

| EVALUATION ROADMAP   |  |                         |   |
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| TITLE OF THE EVALUATION  | Thematic evaluation on support to Economic Governance in enlargement countries |                         |   |
| LEAD DG RESPONSIBLE UNIT   | DG NEAR A3<br>AP NUMBER: 2016/NEAR/001   | DATE OF THIS ROADMAP    | 08 / 2015   |
| TYPE OF EVALUATION   | Evaluation<br>Interim, Final, Ex-post<br>Mixed                                 | PLANNED START DATE      | Q4 / 2015   |
|  |  | PLANNED COMPLETION DATE | Q1 / 2017   |
|  |  | PLANNING CALENDAR       | <a href="http://ec.europa.eu/smart-regulation/evaluation/index_en.htm">http://ec.europa.eu/smart-regulation/evaluation/index_en.htm</a> |
| <b>This indicative roadmap is provided for information purposes only and is subject to change.</b> |  |                         |   |

| A. Purpose  |
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| (A.1) Purpose   |
| <p>The evaluation will assess the performance, good examples and lessons learned from the pre-existing assistance in areas related to economic governance in the enlargement countries<sup>1</sup>. It should serve to provide advice and evidence in future EU assistance on economic governance.</p> <p>The outputs of the evaluation will be used to:</p> <ul style="list-style-type: none"> <li>• Provide recommendations on the DG NEAR policy approach on issues of economic governance;</li> <li>• Contribute to the design of future economic governance programmes and projects;</li> <li>• Provide recommendations on the improvement of the monitoring and evaluation frameworks, namely in regards to the appropriate indicators that should be embedded in the project cycle and the appropriate project-level data collection mechanisms that would generate the data necessary to populate the indicators;</li> <li>• Outline corrective measures, if applicable on the way in which Instrument for Pre-Accession Assistance (IPA) is implemented and monitored.</li> <li>• Feed the Mid Term Review of both IPA and European Neighbourhood Instrument (ENI).</li> </ul> |
| (A.2) Justification   |
| <p>In the current Enlargement Strategy 2014-2015, the Commission has identified economic governance as one of the key challenges for the Western Balkan countries<sup>2</sup> and Turkey, on their path towards EU accession<sup>3</sup>. Over the last years economic governance has become one of the three fundamental pillars in the enlargement process, mirroring similar developments at the EU level related to the establishment of the European Semester process<sup>4</sup>.</p> <p>This evaluation is foreseen in the DG NEAR multi-annual evaluation plan and will feed into the Mid-term review of the Union's instruments for financing external actions planned for 2017<sup>5</sup>.</p>   |

| B. Content and subject of the evaluation   |
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| (B.1) Subject area   |
| <p>The present difficulties in the Eurozone and the recent global financial crisis have underlined the importance of further consolidating economic and financial stability and fostering reforms and growth, also in the enlargement countries. The Impact of the economic crisis is being felt throughout the region, with the Western Balkans falling</p> |

<sup>1</sup> The full list of possible projects might also include Croatia IPA projects

<sup>2</sup> The former Yugoslav Republic of Macedonia, Montenegro, Serbia, Albania, Bosnia & Herzegovina, Kosovo (this designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence)

<sup>3</sup> COM (2014)700 Final

<sup>4</sup> European semester: [http://ec.europa.eu/economy\\_finance/economic\\_governance/the\\_european\\_semester/index\\_en.htm](http://ec.europa.eu/economy_finance/economic_governance/the_european_semester/index_en.htm)

<sup>5</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:077:0095:0108:EN:PDF>

