COMMISSION DECISION
OF 1999

Establishing a Phare Evaluations Programme (PEP) for 1999-2000,

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to certain countries of Central and Eastern Europe, as last amended by Regulation (EC) No 1266/99 of 21 June 1999 and in particular Article 9 thereof,

Whereas Regulation No 3906/89 lays down the rules and conditions for the granting of economic aid to certain countries of Central and Eastern Europe,

Whereas the measures provided for by this Decision are in accordance with the opinion of the Committee on Aid for Economic Restructuring in certain countries of Central and Eastern Europe,

HEREBY DECIDES AS FOLLOWS:

Article 1

The programme described in the Annex to the present decision is hereby adopted.

Article 2

The maximum amount of Community assistance shall be €2.0 million to be financed through Budget line B7-500

Done in Brussels,

For the Commission
1. Identification

Country: All Phare beneficiary Countries
Programme: Phare Evaluations Programme 1999-2000 (PEP)
Year: 1999
Cost: €2.0 million
Implementing Authority: Commission Operational Services in Brussels

Expiry date: Commitments: 31 December 2001
Payments: 31 December 2002
Sector: AA (Other)
Group: O (Other, including multi-beneficiary programmes)
Budget line: B7-5000
Task Manager: Bertin Martens

2. Summary

The objectives of the Phare Evaluations Programme (PEP) are to improve the quality of Phare programmes and policies, at all stages of the management cycle, to enhance transparency and accountability of Phare operations and to strengthen domestic evaluation capacity in the CEECs. This will be achieved through a series of evaluations of specific Phare programmes, taking into account the proposed re-orientations of the Phare programme in an accession context. The financing proposal also includes provisions for evaluation capacity building in the CEECs and dissemination of evaluation findings.
3. Background

Evaluation I of Phare programmes was provided for since January 1997 within DG1A of the European Commission in response to the Commission’s “Sound and Efficient Management 2000” (SEM2000). It involves a programme of rigorous and timely independent evaluations of a large part of the Phare programme. In July 1998, the Unit was integrated in the Evaluation Unit of the Joint Relex Service (SCR).

An initial evaluation budget of €1 million was financed under the 1997 Phare Special Assistance Fund. This was used to produce the Phare Interim Evaluation report, published in July 1997, as well as several sectoral studies. Thereafter, a separate Phare Evaluation Programme, covering the period 1997-1998, was set up, with a budget of €3 million. The 1997-98 programme focused mainly on sectoral evaluations, though the idea of country evaluations and local evaluation capacity building was already present in that programme. Several other sectoral studies were financed on their own operational programme budgets. For a complete overview of all Phare evaluations launched to date, their status and source of financing, see Annex A.

The present financing proposal covers the period 1999-2000. It focuses mainly on country strategy evaluations and the development of local evaluation capacity building. Furthermore, it includes a limited number of studies of specific multicountry facilities, such as the Twinning Programme. Finally, a provision is made for the synthesis, publication and dissemination of the findings of evaluation reports. This includes studies of feedback loops and practices and related methodological work.

The proposed evaluation programme 1999-2000 takes into account the recent re-orientations of Phare towards pre-accession strategies and the gradual decentralisation of implementation responsibilities, in line with the Structural Funds approach. This implies - at least partially - decentralisation of the evaluation function as well. The programme makes explicit provisions for building up local evaluation capacity in the beneficiary countries.

The proposed 1999-2000 programme also covers the non-associated Phare beneficiary countries, taking into account their particular situation. Here, a mixture of country and sectoral studies is foreseen.

4. Objectives

The wider objective of the PEP is to enhance the effectiveness and impact of the Phare Programme with respect to the overall EU policy objective of accession of the CECs. This will be achieved through regular inputs into reflections on Phare within

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1 Evaluation is to be distinguished from the Phare Monitoring & Assessment Programme, managed by the OMAS consortium, which produces regular reports on the activities and outputs of on-going or recently completed programmes. Evaluation usually intervenes after programmes have produced their outputs and the responsibility of programme management has ended. As such, it has a more ex-post role. It looks as policy and strategy issues, across programmes and for entire sectors or countries.
the Commission, the Council and the Parliament, and more widely the general and
specialised public, on the Phare programme and its performance.

