

Ex-Ante-Evaluations: Strengths, weaknesses and opportunities

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Introduction

The standard process of Ex-Ante evaluations is well documented. The processes are not new and yet I perceive that evaluators such as myself frequently come across the similar problems time after time. The evaluation process is transparent and should be void of failure, but evidence for the recent wave of EC structural policy evaluations and inconsistencies therein, has raised some issues that suggest that the process is in need of a review and some minor modifications.

The experience gained by Richard Banks Ltd relates specifically to the application of Ex-Ante evaluations to examine the interpretation by national / regional Governments (UK countries and Denmark) of the FIFG (Fisheries Structural Regulation). Whilst the company's prime focus is in respect to fisheries, the components of the evaluation process conform to EC guideline notes. I am sure that many of the issues raised today will meet with an air of understanding irrespective of the particular specialism.

I have been asked by the organisers not to focus on fish. I have tried to write this paper with general principles in mind but I also remember my college lecturer's old adage give examples. I apologise therefore in advance that examples, though infrequent, will include fish

The process

The Ex-Ante process is an interactive one. The degree of interaction depends largely on the enthusiasm of Government officials that participate and the evaluator's expertise. i.e. a specialist who has undertaken a number of reviews ex-post / mid term in one or a number of countries and has regular knowledge and contacts to use will be able to use his own resources more efficiently.

The standard process is as follows:

- A. Outline of funding mechanisms and definition of the budget (*Government Department*)

B. Definition of the regulation (FIFG) and what it includes (*Government Department / Sponsoring Agency (The Commission) and Evaluator's Interpretation.*)

C. Definition of terms of reference, highlighting specific areas of interest to the Member State. i.e. Where provision for specific policy measures have been stated as a priority and where others have been excluded. (*Government Department*)

D. The socio-economic context of the intervention (changes in the structure of industry (number of units, employment and contribution to GDP / value added over the period of the last programme. (*Evaluator*))

E. Analysis of the strengths, weaknesses and the identification of investment opportunities. (*Evaluator / Government Department*)

F. Taking account of the success / failure of the past programmes in respect to:

- budgetary allocations,
- expenditure,
- level of historic funds used,
- National, EU contribution leverage

Plus:

- the mid-term evaluation report
- specific expenditure and policy evaluations of direct relevance

Encompassing:

- How the previous programme has been managed and administered
- How was schemes were promoted
- What changes should be made

(*Evaluator with the support of the Government Department*)

G. Identification of investment priorities – assessed against the background of:

- Value for money
- Additionality
- Sector displacement
- Aid displacement

(*Evaluator*)

H. Means to attain the Objectives and the action priorities selected and their internal and external consistency

Government react to the evaluators recommendations and define outline financial measures and budget in accordance with the Commission policy and the overriding objectives

I. Assessment of the rationale and the overall consistency of the strategy

(Evaluator)

J. Quantification of objectives (output, and Impact indicators for each measure)

(Evaluator)

A. Quality of the implementation and monitoring arrangements

- management responsibilities (The role and TOR of the Monitoring committee and selection of participants),
- the process of financial control and the use of indicators
- management control
- legislation required to enact the policy
- timetable

(Government)

B. Conclusion

- Summary of base information
- Achievements, results and impact examined as a whole including its interaction with other policies and unforeseen consequences (benefits on additionality)
- Adequacy of the data
- Success of the evaluation exercise

(Evaluator)

Key problems encountered with the process

Strengths of the process

- Socio economic analysis and assessment of past performances provided very good focus on investment priorities
- SWOT analysis, if incorporating sector contribution, allows the evaluator, administration and sector to focus on key opportunities
- Assessment priorities provide a simple basis from which to interpret priorities according to policy objectives
- Interaction between national administrations throughout the process are mutually beneficial to all

General problems

I. Definition of policy tools

Failure to instil economic (or environmental) rationality into policy makers will ultimately respond in heavy criticism by evaluators but implicitly different policies being adopted within each country may be at variance with evaluation criteria

II. Policy objectives may be obscured

Objectives fail to address economic priorities, the need for interactive and mutually beneficial investment priorities in the different sectors under the same programme (production, processing and infrastructural support) and environmental concerns.

Objectives are often lost in Commission speak which generalises issues and adds in almost every priority which a brain storming exercise might identify.