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| <p>back into recession. Western Balkan countries specifically face major structural economic challenges of high unemployment<sup>6</sup>, low foreign direct investment and low levels of competitiveness. Weaknesses with the rule of law and public financial management exacerbate the risk of corruption, negatively impact the good governance of the economy and negatively impact the investment climate. To date, none of the Western Balkan countries meet the Copenhagen economic criteria and none can be considered as a well-functioning market economy<sup>7</sup>.</p>   |
| <p>(B.2) Original objectives of the intervention</p> <p>IPA I Council regulation<sup>8</sup> (No 1085/2006) covering the period 2007-2013 indicated as the overall objective "the progressive alignment with standards and policies of the EU, including where appropriate the <i>acquis communautaire</i>, with a view to membership." The economic reform is one of the nine areas for which EC assistance is provided. In order to meet the very broad objectives of the IPA I, Multi-Annual Indicative Financial Frameworks (MIFFs) and Multi-Annual Indicative Planning documents (MIPDs)<sup>9</sup> were to be elaborated identifying country specific objectives and results.</p> <p>The enlargement strategy 2013-14 proposed a new approach to help the enlargement countries tackle the economic fundamentals first and meet the economic criteria. Countries were asked to strengthen their medium-term economic programmes, by putting more emphasis on the sustainability of their external position and on the main structural obstacles to growth, in line with Europe 2020 Strategy<sup>10</sup>. In addition, the countries were invited to enhance economic policy and its governance through the co-ordinated preparation and submission of an Economic Reform Programme (ERP). For the Western Balkans, these programmes consist of two distinct parts: Part I outlines the medium-term macroeconomic and fiscal framework as well as concrete macro-structural reforms to support the policy framework and are thus an enhanced version of the previous Pre-Accession Economic Programmes submitted by candidate countries. Part II, as a new element, covers structural reforms of a sectoral nature (such as transport, energy, education, etc.) to enhance competitiveness and long-term growth. Turkey was only asked to submit Part I. The programmes cover the period from 2015-2017.</p>   |
| <p>(B.3) How the objectives were to be achieved</p> <p>In the period 2007-2013 pre-accession assistance to improve economic governance was provided to strengthen institutional capacities of governments in areas such as the management of public funds, economic and fiscal policy and statistics, as well as institutional capacities of national banks.</p> <p>The approach presented in the enlargement strategy 2013-14 emphasises enhanced bilateral and multilateral dialogue and builds in particular on the following two elements:</p> <p><i>Macroeconomic and fiscal programme</i></p> <ul style="list-style-type: none"> <li>- continued use of the existing instruments, namely Pre-accession Economic Programmes for candidate countries and Economic and fiscal Programmes for potential candidates.</li> <li>- strengthened surveillance</li> <li>- More targeted country specific policy guidance.</li> </ul> <p><i>Structural reforms of a sectoral nature to enhance competitiveness and long-term growth</i></p> <p>The Enlargement countries have prepared their first annual national Economic Reform Programme (ERP) to enhance economic policy and its governance. Given the tight timeframe and the novelty of the process, the 2015 ERPs were considered a pilot project.</p> <p>Part I of the ERP set out a medium-term macro-economic and fiscal policy framework, with increased focus on assessing external sustainability and the main structural obstacles to growth, as well as concrete reform measures to directly support the policy framework. Part II, not completed by Turkey, covers structural reform measures including infrastructure investment needs. In Part II, each country is invited to set out a limited number of key sectorial structural reform measures and describe their plans as well as the timeline and the budgetary implications.</p> <p>Building a common understanding of which are the priority macro-economic and sectorial structural reforms for improving competitiveness and growth in the short- and medium-term and having them in one centrally coordinated government document will facilitate countries' efforts to return to sustainable growth, improve competitiveness, create jobs and enhance economic convergence with the EU.</p> <p>In addition, the Regional policy groups and the Regional Cooperation Council (RCC) made good progress in</p> |

<sup>6</sup> An average of 21% on average in the Western Balkans according to Enlargement Strategy 2014: COM(2014) 700 Final

<sup>7</sup> European Commission - Enlargement - Accession criteria [http://ec.europa.eu/enlargement/policy/glossary/terms/accession-criteria\\_en.htm](http://ec.europa.eu/enlargement/policy/glossary/terms/accession-criteria_en.htm)

