



EUROPEAID/129783/C/SER/multi

FWC COM 2011 Lot 1: Studies and Technical Assistance in all Sectors

***Thematic Evaluation on Support to
Economic Governance in
Enlargement and Neighbourhood
Countries***

**Specific Contracts NEAR-TS/2015/367-897 and
IPA/2015/367-895**

FINAL REPORT

18 August 2017

Implementing Partners: B&S Europe & PROMAN



This project is funded by
The European Union



A project implemented by
Business and Strategies Europe Consortium

The contents of this publication are the sole responsibility of B&S Europe and the Implementing Partners for this contract and can in no way be taken to reflect the views of the European Union.

Team of experts

Dragan CRNJANSKI – Team Leader

Antonin BRAHO – Evaluator

Juela SHANO – Evaluator

Elma BALIC – Evaluator

Aleksandar SHUMKOVSKI – Evaluator

Table of Contents

ACRONYMS AND ABBREVIATIONS.....	5
EXECUTIVE SUMMARY	7
INTRODUCTION - PLANNED OBJECTIVES AND OUTPUTS	14
OVERVIEW OF METHODOLOGICAL SEQUENCE AND IMPLEMENTATION PHASING	15
1. EVALUATION FINDINGS.....	18
1.1 INTRODUCTION.....	18
1.2 ENLARGEMENT REGION	18
1.2.1 <i>Macro-economic Overview</i>	24
1.2.2 <i>Evaluation Findings on Relevance</i>	26
1.2.3 <i>Evaluation Findings on Efficiency</i>	28
1.2.4 <i>Evaluation Findings on Effectiveness</i>	31
1.2.5 <i>Evaluation Findings on Impact</i>	33
1.2.6 <i>Evaluation Findings on Sustainability</i>	36
1.2.7 <i>Evaluation Findings on Coherence</i>	38
1.2.8 <i>Evaluation Findings on Value Added</i>	40
1.2.9 <i>Evaluation Findings on Gender and Environment</i>	42
1.3 NEIGHBOURHOOD REGION.....	43
1.3.1 <i>Introduction</i>	43
1.3.2 <i>Macro-economic Overview</i>	47
1.3.3 <i>Evaluation Findings on Relevance</i>	48
1.3.4 <i>Evaluation Findings on Efficiency</i>	50
1.3.5 <i>Evaluation Findings on Effectiveness</i>	54
1.3.6 <i>Evaluation Findings on Impact</i>	55
1.3.7 <i>Evaluation Findings on Sustainability</i>	57
1.3.8 <i>Evaluation Findings on Coherence</i>	59
1.3.9 <i>Evaluation Findings on Value Added</i>	59
1.3.10 <i>Evaluation Findings on Gender and Environment</i>	61
2. CONCLUSIONS AND RECOMMENDATIONS.....	62
2.1 CONCLUSIONS AND RECOMMENDATIONS FOR ENLARGEMENT REGION.....	62
2.2 CONCLUSIONS AND RECOMMENDATIONS FOR NEIGHBOURHOOD REGION	67
ANNEXES	70
ANNEX 1: TERMS OF REFERENCE	70
ANNEX 2: EVALUATION MATRIX.....	94
ANNEX 3: FINAL LIST OF PROJECTS	102
ANNEX 4: FINDINGS ON COUNTRY LEVEL.....	106
<i>Introduction</i>	106
<i>Annex 4.1 Enlargement Region</i>	107
<i>Annex 4.2 Neighbourhood Region</i>	221
ANNEX 5: OPEN PUBLIC CONSULTATION	269
ANNEX 6: LIST OF PERSONS/ORGANIZATIONS CONSULTED	270
<i>Annex 6.1 Inception and Desk Phase</i>	270
<i>Annex 6.2: Field Phase</i>	271
ANNEX 7: LIST OF COLLECTED DOCUMENTATION	281

Acronyms and Abbreviations

APR	Annual Country Report
AR	Annual Report
CA	Contracting Authority
CBC	Cross-Border Cooperation
CSOs	Civil Society Organisations
DAC	Development Assistance Committee
DB	Data Base
DER	Draft Evaluation Report
DG	Directorate General
DG ECFIN	Directorate General for Economic and Financial Affairs
DG ELARG	Directorate General for Enlargement
DG NEAR	Directorate General for European Neighbourhood Policy & Enlargement Negotiations
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECB	European Central Bank
EG	Economic Governance
EM	Evaluation Matrix
ENI	European Neighbourhood Instrument
ENPI	European Neighbourhood and Partnership Instrument
EQ	Evaluation Question
EU	European Union
EUD	European Union Delegation
EUOK	European Union Office in Kosovo
EUR	Euro
FER	Final Evaluation Report
FPR	Final Project Report
FR	Final Report
FWC	Framework Contract
GO	Global Objective
HQ	Headquarters
IFIs	International Financial Institutions
IMF	International Monetary Fund
IPA	Instrument for Pre-Accession Assistance
IR	Inception Report
ISG	Inter-service Steering Group
IT	Information Technology
JC	Judgement criteria
MC	Monitoring Committee
M&E	Monitoring and Evaluation
MIPD	Multi-annual Indicative Planning Document
MR	Monitoring Report
MTR	Mid-term Review
NIPAC	National IPA Coordinator
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OO	Overall Objective
OVI	Objectively Verifiable Indicator
PAR	Public Administration Reform
PMRF	Performance Monitoring & Reporting Framework

QC	Quality Control
ROM	Results-Oriented Monitoring
SE	Senior Expert
SMART	Specific, Measurable, Achievable, Relevant and Time-bound
SME	Small and Medium Sized Enterprise
SO(s)	Specific Objective(s)
SOI	Source of Information
TA	Technical Assistance
TAIEX	Technical Assistance for Information Exchange
TACSO	Technical Assistance to Civil Society Organisations
TL	Team Leader
ToR	Terms of Reference
WB	World Bank
WBT	Western Balkans and Turkey

Executive Summary

This thematic evaluation on Support to Economic Governance in Enlargement and Neighbourhood Countries¹ has been carried out from January 2016 through mid-2017.

The global 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 enlargement countries, based on the lessons learned from and good practices of previous and related projects, as well as the relevant strategic orientation.