Objectives are often explicit but never clearly outlined. More often the evaluator has to glean (or even suggest) the specific objectives policy and test the reaction

III. Policy objectives may be conflicting

Structural assistance versus economic and environmental advancement (Fisheries policy example of advancing the case for assistance for the construction of new vessels and yet advocating at the same time a policy of effort reduction and fleet decommissioning)

IV. Policy will be subject to different emphasis of interpretation by national administrations and ultimately evaluators

Social versus economic versus environmental objectives leading to huge inconsistencies, imbalances between countries and sectors and a failure to satisfy evaluation criteria

V. The Member State may be unwilling to respond to some or most of the initiatives

Identification of objectives in Commission policy may already have been pre-scrutinised and are already presumed to be in conflict. Some countries face Budgetary constraints

VI. Commission may be accused of being inconsistent in their reaction to individual country national measures

Solutions to general problems

I. *Definition of policy tools*

Instil economic (or environmental) rational into working groups and ultimately the politicians (WHO / FAO initiatives and general concern in respect to the inefficiency of subsidies) that mould structural policies.

II. *Policy objectives may be obscured*

State policy objectives more clearly – stress the need for value added and advancement of self sustaining policy measures, the need to comply with environmental measures and the need to avoid conflicting measures e.g. assistance to one region / country and not the other (Re-assessment of Objective 1 versus other Objective from the perspective of the displacement effects)

III. *Policy objectives may be conflicting*

IV. *Policy will be subject to different emphasis of interpretation by national administrations and ultimately evaluators*

Specifically define eligible investment which are known to conform to policy objectives and strict evaluation criteria. An overall Ex-Ante appraisal should in fact be carried out in respect to outline measures at Commission level. This may ultimately be done as and when the Commission approves the national plans, but this is often too late and still inconsistencies occur leading to: displacement within countries and between sectors, displacement from one country to another. The Commission may therefore have to be more specific in terms of defining policy measures.

V. *The Member State may be unwilling to respond to some or most of the initiatives*

Enforce action – eg structural adjustment

VI. *Commission may be accused of being inconsistent in their reaction to individual country national measures*

Transparency in approach, proper training and interaction between those assessing the proposed national measures

SWOT of the process

A. *Outline of funding mechanisms and definition of the budget*

Very transparent process with few difficulties encountered

B. Definition of the regulation (FIFG) and what it includes

See above (II Policy objectives may be obscured)

C. Definition of terms of reference, highlighting specific areas of interest to the Member State. i.e. Where provision for specific policy measures have been stated as a priority and where others have been excluded

See above (V The Member State may be unwilling to respond to some or most of the initiatives)

D. The socio-economic context of the intervention (changes in the structure of industry (number of units, employment and contribution to GDP / value added over the period of the last programme.

Strength: A useful basis from which to start an analysis provided that the information used is readily available. In respect to fisheries, this ability to undertake such appraisals is enhanced by the availability of DG XIV published reports. Focus should be on sector developments (units, employment and value added) over an extensive period so as to detect potential areas of growth and decline both in a national and regional context.

Weakness 1: The only problem with these studies is that they rely on active research work being undertaken on a regular basis which should in theory be instigated by the Member States. In this respect, some countries tend to be more productive than others, but at the same time, it should be said that there is industry fatigue in respect to countless surveys being undertaken.

Weakness 2: The evaluation process is however made harder by the fact that Ex-Antes have to respond to Objective area SPDs, so in the context an Ex-Ante within England has to exclude statistics from Liverpool, South Yorkshire and Cornwall and in Scotland, the Highlands and Islands. As Objective areas change, information may not be readily available.

Opportunity: Commission to set specific guidelines for collation on a regional basis to focus on number of units, employment and net value added. These should be collected annually from a selected sub sample of units. This of course presumes that structural assistance will be a long-term phenomenon.

E. Analysis of the strengths, weaknesses and the identification of investment opportunities.

Strength 1: The approach is simple but effective

Strength 2: If carried out effectively, it should involve a degree of interaction with the sector itself. Governments often make the mistake of undertaking widespread and expensive consultations. Responses are often political rather than seeking to focus on rational thinking. An interactive approach with the sector through face to face interviews, extending to the testing of particular opportunities and how these might be achieved and questioning dubious suggestions on the grounds of evaluation principles yields very positive results. Three separate approaches have been used in my

experience: engagement of strategic studies, workshops and face to face interviews. The first can often be highly expensive but lucrative to consultants, the second may inhibit particular contributions (off the record comments) and the final is cheap but probably the most effective, provided that the correct people are carefully selected. Once again inside knowledge of the sector and the key players therein, is a pre-requisite to the success of the latter option. The other useful facet to the evaluator carrying out such work is that he is familiar with the overall policy objectives.