<sup>8</sup> [http://eacea.ec.europa.eu/tempus/documents/tempus\\_ipa.pdf](http://eacea.ec.europa.eu/tempus/documents/tempus_ipa.pdf)

<sup>9</sup> [http://ec.europa.eu/enlargement/news\\_corner/key-documents/index\\_en.htm?key\\_document=080126248ca659ce](http://ec.europa.eu/enlargement/news_corner/key-documents/index_en.htm?key_document=080126248ca659ce)

<sup>10</sup> Europe 2020 Strategy [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)

adapting the Europe 2020 process to the regional needs and reality. Ministers committed to regularly benchmark policies in the areas of regional trade, private research, entrepreneurship and employment creation. The Commission supported these joint reform efforts and the regional monitoring approach. Some priority areas concern trade and investment in South Eastern Europe through facilitating implementation of regional trade policy in the framework of the Central European Free Trade Agreement (CEFTA) which engaged in the process of liberalisation of services. As well as the Western Balkans Investment Framework (WBIF) was created to bring together national donors and IFIs to develop a pipeline of projects in the countries.

## C. Scope of the evaluation

### (C.1) Topics covered

The evaluation is foreseen as a strategic, policy-oriented forward looking evaluation. It will assess the most recent IPA projects in the period 2009 to 2014 which (in)directly target economic governance in the Western Balkans and Turkey. The evaluation will be focused on IPA programmes and projects. However, it will also include one Community Assistance for Reconstruction Development and Stabilisation programme (CARDS) and one Twinning project<sup>11</sup> aimed at strengthening economic administration, as well as some significant budgetary support operations in the neighbourhood region having addressed issues related to macroeconomic reform programmes and structural reforms.

This evaluation will not only help evaluate the impact and outcome of IPA funding along the criteria of the Better Regulation guidelines<sup>12</sup> (relevance, efficiency, effectiveness, coherence and EU value added) and two additional OECD-DAC criteria (impact and sustainability). But its main focus will be to improve programming and execution of the upcoming reform programs. It is for this reason that the evaluation will be forward looking in nature, with greatest focus on improving the policy dialogue and enhancing the ability to collect evidence for decision making. Practices of Budget support operations related to macroeconomic reforms and structural reforms in the neighbourhood regions will be explored in order to strengthen the quality of the evaluation findings.

In order to provide a thorough assessment of the performance of EU support to enlargement countries, the evaluation will cover all beneficiary countries:

- Albania (the evaluation will cover two contracts contracted under IPA in 2012 and 2013 both aimed at strengthening capacities in order to increase financial management and enhance the internal control system - together they amount to a total of €4,500,000);
- Bosnia and Herzegovina (the two contracts that have been completed and are included in the evaluation amount to € 1,499,322 and focus on the capacity building in central banks as well as in the fields of trade promotion);
- the former Yugoslav Republic of Macedonia (six contracted IPA projects will fall under this evaluation which mainly aim to enhance capability of financial management as well as assist in the implementation of reforms to harmonise standards closer to those of the EU - together they amount to € 7,472,000);
- Kosovo<sup>13</sup> (the two on-going IPA projects that this evaluation will assess are the ones which both aim to improve economic governance on the whole as well as enterprise development specifically - together they amount to €1,100,000);
- Montenegro (the seven projects to be evaluated have targeted the strengthening of financial management, and the supervisory capacity of financial regulators - all together they amount to € 3,316,210 of EU assistance under IPA and CARDS);
- Serbia (four IPA projects, totaling to € 10,600,000, have assisted the modernisation of economic administration as well as increasing support in capacity building) and
- Turkey (the IPA projects to be evaluated, together amounting to € 5,081,547, aimed at strengthening the implementation of financial management and improving quality management in areas of economic governance).

