the financing gap being covered, the restoration of confidence in the banking sector and sovereign, the sustainability of the public finances, the stabilisation of the financial sector and the underpinning of economic growth over the medium term. The analysis will be based on looking at economic data to draw out the impact of the conditionality as it evolved and identify any unexpected consequences.[6] This part of the analysis will require in-depth understanding of the programme's evolution and implementation, in order to gain a view on the flexibility and overall structure and timing of the measures. The evaluation will take into consideration the evolution of the overall context, including the broader international economic outlook, spill-over effects, changes in the euro area institutional framework and the ECB monetary policy measures.

<u>Was the disbursement of the financial assistance appropriate (efficiency)?</u>

The evaluation will assess whether the financial envelope adequately covered the government cash deficit, the redemption of maturing short, medium and long-term public debt, and support to the banking sector, taking into consideration assumptions and outturns concerning Portugal regaining market access, as well as the need to ensure credibility also under adverse scenarios. The evaluation will cover the disbursement and, if relevant, ring-fencing strategies, and analyse the lending terms of the EFSF/EFSM and IMF;

<u>To what extent have the objectives of the economic adjustment programme been achieved or can be expected to materialise in the medium/long term (effectiveness)?</u> The evaluation will look at how effective the intervention has been in terms of meeting the programme objectives:

a. Cover Portugal's financing gap during the adjustment programme: this will include considering the sources and the use of funding, the comparison of the Portuguese government bond yields with other EA countries and the EFSF/EFSM, the evolution of the sovereign yield curve;

b. Put public finances on a sustainable footing: this will look at the evolution of public deficit-to-GDP ratio and the sustainability of the debt, the structural balance, fiscal effort, fiscal adjustment, the progress in restoring confidence in the sovereign and the development of the fiscal governance framework;

c. Restore confidence in and stabilise the financial sector: this will consider improvements in banking supervision, banks' funding structure, including their reliance on Eurosystem funding and wholesale funding, deleveraging, capitalisation (Tier 1 Capital ratio), the evolution of their non-performing loans and asset impairment charges, profitability, the evolution of new lending to the economy and banks' return to debt markets.

d. Underpin competitiveness and economic growth: this will look at GDP and its components (domestic demand and net exports), gross value added by main branch, productivity, wage and price inflation, indicators of business and consumers sentiment, disposable incomes and savings rate, labour market developments (employment, unemployment, activity rate, slack ratio), competitiveness and export performance, current account balance and external debt, corporate and household sectors indebtedness, interest rates etc. The analysis will also consider the implemented institutional changes that were introduced to underpin competitiveness and economic growth in the medium/long term.

<u>The EU added value will be assessed in terms of the rationale for an intervention at EU level (EU added-value and coherence)</u>

The contribution of having a European involvement in the programme will be assessed, looking at both

[6] *Inter alia*, the evaluation will include an analysis of the evolution of a number of key socio-economic indicators, mainly on the basis of data on income and living conditions collected through the EU SILC instrument For more information, reference can be made to http://ec.europa.eu/eurostat/web/income-and-living-conditions/data

the impact on the amount of financing available and its cost, and at the contribution of the European institutions' involvement to the achievement of the programme's objectives. The coherence with previous assessments made under the COM surveillance processes will be examined - including the Excessive Deficit Procedure (EDP) – and with other EU policies.

(C.3) Other tasks

N/A

D. Evidence base

(D.1) Evidence from monitoring

A comprehensive data set gathered through systematic monitoring throughout the programme period will be used to inform the evaluation. Quarterly reviews and frequent contacts with the Portuguese authorities were used to monitor the implementation of the programme. This monitoring gathered a wide range of relevant data, including that detailed at C2.

Since June 2014, Portugal is subject to the Post-Programme Surveillance (PPS) mechanism, adopted under Regulation 472/2013. PPS will apply until at least 75% of the financial assistance received under the programme has been repaid. Under PPS, COM is requested, in liaison with the ECB, to (i) conduct regular review missions in Portugal to assess its economic, fiscal and financial situation and (ii) prepare semi-annual assessments of Portugal's economic, fiscal and financial situation and determine whether corrective measures are needed.

(D.2) Previous evaluations and other reports

Databases, including Eurostat and Ameco (Annual macro-economic database of DG ECFIN), will be primary sources of information.