Its specific objective 1 is to provide a judgment on the performance in terms of efficiency, effectiveness, impact, sustainability, relevance and coherence, as well as the EU added value of assistance based on economic governance assistance. The judgment for each evaluation criterion should differentiate two levels of sources of evidence and analysis, programming and implementation: assess current evolutions in the strategic setting role in relation to particular actors such as the World Bank (WB), the International Monetary Fund (IMF), DG ECFIN (EC), the European Central Bank (ECB), and the European Bank for Reconstruction and Development (EBRD).

Based on the relevant findings, conclusions and lessons learned in relation to the above first objective, its specific objective 2 is to provide relevant operational recommendations for:

- *The future of programming economic government assistance by learning from previous positive and negative experiences;*
- *Key policy areas in which work is required;*
- *Techniques in cooperating with other actors in the field; and*
- *Areas that do not require the involvement of EU assistance because they are already well covered by other donors in the field.*

The evaluation has covered a comprehensive sample of EU-funded programmes and projects in support of Economic Governance with the fieldwork covering all IPA countries and selected ENI countries². Its key conclusions and recommendations are presented below.

IPA Region

The EU's support to economic governance in Enlargement countries has been very relevant, in responding to clearly identified technical and policy enhancement needs of all the concerned IPA beneficiaries. It has been continuously provided over a number of years (the sample covers projects going back to 2003), and well before Economic Governance has been specified as one of three pillars (rule of law, economic governance and public administration reform) of the new EU's Enlargement strategy. Within this overall pattern and evolution of EU support, Economic Reform Programmes (ERPs) have been recently introduced and offer the desired space for a more integrated and deeper enhancement of economic governance; this is and will continue to be benefiting from the achievements of the EU support delivered before the introduction of ERPs.

The main features of the evaluated EU support to IPA Economic Governance comprise:

- Focus on most acute structural needs, in order to help reinforce the institutional and operational capacity of the key national economic governance actors;
- Significant differences between IPA Beneficiaries (level of economic development, institutional capacity and solidity of institutions, et cetera), as opposed to shared similar or equivalent shortcomings and weaknesses, frequently directly related to the Acquis Communautaire requirements;
- Important share of the national projects implemented several years ago, witnessing the continuous nature of this EU's support;
- Priority need to address structural weaknesses in a more sustainable way in the framework of the new IPA II sector-based approach, with much more tangible commitments to achieve results and ensure sustainable performance and effects of the EU's support; and

¹ Specific Contracts NEAR-TS/2015/367-897 and IPA/2015/367-895

² Egypt, Jordan, Morocco and Tunisia in ENI South; Georgia and Ukraine in ENI East

- Relevance of multi-country support, calling for further tightening of the complementarity and synergy between EU's national and multi-country programmes in support of economic governance.

This assistance has been efficient and has significantly contributed to the reinforcement of the IPA Beneficiaries' economic governance institutional capacity (introduction and ownership and utilization of instruments, procedures and tools in line with current EU practices, streamlining the economic governance reforms, developing spaces and frames for inter-regional cooperation, et cetera). Different implementation instruments applied in this assistance have proven fairly robust, in the light of the IPA Beneficiaries' differences in terms of the maturity of institutions and the extent of their respective needs.

The EU's enlargement policy objectives have now been significantly streamlined within the "three-pillar" approach of the new enlargement strategy, where economic governance emerges as one of key pivotal challenges and objectives, and which had not been explicitly the case prior to 2014:

- That this enlargement strategic focus on the three pillars of enhancing, respectively, rule of law, economic governance and public administration reform, will lead to programming of the corresponding country support which will address these objectives in a more integrated way, including budget support programmes, and in a tighter complementarity and synergy with its multi-country support, and;
- That this stronger concentration will be aligned with and integrated in the new EU's IPA II sector-based support to and cooperation with IPA Beneficiaries.

In terms of effectiveness, the evaluated EU's support has managed to reinforce the operational capacities and skills of the concerned economic governance institutional actors, introduce new tools, instruments and procedures in line with good EU practices and, in certain IPA Beneficiaries, also deliver the fundamental support, in order to introduce or further structure the required legislative and policy frameworks. In achieving that, the EU's support has definitely helped to narrow the gap between the IPA beneficiaries and the required Acquis in this particular domain.

However, it is feared that these achieved impacts and their longer-term sustainability have currently been facing the acute challenges of political instability in a significant number of IPA Beneficiaries. This comprises a wider risk of endangering rule of law and good governance, and affecting the already achieved level of performance of their public administrations as a whole, including the institutional actors in charge of economic governance.

The role and importance of multi-country programmes should be stressed and taken into consideration and, in particular, these implemented by three inter-governmental organizations which are EU funded and based in the IPA Region (RCC, ReSPA and CEF). The contribution of these organizations to enhance impacts and sustainability can be further reinforced, since the actual dichotomy between national and multi-country programmes and projects leaves ample space for further reinforcement and greater synergy. In addition, the contribution of the civil society actors already actively involved in a number of advocacy and awareness building activities related to PAR and structured in regional (multi-country) IPA networks, could also be further strengthened by a deeper focus on economic governance.

Regarding EU visibility, twinning projects have especially enhanced the visibility of EU aid, but this has been less so with projects implemented by IFIs, UN system agencies and the OECD, in which the EU visibility has been sporadically overshadowed by the visibility of these organizations. There is an evident need for enhanced communication beyond the project level, together with strengthened public diplomacy.

However, the assessed EU support has not yet translated its recent strategic positioning on three respective pillars (rule of law, public administration reform and economic governance) into more integrated support programmes, with a more incisive pattern of indicators, tightly embedded in the IPA II Framework. It is therefore necessary to pursue the introduction of budget support to economic governance in certain IPA Beneficiaries, without necessarily abandoning other implementation instruments (in particular twinning) which have proven their effectiveness.