Hence, the evaluation shall:

- Reconstruct the implicit theory of change in addressing economic governance issues;
- Assess the performance of assistance according to the relevance, efficiency, effectiveness, impact, sustainability, coherence and EU value added of IPA programs that target support at economic governance both at the programming and at implementation level, looking at the good/bad practices in terms of the operation (the size of the projects, implementation modality, flexibility) as well as in terms of content (relevance of interventions, correctness of intervention, etc.);
- Assess relative performance/adequacy of the different aid delivery methods used;
- Assess the quality of the monitoring systems in place in terms of the used indicators and official statistics, monitoring mechanisms of results, links with the evaluation function;

<sup>11</sup> [http://ec.europa.eu/enlargement/tenders/twinning/index\\_en.htm](http://ec.europa.eu/enlargement/tenders/twinning/index_en.htm).

<sup>12</sup> [http://ec.europa.eu/smart-regulation/guidelines/toc\\_guide\\_en.htm](http://ec.europa.eu/smart-regulation/guidelines/toc_guide_en.htm)

<sup>13</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.

- Judge DG NEAR coordination/cooperation with other actors, such as the European Central Bank (ECB), DG ECFIN and DG ESTAT within the European Commission, the World Bank, International Monetary Fund (IMF), Organisation for Economic Co-operation and Development and Development (OECD), RCC etc., to identify best practices;
- Propose key areas in which future work is required.

Based on the relevant findings, conclusions and lessons learned above, it will provide relevant operational and concrete recommendations for:

- The future programming of EU assistance falling under Economic Governance. It can provide good practices which can be recommended for upcoming assistance, and 'weaknesses' as 'negative' programming examples;
- The cooperation with other actors in the field of economic governance including the provision of statistical data by the national Statistical Institutes and other stakeholders in the national statistical systems such as Central Banks and Ministries of Finance;
- The key policy priorities within this thematic pillar;
- Areas that do not require the involvement of EU assistance because they are well covered by other donors or require partial assistance to be coordinated with other donors present in the field;
- Improvement of the monitoring and evaluation frameworks, namely with regards to appropriate indicators.
- Strengthened thematic support on Economic Governance through DG NEAR centres of expertise

## (C.2) Issues to be examined

Indicative evaluation questions:

### Relevance:

- To what extent is the EU intervention still relevant? To what extent have the (original) objectives proven to have been appropriate for the intervention in question?
- How relevant is the EU assistance in view of the priority needs of the countries in the region?
- To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?

### Effectiveness:

- How effective was the assistance in targeting economic governance? How did it contribute to tangible improvements on the economic trends? Alternatively how did it help narrow the gap between the beneficiary and the acquis?
- How did the assistance provided respond to the real needs, in terms of quality, timing and duration?
- How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?

### Efficiency:

- To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession?
- What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, etc.) Advantages and/or disadvantages?
- How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?
- How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?
- What was the most efficient methodology in the various projects? And why was it better? How was the programming different vis-à-vis the other projects?

### Impact:

- To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?
- To what extent are the impacts sustainable and what further improvements are needed? What are the factors that hampered the impact and sustainability of the assistance?
- To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?
- Which are the appropriate SMART indicators that should be embedded in the upcoming projects?
- Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

**Sustainability:**

- To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?
- How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?
- To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?
- How much has the economic governance structures evolve thanks to IPA funding?
- Is there enough ownership over these projects? If so, how was this managed? If not, why?

**Coherence**

- To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other action on the field? Is EU assistance coherent?
- To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?
- To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

**EU-Added Value:**

- What is the added value resulting from the EU interventions, compared to what could be achieved by the beneficiary countries at a more national and/or regional level without such interventions?
- Which areas do not require the involvement of EU assistance because they are well covered by other donors or require a partial assistance to be coordinated with other donors present in the field?
- To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?
- To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?

The evaluation questions may be further refined during the inception phase.