The immediate objectives of the PEP are:

a) To improve the quality of Phare programmes and policies, at all stages of the
management cycle. The findings and recommendations of the evaluation studies will
be fed back into programme management and are meant to enhance the design of new
generations of programmes and enable corrective action in management procedures.

b) Transparency and accountability of Phare operations vis à vis the Parliament,
the Member States, the beneficiary states, the Court of Auditors and the wider public
will be improved, by ensuring a wide dissemination of the evaluation reports.

c) Enhanced domestic evaluation capacity in the CECs, in particular with regard
to Phare programmes, will have been strengthened through on-the-job and formal
training of CEC staff in evaluation methodology and applications. Experience will
also have been gained in carrying out joint evaluations with the Commission, in
accordance with Commission standards. This will facilitate the transition towards a
Structural Funds approach at the start of the new financial perspectives in the year
2000.

5. Activities and outputs

As the main activity under the PEP consists of evaluation studies, to be carried out by
independent consultants, the main output of the PEP is a series of evaluation reports,
in the following domains:

- 3 to 4 country strategy evaluations, including local evaluation capacity building
  programmes, in the candidate member states. Countries are still to be selected, in
  coordination with the national authorities in the Phare countries.
- Horizontal programmes and facilities including, amongst others, an evaluation of
  institution building programmes using Twinning, some fully decentralised
  programmes and some Structural and Social Fund-type of programmes, for
  example those that support local economic development.
- Country and/or sectoral studies (2) in the non-associated countries Albania and
  FYROM. The coverage of these studies is to be decided between the Evaluation
  Unit and the services concerned.

Furthermore, various activities will be organised (essentially workshops, reports and
publications) to ensure synthesis, publication and dissemination of the findings of
evaluation reports to the beneficiary country institutions concerned, the European
institutions and the wider public.

Contrary to sectoral or thematic evaluations - that focus on results and impact of
particular programmes - country evaluations put emphasis on policy priorities and
compare the relative performance of various programmes within a country financial
envelope. As such, they offer a different evaluation perspective to decision makers,
allowing progress towards accession to be measured against the yardstick of the effectiveness and impact of the Phare Programme in the applicant countries.

Evaluation capacity building in the CECs is a logical consequence of the new Phare orientations, in two ways. First, a gradual transition to a Structural Funds approach is foreseen - whereby beneficiaries will anyway be expected to take a leading role in the evaluation of the operations. Second, under the Accession Partnerships, financing will be made conditional upon proper monitoring and evaluation of programmes, a role that should gradually be taken on board by the beneficiary country. New structures are in the process of being set up for that purpose, including the Joint Monitoring (sub-) Committees. While the responsibility for monitoring will shift to the beneficiary country authorities and EC Delegations, assessment will be ensured by an independent external assessment team. Evaluation capacity building efforts in the Phare countries will aim at all authorities involved in Phare programme implementation, though a specific institutional anchor point may be set up in the NAO’s office.

The Evaluation unit will identify suitable counterpart institutions that will be involved in the preparation and supervision of joint evaluations. Part of the costs for the counterpart institution may be met from this programme. The development of common methodological approaches and training of evaluators will also be included in this component.

All evaluations, in principle, follow the EC’s standard project design and evaluation methodology, based on the Logical Framework approach and the corresponding evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability.

6. Co-ordination with other donors

The Evaluation Unit is in regular contact with its counterparts in the Member States, IFIs and through the OECD. Regular exchanges of information on workprogrammes and evaluation reports have been established. The Unit is presently seeking to extend this exchange of information and documents to counterparts in the Phare countries.

Joint evaluations with other donors of co-financed or complementary programmes will also be encouraged.

7. Cost

The total cost of the programme is estimated at €2 million. The following breakdown is indicative only and subject to changes in the course of implementation of the programme (within the rules applicable to budget re-allocations):

- 3-4 country evaluations, incl. local evaluation capacity building €1.000.000
- 2 horizontal programmes and facilities € 450.000
- 2 country and sectoral evaluations, non-associated countries € 450.000
- Synthesis, publication and dissemination of findings € 100,000

It is not possible to define at this stage the exact costs or subjects of these evaluations. It is also essential for the evaluation service to be able to respond to changing evaluation needs, both as regards the subjects of evaluations and their scale and consequent cost.