Recommendations for the Enlargement Region³

	Observed Needs	Recommendations
1	<p>Different implementation instruments (TA service contracts, twinning, grant contracts, et cetera) applied in the evaluated EU's assistance to economic governance have proven fairly robust and flexible to cope with the IPA Beneficiaries' differences in terms of maturity of institutions and the extent of their respective needs.</p> <p>This is an obvious strength, to be borne in mind in further EU support, to be embedded in the specific IPA II Framework.</p>	<p>Maintain the already applied range of implementation instruments (twinning contracts, service contracts for technical assistance, et cetera) in the upcoming IPA II period, and pursue the introduction of budget support programmes in situations where structural needs on policy and strategy level have called for this instrument, based on stable and clear commitment of the beneficiary government(s).</p> <p>As underlined by DG NEAR, specifically in BiH there is a need to apply at this stage a range of implementation instruments; twinning and TA may be useful to prepare the ground for introduction of pilot budget support programmes (sector reform contracts) in the absence of a single economic space/area which is also expressed by the absence of country wide strategies in BiH in many important areas.</p>
2	<p>Achieved impacts and their longer-term sustainability have currently been facing the acute challenges of political instability in a significant number of IPA Beneficiaries.</p> <p>This comprises a wider risk of endangering rule of law and good governance, and affecting the already achieved level of performance of their public administrations as a whole, including the institutional actors in charge of economic governance.</p>	<p>Further integration of EU's support to Economic Governance in the overall IPA II Framework should be pursued while tightening the corresponding involvement and participation of the beneficiaries: the ongoing introduction of budget support programmes is expected to facilitate the achievement of this strategic conditionality, thanks to a tighter partnership, stronger ownership by the national stakeholders and more incisive corresponding monitoring tools appropriate to budget support.</p> <p>This should be done by giving more weight to a pivotal role of Economic Reform Programmes (ERPs) and planning further support to Economic Governance in direct relation with key requirements identified and retained in the ERPs.</p> <p>ERPs would thereby provide a coordinated opportunity of precise identification of all further needs in terms of EU's support to Economic Governance, by means of ad hoc needs assessments to be built into the ERPs' agendas for reform.</p>
3	<p>There is a need to introduce new (or reinforce the existing) indicators directly related to Economic Governance (as one of three EU Enlargement strategy pillars), within the overall set of the performance indicators structuring the IPA II Framework.</p>	<p>Economic governance's role in the overall IPA II sector-based structure should be further reinforced and supported by introduction of corresponding indicators, within but also beyond the actual IPA II framework.</p> <p>This could be articulated in tight relation with ERPs, as recommended in Recommendation 2 above. The current (level 2) indicators of the actual IPA II Monitoring, Reporting and Performance Framework (MRPF) have not been designed in order to support and highlight this potentially structural role of Economic Governance, within the overall sector structure of IPA II⁴; there is therefore the possibility of not only</p>

³ Annex 4 comprises a series of country-specific recommendations resulting from country sample assessments.

⁴ As underlined above, in IPA II, Economic Governance is (merely) the Secondary sector 1.7 of the Primary Sector 1 "Democracy and Governance", and is defined as follows: "Strengthening economic policy and its governance, focusing especially on a medium-term macroeconomic and fiscal policy framework and related structural measures, as well as sector measures enhancing competitiveness, including deregulation".

		reformulating certain existing indicators but also of introducing new indicator specific to Economic Governance in its potentially pivotal position, within the new EU's Enlargement strategy.
4	Coherence of the EU's assistance needs to be further reinforced in "parallel" implementation of national and multi-country programmes and projects; the actual dichotomy between national and multi-beneficiary programmes and projects still leaves ample space for tighter complementarity and better synergy	<p>Tighten the complementarity and synergy among national and multi-country programmes in support of economic governance and make better use of the leverage of three regional organizations currently active in supporting public administration reform and economic governance, with a particular attention to the strong potential of CEF's pivotal platform.</p> <p>In addition to the already implemented coordination of programming national and multi-country projects, done upstream between the DG NEAR's headquarters, the EUDs in IPA beneficiaries and in consultation with the NIPACs, this latter should be reinforced and extended in order to allow the NIPACs play their formal role of key national IPA II coordination player, with a particular focus on complementarity and where possible synergies among these national and multi-beneficiary projects.</p> <p>This should comprise building an awareness of the national IPA II support technical assistance projects, ongoing or about to be launched in several IPA beneficiaries, and mobilizing their actions in order to contribute to this structural target, within their scopes of intervention.</p>
5	Contribution of the civil society actors already actively involved in a number of advocacy and awareness building activities related to PAR and structured in a number of EU-funded regional (multi-country) IPA networks, could also be further strengthened by a deeper focus on economic governance.	Ensure more direct support to empowering CS in economic governance, within the overall strategy of EU's support to CS in IPA II and with a clear focus on economic governance.

ENI Region

When discussing the EU support to economic governance related programmes and projects in Neighbourhood countries, one needs to distinguish the period before and after such an approach was adopted from EU in the area of external aid. In addition, the national contexts to which the approach applies are much more diverse in Neighbourhood countries than in the Enlargement area. The explanation for this relates to the political transition process triggered from the "Arab Spring" in ENI South and also to conflict areas directly or indirectly affecting both ENI South and East.

The evaluation of programmes and projects in the Neighbourhood countries visited, while finding the approach challenging to deal with from the perspective of activities designed with different objectives to those flowing from the economic governance approach, as it is currently applied, reveals though certain basic features of the framework that have enabled us to work through the following conclusions and recommendations. These are, non-exhaustively, the following:

1. The approach emphasizes the importance of establishing institutions, processes and procedures in partner countries as "**musts**", which assure that the economic activity in both private and public sector is conducted with the ultimate aim of the economic and social development of citizens. These **common "musts"** help the countries to detect at early stage the particular macro fiscal threats or imbalances, contain all kind of associated risks by putting in place frames of regulation, procedures and systems, independent institutions et cetera to trigger corrective action in order to avoid or smooth a "crisis" situation with all unwanted consequences for the country at large.
2. The basic features captured in points 1 and 2 (above) – being general or universal in character – the

way they in practice apply to each country **is country specific** i.e. the EU pays high attention to national contexts and to how they influence the convergence of each country towards this understanding of economic governance that the EU promotes as part of external action in the Neighbourhood region.

It is considered that the actions mainly dedicated to PFM and good governance are highly relevant to the needs of these countries as far as the economic governance is concerned. This has been the case with the original objectives being sought with these programmes and it is still the case today when these countries are facing new challenges on their development path:

- The decreasing economic growth rates, large fiscal imbalances, high inflation rates and unemployment are some of the most important factors that necessitated structural reforms actively supported from the interventions evaluated as part of this exercise;
- Likewise, one can consistently state the same with regard to pre and post political changes taking place, mostly in Neighbourhood South, after “Arab Spring”; and
- The relevance of EU assistance to the priority needs of the countries in the region has been and remains high because of its size, stability and continuity over time.