Preliminary list of relevant reports/documents (see also (D.5) 'Further evidence to be gathered'):

- *Economic adjustment programme and reviews by the European Commission*:
    - Council Implementing Decision on Granting Union Financial Assistance to Portugal (2011/344/EU);
    - Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal', Occasional Papers 79, June 2011;
    - Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal, First Review – Summer 2011' – European Economy, Occasional Paper 83, September 2011;
    - Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal, Second Review – Autumn 2011' – European Economy, Occasional Paper 88, December 2011;
    - Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal, Third Review – Winter 2011/2012' – European Economy, Occasional Paper 95, April 2012;
    - Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal, Fourth Review – Spring 2012' – European Economy, Occasional Paper 111, July 2012;
    - Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal, Fifth Review – Summer 2012' – European Economy, Occasional Paper 117, October

2012;

  - Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal, Sixth Review – Autumn 2012' – European Economy, Occasional Paper 124, September 2012;
  - Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal, Seventh Review – Winter 2012/2013' – European Economy, Occasional Paper 153, June 2013;
  - Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal, Eight and Ninth Review' – European Economy, Occasional Paper 164, November 2013;
  - Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal, Tenth Review' – European Economy, Occasional Paper 171, February 2014;
  - Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal, Eleventh Review' – European Economy, Occasional Paper 191, April 2014;

- *Economic adjustment programme and reviews by the IMF*
  - International Monetary Fund, 'Portugal - Request for a Three-Year Arrangement under the Extended Fund Facility', IMF Country Report No. 11/127, June 2011;
  - International Monetary Fund, 'Portugal: First Review under the Extended Arrangement', IMF Country Report No. 11/279, September 2011;
  - International Monetary Fund, 'Portugal: Second Review under the Extended Arrangement', IMF Country Report No. 11/363, December 2011;
  - International Monetary Fund, 'Portugal: Third Review under the Extended Arrangement', IMF Country Report No. 12/77, April 2012;
  - International Monetary Fund, 'Portugal: Fourth Review under the Extended Arrangement', IMF Country Report No. 12/179, July 2012;
  - International Monetary Fund, 'Portugal: Fifth Review under the Extended Arrangement', IMF Country Report No. 12/292, October 2012;
  - International Monetary Fund, 'Portugal: 2012 Article IV Consultation and Sixth Review under the Extended Arrangement', IMF Country Report No. 13/18, January 2013;
  - International Monetary Fund, 'Portugal: Seventh Review under the Extended Arrangement', IMF Country Report No. 13/160, June 2013;
  - International Monetary Fund, 'Portugal: Eighth and Ninth Reviews under the Extended Arrangement', IMF Country Report No. 13/324, November 2013;
  - International Monetary Fund, 'Portugal: Tenth Review under the Extended Arrangement', IMF Country Report No. 14/56, February 2014;
  - International Monetary Fund, 'Portugal: Eleventh Review under the Extended Arrangement', IMF Country Report No. 14/102, April 2014;

- *National Reform Programmes and Stability Programmes for Portugal*
  - Portugal, 'Portugal 2020, National Reform Programme', March 2011.
  - Commission Recommendation for a Council Recommendation on the National Reform Programme 2011 of Portugal, COM(2011) 814 final, June 2011.
  - European Commission, 'Assessment of the 2011 National Reform Programme and Stability Programme for Portugal', SEC(2011)730, June 2011;

- Council Recommendation on the National Reform Programme 2011 of Portugal, 12 July 2011.
- Portugal, 'National Reform Programme Progress Report', April 2012
- Portugal, 'Fiscal Strategy Document 2012-2016', April 2012.
- Commission Recommendation for a Council Recommendation on Portugal's 2012 national reform programme, COM(2012) 324 final, May 2012.
- European Commission, 'Assessment of the 2012 National Reform Programme and Stability Programme for Portugal', SWD(2012)324, May 2012;
- Council Recommendation on the National Reform Programme 2012 of Portugal and delivering a Council opinion on the Stability Programme of Portugal, 2012-2016, 6 July 2012.
- Portugal, 'National Reform Programme Progress Report', April 2013
- Portugal, 'Fiscal Strategy Document 2013-2017', April 2013.
- European Commission, 'Assessment of the 2013 National Reform Programme and Stability Programme for Portugal', SWD(2013)372, May 2013;
- Portugal, 'National Reform Programme Progress Report', April 2014
- Portugal, 'Fiscal Strategy Document 2014-2018', April 2014.
- Commission Recommendation for a Council Recommendation on Portugal's 2014 national reform programme, COM(2014) 423 final, June 2014.
- European Commission, 'Assessment of the 2014 National Reform Programme and Stability Programme for Portugal', SWD(2014)423, June 2014;
- Council Recommendation on the National Reform Programme 2014 of Portugal and delivering a Council opinion on the Stability Programme of Portugal 2014, 8 July 2014;
- Council Recommendation on the 2015 National Reform Programme of Portugal and delivering a Council opinion on the 2015 Stability Programme of Portugal, 14 July 2015.