The existence of this Phare Evaluation Programme 1999-2000 budget does not exclude financing of specific programme evaluations from budget lines earmarked for that purpose within individual Phare programmes, subject to the availability of adequate human resources in the Evaluation Unit.

### Accumulated contracting and disbursement forecast (in €million)

<table>
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<th>Q1 - 00</th>
<th>Q2 - 00</th>
<th>Q3 - 00</th>
<th>Q4 - 00</th>
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<th>Q2 - 01</th>
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<td>1.5</td>
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#### 8. Implementation arrangements

The programme will be implemented by the Commission on behalf of the national authorities. The Evaluation Unit will, in consultation with the operational services:

- prepare terms of reference for the evaluations
- contract external consultants for the work, in accordance with standard Phare procedures
- supervise and facilitate the work of the consultants
- ensure appropriate dissemination of the reports and findings, including to the Parliament, the Member States, the Court of Auditors and the Phare beneficiary countries
- seek the active collaboration of CEEC counterpart institutions in the preparation and execution of these evaluations.

#### 9. Audit, monitoring and evaluation

The programme is subject to the usual audit provisions for all EC financed programmes.

Towards the end of the implementation period, the Evaluation Unit will submit the implementation of the Phare Evaluation Programme to an evaluation by an independent consultant.
10. Special conditions

None.

11. Assumptions and risks

The implementation of the PEP is based on the assumption that an “evaluation culture” conducive to an open and critical discussion of Phare programme performance, as well as a willingness to act upon the findings and recommendations, is present, or at least is gradually emerging, both within the EU institutions and in the institutions of the CECs.

Staff shortages in the evaluation unit and non-availability of CEC counterpart institutions and staff for joint evaluations may hamper the implementation of the PEP.
12. **Annexes**


Annex B: Main findings from Phare Evaluations to date

Annex C: Country evaluations and local evaluation capacity building: concepts

Annex D: Logical framework for the Phare Evaluation Programme
<table>
<thead>
<tr>
<th>Domain</th>
<th>Amount</th>
<th>Completed by</th>
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<td>Interim Evaluation</td>
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</tr>
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<td>Banking sector</td>
<td>200.000</td>
<td>Août-98</td>
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<tr>
<td>Privatisation &amp; restructuring</td>
<td>200.000</td>
<td>Août-98</td>
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<tr>
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</tr>
<tr>
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</tr>
<tr>
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<td>Déc-98</td>
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<td><strong>TOTAL PHARE EVALUATIONS</strong>:</td>
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Annex B:

A summary of Findings and Recommendations

from Phare Evaluations to date

Phare programmes:

are reasonably good at producing the expected OUTPUTS or services
in some cases the outputs are effectively used to achieve the immediate OBJECTIVES
but they rarely achieve any long-term IMPACT

This is due:

to some extent to external risk factors – which reduce effectiveness and impact but could be reduced if better handled
mainly to internal factors:
a traditional STRONG INPUTS BIAS in the set-up of the programmes
vague programme design, ad-hoc projects approach
long, inflexible and unnecessarily complex procedures
inadequate policy frameworks or strategies, and low in-house expertise to design them

Recommendations:

switch from a projects/inputs-driven to a policy-driven approach in programming, with verifiable output and impact benchmarks
drastically simply financial and administrative procedures
re-allocate the freed human resources to deal with policy and performance issues
improve programme design (introduce quality control) with verifiable policy and performance objectives, not with spending and inputs objectives - and monitor them

Findings from some specific sectoral evaluations:

Public Administration Reform

Works better at local than central government level: more technocratic, less risks
Politicized high-risk domain: project approach is ineffective, unless flexible (Sigma)
Focus on management domain but poor in policy, human resources and democracy
Stand-alone training programmes are quite efficient but have little impact
Customs reform

Very poor showing in general, mainly because of focus on computer systems delivery
Equipment component had impact on border controls, but too small
Good results in legislation but rarely due to Phare; no implementation follow-up
Training: efficient, but not effective: often hanging in the air

Banking, Privatisation & restructuring

Good impact only in countries with good (often WB) policies
Elsewhere: poor results, an argument for policy/conditionality-driven programmes
Impact at company level but very little at national level (except inputs supply)
Phare subsidies may have competition distortion effects; cost-sharing necessary
Qualified local experts are often available: any role left for Phare?