In spite of important processes of political transition, external shocks and conflicts in some of the observed countries, the interventions reveal themselves as efficient and effective. Joint Support has been an efficient practice in terms of leveraging the effectiveness of EU financial and technical support in its areas of responsibility. Large programmes have been particularly efficient (in terms of delivering sustainable results in time) especially in the countries with strong strategic planning systems and coordination centres. Meeting the beneficiary needs by means of Twinning and single projects has been efficient alternative means of providing access, increasing the credibility and assuring commitment to the launching of larger programmes.

As regards effectiveness, the assessed EU interventions in the visited ENI countries show their effectiveness in terms of all the indicators for stable countries (Morocco, Georgia). Their macro fiscal balances have been stable, governance indicators improving in time together with/and growth outcomes (employment and leaving standards) paving the way for further improvement of EG in general. Nevertheless, in countries in transition or affected from external shocks (Tunisia, Ukraine, Egypt and somehow Jordan), the interventions have been partially effective with the best positive outcomes in governance matters and mixed (positive and negative) outcomes in employment and unemployment levels.

In all the countries visited, EU's share has been, if not the most, one of the largest important sources of support in response to national needs for managing the process of improvement of economic governance. More particularly, the continuity, the resilience and the ability of this support to adapt to the evolving realities of national contexts in the field has been found to be particularly crucial with regard to the impact of implemented activities.

As for the sustainability of the EU's support, it appears that a critical point has been reached in more stable countries where the ratings on macro fiscal balances and governance matters have been such as to have enabled these countries to undergo the financial and political crisis of recent years without major disruptions. In the other countries that have undergone a political overhaul, the sustainability is not yet assured and, therefore, continuing support is needed in order for them to maintain the momentum.

Overall, the political economy factors have had important consequences for the effectiveness, the impact and the sustainability of the intended results/outcomes, as appropriate, sometimes supporting and at other times delaying or preventing them from happening at all. As such, there is an increased awareness of EU officials and donors' community at large on their importance for the programming of future interventions. This concerns all of the countries with favourable political environments conducive to reforms, and to the countries in transition with difficult political environments when the progress of reforms has decreased or has been insufficient. Hence the necessity of a better reform sequencing approach in these countries, and, consequently, of a careful selection of instruments appropriate to the risks.

The EU practice of planning and implementing external assistance in these countries has been actively coordinated with other important donors, with a clear labour division with donors and always promoting the local ownership of results/outcomes. Amongst the different available instruments, EU budget support

programmes have been particularly important with regard to supporting – and, once justified, relaxing - the conditions required for the preparation and implementation of EU-Country jointly-agreed policy actions and reforms, whereas project-based instruments such as technical assistance and twinning are found to be particularly appropriate either to complement preparatory or policy implementation phases.

While being coherent with other local and regional activities, EU supported actions for the elements related to economic governance, have recently been extended by means of another instrument namely macro financial assistance. Its coherence with other donors' approaches in this area, particularly that of IMF, needs to be clarified in the context of national programmes, especially to local actors, in order to preserve the coherence of EU action as a whole.

Recommendations for Neighbourhood countries (basis: visited countries)

Needs, weaknesses or shortcomings		Recommendations
1	Political economy factors influence the pace of implementation of economic governance reforms in countries in transition (EG, TUN, UKR) as well in more advanced countries (GE, MO).	Consider fiscal politics ⁵ / political economy factors in setting policy dialogue, content and phasing of economic governance reforms by taking into account country-specific situations and plans. In doing so; <ul style="list-style-type: none"> ▪ When eligibility conditions allow, prioritize Sector Budget Support as the most “fit” type of policy support for economic governance and supplement it with properly timed complementary interventions (TA, twinning, et cetera); ▪ Enter as early as possible into, and maintain, regular policy dialogue on a limited number of conditionalities with representatives of national authorities, civil society and cooperating partners.
2	There is a priority of structural reforms affecting economic governance in the sense that not all of them can be introduced at the beginning, yet the important ones that may be left aside, may undermine the success of the one chosen, while the level of net errors and omissions reported by the Global Financial Integrity Initiative are high for these countries.	Ensure that the credible medium and longer-term approaches needed to support structural reforms are prepared or in place in order to support sustainability of outcomes and reduce aid dependency. This approach should address specific issues influencing the sustainability of outcomes/results including transparency, revenue and investment In doing so; <ul style="list-style-type: none"> ▪ Build and maintain close cooperation with relevant economic governance-oriented programmes implemented by DG ECFIN and other international partners; ▪ Focus on supporting the implementation of reforms and conditions contributing to increased accountability and to counter corruption and tax evasion.
3	The knowledge base developed during EU-supported actions is an important factor in improving sustainability of economic governance reforms.	Assist in better dissemination of knowledge base developed during policy dialogue and implementation of relevant economic governance programmes. In doing so: <ul style="list-style-type: none"> ▪ Foster the incorporation of relevant lessons learnt and tools developed into national institutions' training programmes; ▪ Support the publications and sharing of this knowledge base via appropriate media networks.
4	There is an insufficient Quality of statistics on inequality (e.g. Gini Coefficients)	Support statistical offices via regional and/or national programmes aimed at the production (or timely publication when they are available) of such statistics although one has to be aware that the financial support needed for this process is rather substantial.

⁵ Fiscal Politics here refer to factors of political nature (e.g. political interests, power, alliances, heritage etc) that have the potential to influence the process of inception and implementation of different elements of fiscal policy, legislation, or revenue administration.

5	Economic governance requires strengthened national capacities dependent on the quality of human resources.	Provide support for effective human resources management improving the sustainability of outcomes. In doing so: <ul style="list-style-type: none"> ▪ Enhance EU actions and synergies between economic governance and public administration reforms at national and subnational levels; ▪ Better integrate revenue and expenditure constraints and requirements allowing prioritizing the implementation of shared reforms.
---	------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Introduction - Planned Objectives and Outputs

The assignment's global and specific objectives are shown in the sequence below, confirming and structuring the strategic character of the requested study [the TOR are annexed]:

Global Objective (GO)

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 enlargement countries, based on the lessons learned and good practices of previous related projects as well as the relevant strategic orientation.