**(C.3) Other tasks**

- Task 1: Detailed description of the state-of-play across Potential Candidates and Candidate Countries
- Task 2: Case studies
- Task 3: Answer evaluation questions
- Task 4: Analyse the results of the stakeholder consultation
- Task 5: Formulate conclusions and recommendations

**D. Evidence base****(D.1) Evidence from monitoring**

IPA I/II projects are subject to the results-oriented monitoring system (ROM). It is a performance based monitoring system, which systematically conducts monitoring missions in all regions and sectors of EU Aid, using the same consistent methodology to rapidly assess selected projects. The system is based on regular onsite assessments (once a year) by independent experts to ongoing projects and programmes. Projects and programmes are given scores against agreed criteria (efficiency, effectiveness, potential impact, relevance and likely sustainability) using a structured and consistent methodology. The ROM monitoring reports, as well as internal monitoring reports will be used by the evaluators during the Inception and Desk phases and to prepare the field missions.

**(D.2) Previous evaluations and other reports**

The evaluation will take into account the following documents:

- DG ECFIN (EC) assessments – Economic and Fiscal Programmes/Pre-Accession Economic Programmes
- European Central Bank assessment - EU Candidate Countries' Pre-Accession Economic Programmes 2014: Review and Assessment of Monetary and Exchange Rate Policies

- Economic and Financial Affairs Council ECOFIN conclusions
- Draft Joint Conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey<sup>14</sup>
- Economic Reforms Programmes (for reference "Joint conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey"<sup>15</sup>)
- Progress reports<sup>16</sup>

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

*Not applicable*

(D.4) Consultation

An open, internet-based consultation of minimum duration 12 weeks will be part of a wider consultation strategy to target relevant parties and information sources. This consultation will be developed and launched by DG NEAR in the second quarter of 2016.

The stakeholders for this evaluation include:

National stakeholders include (non-exhaustive list):

- National IPA coordinators (NIPAC);
- Financial authorities, Relevant Ministries such as the Ministry of Finance, the Ministry of Economic Development, the Ministry for Innovation and Public Administration; Economic and Finance Committee of the Parliament;
- Central banks, the financial institutions and the National Statistical Offices.

International Stakeholders (non-exhaustive list):

- The World Bank
- The International Monetary Fund (IMF)
- The European Central Bank (ECB)
- The European Investment Bank (EIB)
- The European Bank for Reconstruction and Development (EBRD)
- The Organisation for Economic Co-operation and Development (OECD)
- The Regional Cooperation Council (RCC)
- Civil Society Organisations (CSOs)
- Private sector

#### Stakeholder consultation

##### 1. Evaluation roadmap

Feedback can be provided on this roadmap via the EC website (it should preferably be sent within the first 4 weeks following publication).

##### 2. Inception and desk phase

During the Inception and Desk phase, the national stakeholders will be consulted via phone/email/face to face discussions. Use of interviews, surveys, questionnaires and other tools will be considered and decided upon during the inception phase. Comments/views will be taken on board from these stakeholders before the finalisation of the Inception and the Desk phase reports.

##### 3. Field phase

During the Field phase several beneficiary countries will be visited by the evaluators. The evaluators will meet with the EU and national stakeholders relevant for IPA projects (from 2009 to 2014), which (in)directly target economic governance in the Western Balkans, and also for Multicountry projects and for practices of budget support for reforms in macroeconomic and public finance policy in the neighbourhood regions.

##### 4. Final report

A stakeholders' workshop/s will be held towards the end of the field phase before the elaboration of the Draft Final report to discuss the findings and preliminary recommendations;

The Draft Final report will be sent for comments to the stakeholders listed above before its finalisation.

<sup>14</sup> <http://data.consilium.europa.eu/doc/document/ST-8603-2015-INIT/en/pdf>

<sup>15</sup> [https://eu2015.lv/images/news/Joint\\_Conclusions.pdf](https://eu2015.lv/images/news/Joint_Conclusions.pdf)

<sup>16</sup> [http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index\\_en.htm](http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index_en.htm)

## 5. Dissemination

Dissemination seminars/conferences will be held in Brussels/Western Balkans region once the evaluation has been completed.