Partnership Programme

Relevant to the needs of NGOs but hard to see any impact.
Positive in terms of knowledge & skills development but weak in achieving objectives
NGO’s have financial sustainability problems and Phare has no exit strategy
Centralised management and inflexible procedures are a major weakness.

CBC

Lack of capacity in local administrations: focus more on institution building
Larger projects not manageable for local administrations: reduce project size
Open up to Eastern borders of candidate member states
Annex C: Decentralisation of Phare programme evaluations to the candidate member states

1. Introduction

Phare programme implementation has been further decentralised under the 1997 Guidelines and is expected to converge gradually with implementation arrangements for the EU’s Structural Funds, as and when the candidate member states approach full membership. Under the latter arrangements, monitoring and evaluation are left largely to the beneficiary states, with the Commission in a more residual role only.

The 1997 Guidelines anticipated this decentralisation of monitoring and evaluation arrangements with the introduction of Joint Monitoring Committee’s (JMC), an institution similar to its namesake under the EU’s Structural Funds, which should be gradually established from end 1998 onwards, with assistance from the Special Preparatory Programme.

Under the Decentralised Implementation System (DIS), started in 1994 and gradually expanded since, programme management is already largely in the hands of Programme Management Units (PMU’s) and EC Delegations. Under the 1997 Guidelines, a large number of PMU’s will be replaced by a single CFCU’s (Central Financing and Contracting Unit’s), with enhanced responsibilities. As a result, programmes are largely driven “from the field”, and the amount of detailed information on programme implementation available at central level in Brussels is diminishing fast.

With the 1997 Guidelines, the Phare programme has become an instrument to facilitate the pre-accession process. It focuses less on transition and more on Accession issues, including implementation of the Acquis. The Commission presents its Opinions (annually updated) and Accession Partnerships (AP’s) that identify obstacles to accession, and the candidate member states respond with their National Programmes for the Adoption of the Acquis (NPAA’s) to overcome these obstacles. The overall objective – Accession – is now clear, and so are, broadly speaking, the gaps that have to be filled before it can be achieved. Emphasis has moved to country strategies and policies to fill the gaps identified in the Opinions and AP’s.

At the same time, the quality and coverage of the first generation of NPAA’s is quite variable, and the articulation with concrete Phare programmes, as well as with contributions from other donors and the country’s own resources, is not always very clear. Strategies remain somewhat vague in many cases. Since beneficiaries now become largely responsible for identification and design of their own programmes, the capacity to design and evaluate them should also move to their side.

This decentralisation trend has implications for the approach to evaluation of Phare programmes. The present note formulates a number of proposals to contribute to the
strengthening of evaluation capacity in the candidate member states, so as to prepare them for their responsibilities in this domain once they become a full member state.

It does not prejudice on future Phare monitoring arrangements in the framework of the Joint Monitoring Committees and their Monitoring Sub-Committees, nor on any evaluation arrangements that may be set up under the future ISPA and Sapard programmes. Monitoring is to become more and more a responsibility of the beneficiary institutions; an independent and external assessment system is proposed to be set up in each beneficiary country, as a successor to the present (OMAS) M&A system. While monitoring and assessment focus on the implementation of on-going or just-completed programmes, evaluation has a more ex-post role, once programmes have delivered their intended outputs and the responsibility of programme managers had ended. Also, country evaluations do not focus on particular programmes but take a view across programmes and sectors, looking at overall country strategies and policies. Coherence and collaboration between all these arrangements is nevertheless desirable and should be sought, as a matter of principle.