Specific Objective 1 (SO 1)

Provide a judgment on the performance of the efficiency, effectiveness, impact, sustainability, relevance and coherence, as well as the EU added value of assistance based on economic governance assistance. The judgment for each evaluation criteria should differentiate two levels of sources of evidence and analysis, programming and implementation:

Assess current evolutions in the strategy setting role in relation to different actors such as the World Bank (WB), the International Monetary Fund (IMF), DG ECFIN (EC), The European Central Bank (ECB), the European Bank for Reconstruction and Development (EBRD), etcetera.

Specific Objective 2 (SO 2)

Based on the relevant findings, conclusions and lessons learned as per the above objectives provide relevant operational recommendations for:

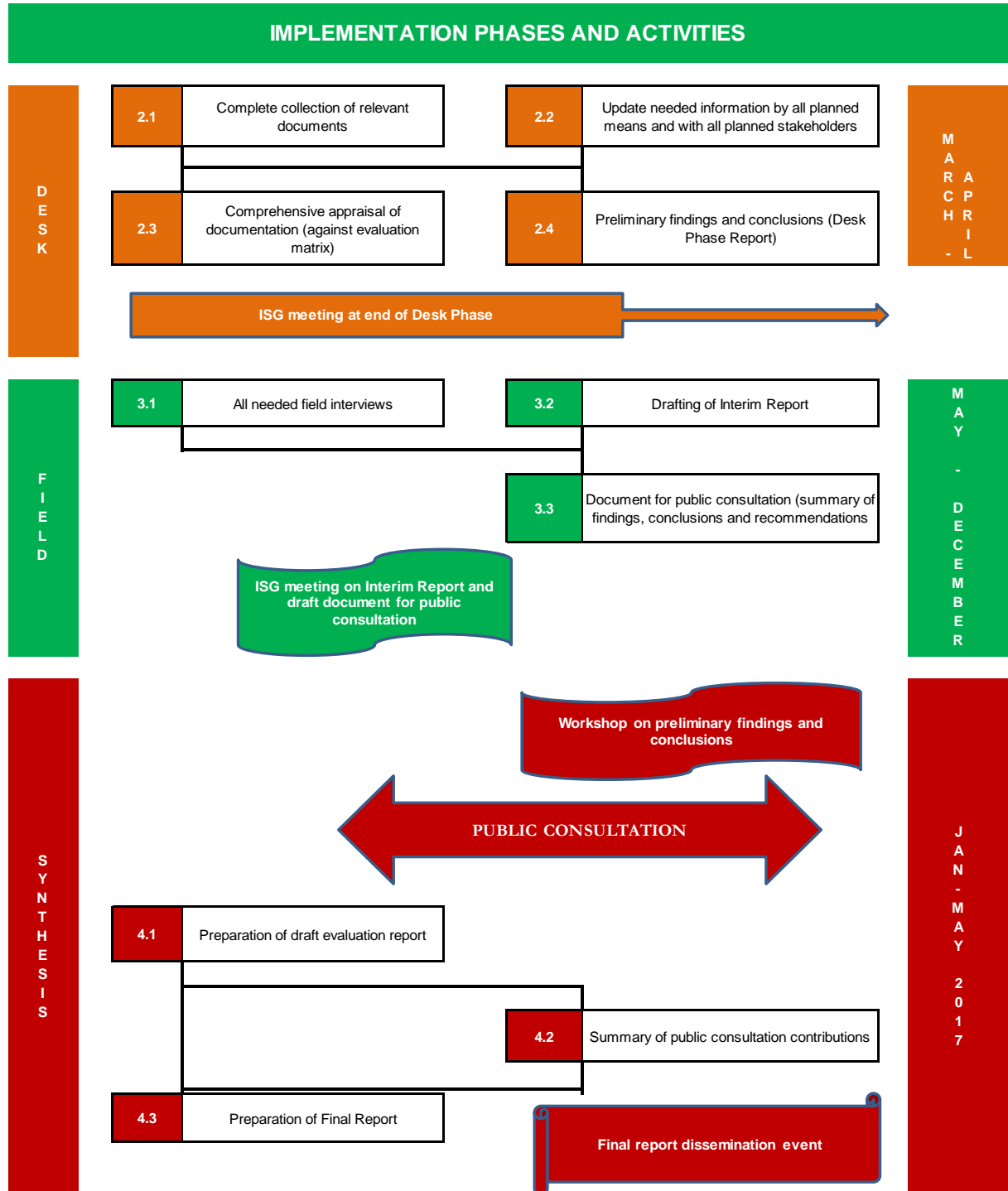
- *The future of programming economic government assistance by learning from previous positive and negative experiences;*
- *Key policy areas in which work is required;*
- *Techniques in cooperating with other actors in the field, and;*
- *Areas that do not require the involvement of EU assistance because they are already well covered by other donors in the field.*

In order to contribute to the needed renewed approach to economic governance as one of the main three pillars in the Enlargement Strategy, the evaluation is required to deliver the following Outputs, placed under these two Specific Objectives:

Output 1	Provide recommendations on the DG NEAR thematic policy approach of economic governance.
Output 2	Provide recommendations on programmes and IPA II funding, based on the weaknesses highlighted in the programming and implementation.
Output 3	Provide recommendations on IPA II projects, ensuring maximal impact and EU added value to economic governance issues in the beneficiary countries.
Output 4	Outline corrective measures, if applicable, for ongoing projects.
Output 5	Provide recommendations on the improvement of the monitoring and evaluation frameworks, regarding the selection of indicators to embed in project cycles and the appropriate project-level data collection mechanisms that would generate the data necessary to populate the indicators.

