

Thematic evaluation on Economic Governance	
Evaluation Mandate	
Directorate General/Unit	DG NEAR, Unit A3
Type of evaluation	Forward looking thematic Evaluation
Planned start date	July 2015
Planned completion date	January/February 2016
Budget/budget line:	IPA/2014/31758
Indicative budget	150.000 EUR
Type of procedure	Framework procedure

1. Why do we need this evaluation?

1.1 Justification

In the current Enlargement Strategy 2014-2015, the Commission has identified economic governance as one of the key challenges for the Western Balkan countries¹, on their path towards EU accession². Western Balkan countries specifically face major structural economic challenges of high unemployment³, 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 WB countries meet the Copenhagen economic criteria.

In order to tackle these issues and bridge the gap between the level of economic governance in the Balkans and in the EU, the current Enlargement Strategy prioritises Economic governance as one of the three fundamental pillars of a new approach, together with Rule of Law and Public Administration Reform.

Putting economic governance at the forefront of the enlargement process was endorsed by the General Affairs Council Meeting on Enlargement and Stabilization and Association Process on 17th December 2013⁴, where a proposal was adopted to strengthen dialogue on economic reform, competitiveness and job creation. The economic and finance ministers of the Enlargement countries have welcomed this new approach as it will provide a more targeted guidance with a view to strengthen public finances, support private sector development and stimulate economic growth⁵. It implies a change in the dialogue and improved reporting in order to give clearer guidance on reforms needed to support long-term growth and competitiveness. It will build on the experience of the EU Member States in the European Semester. There will be an increased emphasis on structural reforms which are sectoral in nature.

In this context, the enlargement countries were invited to enhance economic policy and its governance through the coordinated preparation of an Economic Reform Programme (ERP)

¹ 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)

² COM (2014)700 Final

³ An average of 21% on average in the Western Balkans according to Enlargement Strategy 2014: COM(2014) 700 Final

⁴ See Annex 2 of elarg.c.2.dir(2014)2783325

⁵ IBID

comprising two elements – a macroeconomic and fiscal program and a structural reforms and competitiveness program⁶. These ERPs were submitted for the first time in January 2015 and will from now on be submitted on an annual basis⁷. Given the tight timeframe and the novelty of the process, the 2015 ERPs were considered a pilot project.

This evaluation will assess the most recent IPA projects in the period 2009 to 2014 which (in) directly target economic governance in the Western Balkans. This will not only help evaluate the impact and outcome of IPA funding along the DAC criteria of the efficiency, effectiveness, impact, sustainability and EU value added. 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.

1.2 Purpose of the evaluation

The evaluation is envisaged to be a prospective one aiming to provide advice and evidence in future EU assistance on economic governance. It will assess the performance, good examples and lessons learned from the pre-existing assistance in areas related to economic governance in the enlargement countries⁸.

The outputs of the evaluation will be used to:

- Provide recommendations on the DG NEAR policy approach on issues of economic governance;
- Contribute to the design of future economic governance programmes and projects;
- 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;
- Outline corrective measures, if applicable on the way in which IPA assistance is implemented and monitored.

2. What might it include?

2.1 Scope (indicative)

The evaluation is foreseen as a strategic, policy-oriented forward looking evaluation and to this extent, it should be launched at the DG NEAR HQ, but shall require interventions at the beneficiary level.

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

⁶ Turkey has not been asked to submit Part II of the ERP on the grounds that it is already considered a functioning market economy

⁷ http://europa.eu/rapid/press-release_STATEMENT-14-334_en.htm

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⁸ The full list of possible projects might also include Croatia IPA projects

*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.

Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo*, Montenegro, Serbia, and Turkey. The focus however, will be only on projects that affect issues of Economic Governance. The evaluation will be focused on IPA programmes and projects. However, it will also include one CARDS programme and one Twinning project 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.

Hence, the evaluation shall assess:

- The Performance of assistance according to the efficiency, effectiveness, impact, sustainability 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.).
- The key areas in which future work is required
- Appropriate aid delivery methods
- 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;
- DG NEAR cooperation with other actors, such as the ECB, DG ECFIN, DG ESTAT, the World Bank, IMF, OECD etc., to identify best practices.

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

- The programming future 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.

2.2 Objectives (indicative)

The primary objective of the evaluation is to provide findings and recommendations to assist DG NEAR in streamlining its approach to economic governance and improving its programming of EU assistance, targeting support to Economic Governance in the enlargement countries. This will be based on the lessons learned and good practices of previous related projects, as well as the strategic orientation that are concerned.

3. How we will do it?	
3.1 Tentative timing	
Consultation with the stakeholders, Steering Group set up and elaboration of the draft ToR	April/May 2015
Validation of the ToR	May/June 2015
Signature of the external contract followed by kick-off and inception report	June/July 2015
Organisation of a workshop (end of desk and field phases meeting), dedicated to present the preliminary results and to consult on the findings with the stakeholders	December 2015
Delivery of final evaluation outputs. Debriefing of results.	January 2016
Dissemination plan	January/February 2016
3.2 Stakeholders and Steering group – Who should be involved?	
<p>The beneficiary of the evaluation is the European Commission, DG NEAR. The stakeholders for this evaluation include:</p> <p>National stakeholders include (non-exhaustive list):</p> <ul style="list-style-type: none"> • 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. <p>EU stakeholders include (non-exhaustive list):</p> <ul style="list-style-type: none"> • DG NEAR Directorate A, B, C and D namely A1, A3, A4, A5, B1, B2, C1, C2, C3, D1, D2, D3, D4, D5; • DG ECFIN, DG DEVCO, DG REGIO, DG TRADE, DG GROW, DG COMP, DG FISMA; DG ESTAT (with consultative/advisory role) • EU Delegations in beneficiary countries, European Union Office in Kosovo; <p>International Organisations (non-exhaustive list):</p> <ul style="list-style-type: none"> • World Bank • IMF • ECB • EIB • EBRD • OECD • Regional Cooperation Council (RCC) <p>Other International Stakeholders:</p> <ul style="list-style-type: none"> • Civil Society Organizations (CSOs) • Private sector 	

Quality Control of the Evaluation

The launching and the implementation of the evaluation will be supported by an advisory Reference Group that will ensure the quality of the evaluation and will have the responsibilities of:

- Guiding the planning and implementation of the evaluation to comply with the quality standards and pre-determined criteria (it will be consulted on the evaluation mandate, draft terms of reference and all draft report);
- Assisting the evaluation manager (DG NEAR A3 Unit) in implementation of activities;
- Providing an assessment of the quality of the work of the consultant; including endorsement of the inception report, interim report and the final report.
- Ensure proper follow-up action plan after completion of the evaluation

The Reference Group will include representatives from Directorates A, B, C and D of DG NEAR and also representative from other EC services such as DG ECFIN.