2. Country evaluations (CE) and local evaluation capacity building (ECB)

The Phare Evaluation Programme can contribute at the same time to (a) a better articulation between concrete Phare programmes and Accession strategies and (b) further decentralisation of programme design and implementation arrangements. This could be achieve by combining Phare Country Evaluations (CE) with local Evaluation Capacity Building (ECB). A CECB Initiative under the Phare Evaluation Programme could offer the Phare countries a Phare Country Strategy and Policy evaluation, based on the new orientations of the Phare programme (1997 and 2000). The focus will be on policies and programme/project impact, and less so on management and procedures. However, the proposed evaluation is not a substitute for country programme discussions between the national authorities and the Phare management; it should be considered as an input only into these discussions. The exercise is first and foremost an attempt to improve the performance of Phare country programmes; it is independent from the Accession process and should not prejudice in any way on the proceedings in that process; in order to enhance local evaluation capacity building and decentralisation of the evaluation function, the Country Strategy evaluation will be carried out by a team of mostly local experts, in close collaboration with the NAO and other key implementation authorities in the beneficiary country. The initiative may include formal and on-the-job training in evaluation methods for local consultants and Phare programme management staff attached to various Phare programme implementation authorities. The training element will seek to promote a progressively wider distribution of evaluation skills across institutions. the local evaluation team will be complemented by a few international experts with wide experience in country strategy evaluations as well as project evaluations, experience in EC domestic as well as external aid programmes evaluation, and familiar with the Phare programme and Accession issues. Foreign expertise would essentially consist of a lead expert/editor-in-chief (with considerable experience in country evaluations, the Phare programme, and “a good pen”) and an “animator” (with experience in evaluation methods and conducting evaluation “processes”). The
presence of international expert input may help to ensure independance and outside views, to convey experience from other countries and to transfer evaluation methods and techniques. In countries that are not yet in a position to provide high-level local experts, more external experts may be involved. Final responsibility and clearing of the report will remain, for the time being, with the Evaluation Unit. the institutional anchoring of the initiative will depend on the institutional structure of the Phare programme in the beneficiary country concerned. It should preferably be anchored in a key authority that fulfils a central role within the Phare programme set-up, such as the NAO’s office. This way, the initiative will contribute to the institutionalisation of evaluations, although it will not seek a monopolisation of the evaluation function within a particular institution.

the initiative will also ensure a wide dissemination of the evaluation findings to programme managers and decisions makers, through workshops, publications and thereby promote an evaluation culture, focused on transparency and accountability.

The actual composition of this package may vary somewhat by country, depending on the preferences of the beneficiaries and the Commission services concerned.

As such, country evaluations could become the starting point for decentralisation of the evaluation function to the beneficiaries by shifting implementation emphasis (depending on the readiness of the country) from Brussels to the field, and from international to local experts. The central evaluation function in Brussels will move towards a more residual role (multi-country reports and thematic studies, methodological issues and quality control, summary reports and dissemination).

3. **Outline of possible implementation arrangements for a CE/ECB exercise**

The proposed approach to country evaluations could conceivably be implemented in accordance with the following scenario, in several stages:

The Phare countries are solicited to express their interest in conducting this CE/ECB initiative. A final selection and ranking of countries is done by the Evaluation Unit; Mixed teams of international and local experts are assembled, in accordance with the normal Phare procedures, to conduct the evaluation; Workshops and meetings are held in the countries concerned to examine the existing information and inventory of Phare programmes, decide on the specific studies to be carried out, and discuss the findings from these studies. The findings and recommendations are discussed in-country between the local and international experts and a wide range of stakeholders (programme managers, government officials, beneficiaries). The final report (in English and local language), to be accepted by the Evaluation Unit, will be published and disseminated on a wide scale. In view of the wide coverage of this Initiative, collaboration with other interested parties is necessary, including DG Regional Policy (ISPA, structural funds) and DG Agriculture (Sapard). Their involvement in this CE/ECB exercise is an asset and will certainly enrich the approach.
While this CE/ECB Initiative is very much focused on the candidate member states and the particular context in which they prepare and implement Phare programmes, the non-associated countries (Albania, Fyrom) are covered as well. In their case, a more traditional Country Programme and Strategy evaluation could be set up with the national Phare authorities, although still within the context of local evaluation capacity building.