Overview of Methodological Sequence and Implementation Phasing

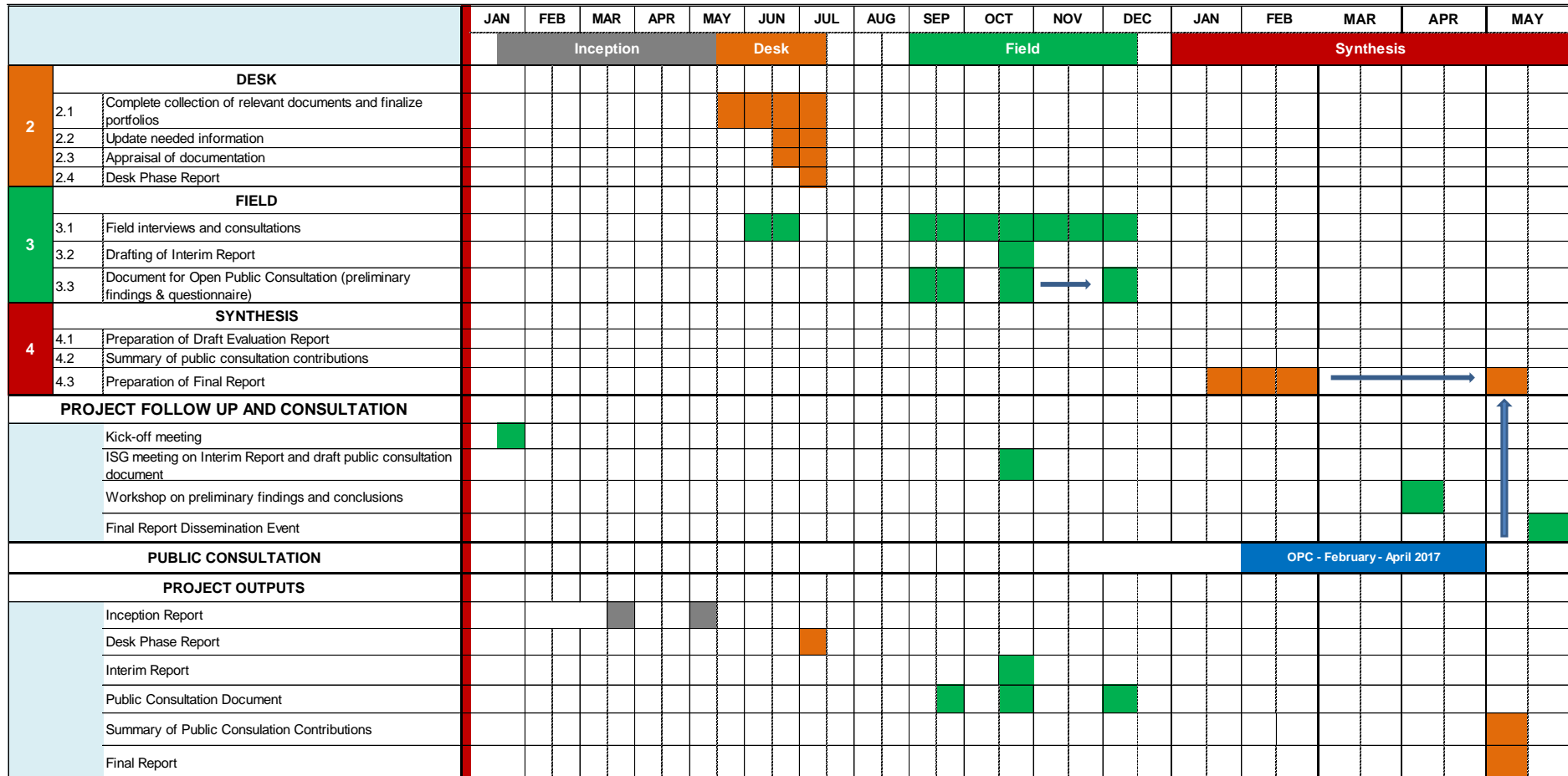
The overall methodological sequence of the evaluation is illustrated below:



The overall implementation of the evaluation, throughout its main phases, is illustrated in the bar chart below⁶:

⁶ At the date of submission of the final report (28/04/17), it is expected that DG NEAR/A3 will extend the overall assignment period until end September 2017.

IMPLEMENTATION TIME SCHEDULE



1. Evaluation Findings

1.1 Introduction

In order to deliver an appropriate response within the frame of the evaluation matrix and scope, and distinctively for the Enlargement and Neighbourhood Regions, this section comprises the chapters devoted to the summarized findings in the form of responses to all 28 Evaluation Questions, with, introduced by a general presentation of the economic governance situation in each of the two Regions.

1.2 Enlargement Region

It is important to underline here the particular context of this evaluation as regards the Economic Governance focus in the Enlargement Region. As already underlined in previous reporting⁷, Economic Governance has indeed been retained as one of three pillars for the EU's Enlargement Agenda and Strategy, together with Rule of Law and Public Administration Reform, but this decision is fairly recent (October 2014⁸).

Although the projects selected by DG NEAR and the EUDs for the Enlargement Region do fall within the broad domain of Economic Governance, they have not resulted from this decision; more generally, it has been observed that in the frame of IPA II programming, there is no such explicit focus on Economic Governance (see the box below, source Inception Report, chapter 3.2.3 Preliminary Outline for Inter-Evaluation Coordination), which remains defined as a secondary sector of the Primary Sector 1 "Democracy and Governance". Moreover, in this IPA II classification, Economic Governance also comprises sector measures enhancing Competitiveness, which obviously raises the question of possible overlap between these two domains.

In IPA II, Economic Governance is the Secondary sector 1.7 of the Primary Sector 1 "Democracy and Governance", and is defined as follows: "Strengthening economic policy and its governance, focusing especially on a medium-term macroeconomic and fiscal policy framework and related structural measures as well as sector measures enhancing competitiveness, including deregulation". Public Administration Reform (PAR) is the Secondary Sector 1.3 under this Primary Sector, whereas Competitiveness is found within the Primary Sector 6 "Competitiveness and Innovation".

This is important to underline in order to clearly grasp the effective scope of the evaluation, which has covered a significant number of different projects, without, nevertheless, comprising the national Economic Reform Programmes (ERP), which have been introduced recently and under this strategic focus of Economic Governance; as of 2015, all candidate countries and potential candidates submit annual Economic Reform Programmes (ERP) to the European Commission. They are an expanded version of the previous [Pre-Accession Economic Programmes](#) for candidate countries (see the box below).⁹

Fulfilment of the economic criteria is a key requirement for EU membership, as set out in the so-called [Copenhagen criteria](#). It implies **a functioning market economy** is in place that has **the capacity to withstand competitive pressure inside the EU single market**. The European Commission gives an overview of each country's readiness and progress in the fulfilment of the economic criteria every year. Economic governance is the system by which government institutions, including independent actors like the central bank, regulate and steer the economy. The **fundamentals first approach** to EU enlargement encourages aspiring members to tackle economic fundamentals first: macroeconomic stability, a welcoming business environment, functioning labour and financial markets, good levels and quality of education, infrastructure, innovation and economic integration with the EU and the world. The EU strengthened its economic governance exercise with the enlargement countries in 2015 to prepare them for their eventual participation in the [European Semester](#).