- *Other documents by the European Commission or Council of the EU*
  - European Commission, 'Portugal – Report prepared in accordance with article 104(3) of the Treaty', SEC(2009)1274, 7 October 2009
  - Council of the EU, 'Council Recommendation to Portugal with a view to bringing to an end the situation of an excessive government deficit' – 15759/09, ECOFIN 770, UEM 296, 30 November 2009;
  - European Commission, 'Communication from the Commission to the Council: Assessment of the action taken by Belgium, the Czech Republic, Germany, Ireland, Spain, France, Italy, the Netherlands, Austria, Portugal, Slovenia and Slovakia in response to the Council Recommendations of 2 December 2009 with a view to bringing an end to the situation of excessive government deficit – COM(2010)329, 15 June 2010;
  - Council of the EU, 'Council Recommendation with a view to bringing to an end the situation of an excessive government deficit in Portugal' – 14238/12, ECOFIN 808, UEM 284, 2 October 2012. See also corrigendum on 5 October 2012;
  - European Commission, 'Commission staff working document - Analysis by the Commission services of the budgetary situation in Portugal following the adoption of the Council Recommendation to Portugal of 9 October 2012 with a view to bringing an end to the situation of an excessive government deficit', SWD(2013) 394 final (accompanying COM(2013 394 final), 29 May 2013;
  - Council of the EU, 'Council Recommendation with a view to bringing to an end the situation of an

excessive government deficit in Portugal' – 10562/13, ECOFIN 480, UEM 175, OC 363, 18 June 2013. See also corrigendum on 21 June 2013;
    - Directorate-General for Economic and Financial Affairs, 'The Economic Adjustment Programme for Portugal, 2011-2014' – European Economy, Occasional Paper 202, October 2014;
    - Directorate-General for Economic and Financial Affairs, 'Post-Programme Surveillance for Portugal – Autumn 2014 Report' – European Economy, Occasional Paper 208, December 2014;
    - Directorate-General for Economic and Financial Affairs, 'Post-Programme Surveillance Report – Portugal Spring 2015' – European Economy Institutional Paper 006, July 2015;
    - European Commission, 'Country Report: Portugal 2015 including an In-Depth Review on the prevention and correction of macroeconomic imbalances', SWD(2015) 41 final, COM(2015) 85 final, February 2015

- *Other documents by the IMF*
    - International Monetary Fund, 'Portugal – Staff Report for the 2009 Article IV Consultation', IMF Country Report No. 10/18, January 2010;
    - International Monetary Fund, 'Portugal: First Post-Program Monitoring Discussions', IMF Country Report No. 15/21, January 2015;

- *Reports by the OECD*
    - OECD, 'Economic Surveys: Portugal 2010', September 2010;
    - OECD, 'Economic Surveys: Portugal 2012', July 2012;
    - OECD Economics Department: 'Portugal: Assessing the risks around the speed of fiscal consolidation in an uncertain environment', 2012, Working Paper No. 984.
    - OECD, 'Portugal: Deepening Structural reform to support growth and competitiveness', July 2014.
    - OECD, 'Economic Surveys: Portugal 2014', October 2014.

(D.3) Evidence from assessing the implementation and application of legislation (complaints, infringement procedures)

N/A

(D.4) Consultation

A targeted stakeholder consultation will be undertaken to provide economically informed programme specific input and context to the economic analysis. It will focus on the key economic questions that will arise during the evaluation process. The programme consisted of a set of reform measures developed in a crisis scenario to address macroeconomic conditions. Therefore, given the precise economic and financial nature of the intervention, the stakeholder consultation element of the evaluation will be targeted towards bodies with an informed economic understanding of the Portugal programme and the context in which it was implemented. To collect a broad, multi-dimensional and triangulated picture of the economic and financial issues surrounding the programme, a wide range of the main Portuguese organisations representing civil society and different points of view will be involved. The main target groups are broadly industry/business/employers, workers, banking sector, consumers, and charitable organisations. The targeted stakeholder consultation will also include all EU Member States (through the Economic and Financial Committee).

This targeted stakeholder consultation will take place early in the evaluation process (4 weeks during October/November 2015). The stakeholders will be selected by the Steering Group and will be consulted via questionnaires. These will contain specific questions on economic policy. This will enable data to be captured that is structured, quantifiable and generalisable. Stakeholders will be approached in advance to explain the nature of the evaluation and increase the response rate.

(D.5) Further evidence to be gathered

Inputs into the analytical work will include also publically available data, Commission, ECB and IMF reports, documents published by the Portuguese authorities and other international organisations as well as private sector and academic research.

Insights on specific key economic issues will also be collected from relevant officials of the European Commission, ECB, IMF, EFSF, and from Portuguese authorities/agencies who were involved in designing or implementing the programme.

Once the report is nearing completion, a workshop with academics and experts will be considered since it may provide an opportunity to stress test and validate the analysis and provisional findings of the evaluation.

E. Other relevant information/ remarks