Weakness: It may rely heavily on published work, evaluators / specialists experience.

Opportunity: Saving money within the SWOT approach by cheap and effective methods

F. Taking account of the success / failure of the past programmes

Strength 1: Interacts with the programme's monitoring work

Strength 2: Information is readily available

Weakness: Lack of a measure in the previous programme obviates its use eg. A scheme for aquaculture was not available in England

Opportunity: Examine specific programmes conducted in other countries (in the case of aquaculture Scotland / Ireland). Much can be learnt from the evolution of other such schemes

G. Identification of investment priorities

Strengths: Interprets the SWOT and applies simple assessment criteria (value for money, additionality, displacement)

Weakness 1: perception of value for money are very different between countries.

Weakness 2 EC structural measures often contradict value for money eg decommissioning of fishing vessels (which are old and ineffective against market forces which will see the vessels disappear in any event

Weakness 3: countries support EC measures because they are stated policy tools, they never seek to question them – grant for harbours which are already self sufficient, aid for fishing vessels which already have high profits and demonstrate very profitable returns on capital

Weakness 4: Different Member States have different perceptions as to what is value for money and high / low additionality and what is not (Safety grants for fishing vessels, a highly politicised issue but a fundamental requirement by statute, safety grants have been

Weakness 5: Assistance / higher levels of assistance in one region can have a significant knock on effect in another. The classic political spiral, "if they do it then so should we". Examples:

- Aid to processing in Scotland and not England can distort competition considerably

(not an issue, but a potential issue for an evaluator and stresses the need at times for co-ordinated inter governmental reviews) whether the assistance has damaged other sectors or ventures

- aid to aquaculture in the Irish Republic has caused displacement within the English sector
- aid to market promotion from one country has a displacement effect on the other (ironically marketing assistance is available within country programmes provided that they don't specify source region eg "Cornish fish", and yet the Commission sanctions the principal of "Danish fish" which may displace fish from another Member State source
- aid to structural adjustment in one country and not others – the example of grants for Spanish fishing vessels fishing in the same waters against the inability for UK vessels to extract funding for similar ventures. Sends out the wrong messages to the sector, results in competitiveness in respect to the need to retain policies which don't achieve VFM criteria and distorts competition
- different aid packages to one region (Objective 1 non Objective 1 regions) as opposed to another create displacement effects and could undermine the very basis of some of the key objectives

Opportunity 1: Commission should explore other policy measures which utilise market forces to achieve structural adjustment

Opportunity 2: Commission should seek to examine potential for displacement before enacting key policies.

Opportunity 3: The Commission should focus on key objectives which seek to reduce the dependence on structural reduction and move towards market forces (eg enhancement of value added leading to long term self re-generation)

H. Means to attain the Objectives and the action priorities selected and their internal and external consistency

Strength: Follows the preceding process

I. Assessment of the rationale and the overall consistency of the strategy

Strength: follows the preceding process

J. Quantification of objectives (output, and Impact indicators for each measure)

Strength: Provides a basis from which to measure success

Weakness 1: The Commissions identification of indicators are too extensive – the brain storming approach

Weakness 2: Monitoring of elaborate indicators is not cost effective

Weakness 3: Changes in economic indicators (Value added / employment) may be as a result of other forces e.g. value added - change in input costs, sales prices, employment – competition from other industry

Opportunities: Simplify output indicators

Conclusion

The Ex-Ante evaluation is a necessary tool but it requires:

1. the Commission to undertake a more rigid appraisal of its policy measures. A review of existing Ex-Ante reviews should throw up some stark inconsistencies
2. the Commission needs to rigidly define available measures which comply with the evaluation criteria and do not conflict with the objectives. This requires an education process more of the policy makers than the Commission themselves
3. the Commission should seek to establish co-ordination groups in respect to particular policy measures so as to attempt to avoid or nullify the displacement impacts
4. the Commission should seek to define specific aids which comply with their objectives
5. the Commission should seek to simplify the set of output indicators required
6. Member States should deploy a process which is cost effective which cultivates industry interaction in the process and minimises disruption – i.e. avoid over extensive strategic surveys
7. The Commission should re-appraise the logic of allocating higher / lower grants to particular regions