Economic Reform Programmes

As of 2015, all candidate countries and potential candidates submit annual Economic Reform Programmes (ERP) to the European Commission. They are an expanded version of the previous [Pre-](#)

⁷ Inception Report and Desk Phase Report

⁸ See in particular »Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions « Enlargement Strategy and Main Challenges 2014-2015 » (SWD/2014/301 final)

⁹ Source : https://ec.europa.eu/neighbourhood-enlargement/policy/policy-highlights/economic-governance_en

[Economic Programmes](#) for candidate countries. The ERPs contain medium-term macroeconomic projections (including for GDP growth, inflation, trade balance and capital flows), budgetary plans for the next three years and a structural reform agenda. The structural reform agenda includes reforms to boost competitiveness and improve conditions for inclusive growth and job creation in the following areas:

- Public finance management
- Energy, transport and telecommunications markets
- Sectoral development
- Business environment and reduction of the informal economy
- Research and innovation
- External trade and investment facilitation
- Education and skills
- Employment and labour markets
- Social inclusion, poverty reduction and equal opportunities

Source: DG NEAR

In this context, it is clear that the evaluation is limited in its endeavour to report, as requested by DG NEAR, on the coherence of policy dialogue and policy advice with the IPA financial cooperation.

In order to illustrate this “bias”, a tabular overview of all national IPA projects in the sample is presented below, showing clearly the wide heterogeneity of these projects and the absence of any more integrated programmes – *a fortiori* in form of budget support and, not the least, the fact that some of the projects have been completed several years ago.

Country	N°	Year	Contract N°	Title	Lead Beneficiary and Key Achievements
MNE	1	IPA 2007	216715	Technical Assistance to the Ministry of Economy	Ministry of Economy. The project contributed to the acceleration of Montenegro membership to the WTO.
	2	IPA 2009	234554	Accession to Internal Market (Components 1 and 2)	Ministry of Economy Authority for Protection of Competition (APC), State Aid Control Commission and State Aid Control Department of the MoF (SACC and SACD), ME Department for Consumer Protection, Consumer Council (CC), Market Inspectorate Legislation in the area of internal market (competition, consumer protection), aligned with the EU legislation.
	3	IPA 2009	240532	Accession to Internal Market (Component III): Strengthening the intellectual and industrial property policies in Montenegro	Ministry of Economy; Intellectual Property Office Alignment of legislation in the area of Intellectual Property. -The Trademark Law -The Law on the legal protection of Industrial Designs -The Copyright and related rights Act
	4	IPA 2011	329367	Technical Assistance to the Insurance Supervision Agency of Montenegro	Ministry of Economy, Insurance Supervision Agency Drafting of Manual/Guidelines for corporate governance and internal control system
	5	IPA 2013	345947	Needs assessment programme for the Central Bank of Montenegro	Central Bank of Montenegro Preparation of a needs analysis report which identifies the gaps in business areas and functions between the Central Bank of Montenegro and European Central Bank
	6	IPA 2012	280103	Consumer Protection and Market Surveillance – Montenegro	Ministry of Economy, Administration for Inspection Affairs Alignment of national legal and strategic framework in the area of consumer protection and market surveillance with the EU legislation
	7	IPA 2009	223932	Strengthening the regulatory and supervisory capacity of financial regulators	Central Bank of Montenegro Securities and Exchange Commission of Montenegro Insurance Supervision Agency of Montenegro Strengthening of the supervision capacities of the Central Bank of Montenegro, alignment of the national legislation with the EU financial legislation (8 new laws and more than 10 new regulations transpose the 15 core EU directives that form the backbone of the financial regulation in the EU). Establishment of the level Financial Stability Council.
	8	IPA 2009	287818	Technical assistance to the Ministry of Finance of Montenegro	Ministry of Finance Preparation of macro-economic modelling in order to make realistic projections of the budget.
	9	IPA 2009	219968	Improving capacities for better efficiency and functionality of the Tax Administration work in accordance with European standards	Ministry of Finance/ Montenegro Tax Administration Alignment of Montenegrin Taxation legislation and procedures with the EU Acquis.
	10	IPA 2012	284747	Strengthening of State Aid Management in Montenegro	Reportedly very efficient support in order to reinforce state aid management system in the country.
KOS	1	IPA 2012	331541	Support to the Ministry of Finance - GIZ	Ministry of Finance The project supported the economic and fiscal surveillance (preparation of 2015-2017 ERP document), and the need for a more efficient and effective funding arrangements for municipalities.

	2	IPA 2013	332837	Support to Kosovo's Policy and Strategic Planning	Prime Minister Office Establishment of an integrated planning system. Elaboration of the National Development Strategy
Former Yugoslav Republic of Macedonia	1	IPA 2008	260616	Supporting the process of fiscal decentralization through strengthening capacities for sound financial management and internal financial control on local and central levels	Ministry of Finance Co-beneficiary Ministry of Local Self Government Implementing PIFC in practice, developing strategy for development of PIFC systems including FMC systems; administrative capacity strengthened; Improved financial management and control practicalities at local level
	2	IPA 2009	2009/IB/F I/02	Strengthening the Capacity of the Ministry of Finance for Macroeconomic Analysis and Policy Formulation in order to Improve Policy Making and Meet the Criteria for EU Accession	Ministry of Finance Improved process of economic policies; Improved Fiscal Policy and enhanced capacities for economic modelling
	3	IPA 2010	132948	Further Harmonisation with EU acquis in field of Movement of Capital and Payments and Financial Services - Securities markets and Investment services	Ministry of Finance transposition of the relevant EU acquis and drafting the Law on financial instruments and Law on Prospectuses and Transparency
	4	IPA 2007	234964	Tax Reform—support the Taxation and Customs Unit in the Ministry of Finance and of the Public Revenue Office	Ministry of Finance of the Republic of Macedonia and the Public Revenue Office Assessment on compliance of legislation in Macedonia with EU Tax Directives, Code of Conduct and State Aid provisions; Strengthening of the capacities; improved efficiency and quality services to taxpayers
AL	1	IPA 2009	228225	Support to the General Directorate of Tax	Ministry of Finance /General Directorate of Taxation Alignment of the national tax legislation with the EU legislation.
	2	IPA 2008	260451	Support and expansion of Albanian treasury system	Ministry of Finance /line ministries Strengthening the transparency and accountability of public financial management; fighting corruption by introducing the automatization of treasury payments; as the main priorities of EU accession
	3	IPA 2013	352597	Integrated planning system multi donors trust fund 2 (IPS2-MDTF)	Ministry of Finance/ Prime Minister Office Strengthening the link between the National Strategy for Development and Integration (NSDI) and Medium Term Budget Programming (MTBP). The transparency of Public Financial Management (PFM) controls is expected to be enhanced by development of the Albania Financial Management Information System (AFMIS) (Project delayed)
	4	IPA 2013	L13 IB FI 01	Strengthening of external auditing capacities	Supreme State Audit Alignment of the Albanian legislation related to the external control with European and international standards (INTOSAI).
	5	IPA 2012	346475	Implementation of a modern Financial Management and Control system and Public Financial Inspection in Albania	Ministry of Finance/line Ministries Approximation of the national legislation in the area of financial management and control with the EU legislation Public finance legislation and financial inspection legal framework reviewed and updated,

B&H	1	IPA 2007	238102	Development and implementation of an integral BiH wide PIFC strategy	BiH Public Internal Finance Control (PIFC) Policy Paper (Strategies) adopted in 2009/2010. The legal framework for programme budgeting was established A Framework Internal Audit Methodology was developed Effective capacity building of internal auditors included on-the-job training.
	2	IPA 2010	309118	Coordination of policy making capacities and PFM: Blueprint of development of central bodies of government	The methodology for planning, monitoring and reporting at all admin levels in BiH was prepared; The Community of Practice model offered greater opportunities for civil servants from the governments to consult with each other on issues of common interest.
	3	IPA 2010	311051	Coordination of policy making Capacities and PFM: PFM and PIFC	Modest progress included synergy with the national Budget Management Information System; Both projects 2 and 3 introduced programme budgeting for all levels:
	4	IPA 2011	325769	Strengthening PFM: Strengthening Public Debt Management Capacity	The project created excellent partnership relations with beneficiaries and provided capacity building; There was some improvement as debt management strategy (2014- 2016) was prepared with the help of WB; the project improved knowledge of public debt management in all three finance ministries, and provided the gap analysis.
	5	IPA 2011	328130	Support to improvement of institutional and legal framework as well as coordination and harmonisation of private sector development related public policies: Develop the capacity of BiH Competition Council	The project transposed significant EU regulations and implementing acts in the field of competition and reported on having completed 5 economic analyses; Equipment supply; The new law was also prepared but not adopted; State Aid received capacity building to strengthen the institutional frameworks.
	6	IPA 2007	223921	Building in the Capacity to promote exports and develop the export base in Bosnia and Herzegovina	A tangible achievement was the provision of a pilot grant scheme to enterprises (amounting 100,000 EUR); Despite the wide representation of stakeholders in the preparation of the Export Growth Strategy, was never endorsed by the Council of Ministers nor was it recognised by the partners from RS as there was no common understanding on its priorities and implementation modalities.
RS	1	IPA 2011	298-506	TA to enhance data management, forecasting and monitoring and evaluation capacity of the National Employment Service	National Employment Service Supported the creation of evidence- based labour market policies, based on sound and reliable evidence; NES capacities to evaluate and forecast labour market trends enhanced.
	2	IPA 2010	263-425	Support to the Ministry of Finance - Treasury administration capacity building	Ministry of Finance, Republic of Serbia – Treasury Administration Improved Financial Management; Public Reporting and Accounting system complying with EU standards; Improved Public Debt and Liquidity Management.
	3	IPA 2010	251-891	Modernisation of Tax Administration	Tax Administration - Education and Communication Sector Establish a market-oriented tax system for RS that is responsive to citizen's needs and complies with EU blueprints, starting point for a transformation of the relationship between the STA and tax payers

	4	IPA 2012	337-303	Improving e-business environment	Ministry of Trade, Tourism and Telecommunications The basis for improvement of legal and regulatory framework set. Awareness of SMEs raised on central and regional level.
TR	1	2003	TR0303.08	Setting up a well-equipped investment promotion agency to fulfil promotion functions	Ministry of Economy, Directorate General of Foreign Economic Relations Investment Promotion Agency, created in 2006
	2	2003	0302.04	Public internal financial control	Ministry of Finance Legislation updated and reinforced, large training programmes, five pilot partners/sites outside the Ministry of Finance
	3	2003	0302.05	Strengthening the audit capacity of the Court of Accounts	Turkish Court of Account Capacity building via twinning, additional supported by TAIEX/SIGMA Strong training of trainers (ToT) programmes
	4	2005	315	Capacity building for compilation of accounting data in all institutions and agencies within general government sector in the context of e-government	Ministry of Finance (twinning with Italian Ministry of Finance) National accounting system used since 1927 enhanced by new law (2009) and shift from cash-based to accrual system Replication by TurkStat of the data for its statistics
	5	2008	TR0802.06	Decision making and performance management in public finance	Ministry of Finance Capacity building with relation to new law on PFM, in three components (data collection, operation of new system and supplies) benefiting also certain other Ministries
	6	2011	2011/013 6.04	Strengthening local investment planning capacity with participation of local actors	Ministry of Interior Recently completed (2016) capacity building to Strategy Development Unit and pilot Provincial authorities, with investment guidelines disseminated to all the Governorates
	7	2012	2012/074 0.14-2/TWN/011	Capacity building concerning presentation and usage of general government financial statistics	Ministry of Finance, Directorate General of Public Accounts Capacity building and introduction of new methodologies and tools for data mining, early warning system, public financial analysis techniques and publication of "citizen's budget"
	8	IPA 2007	TR0702.04	Introduction of Quality Management in the Revenue Administration	Turkish Revenue Administration Capacity building and introduction of e-based tools, methodology for satisfaction surveys
	9	IPA 2007	TR0702.09	Strengthening the implementation of Financial Management and Control System with an aim to develop best public internal control in turkey	Ministry of Finance, Directorate General of Budget and Fiscal Control Road map for FMC system development and disseminated, administrative capacity of the Ministry, development of tertiary regulations, pilot studies for Strategy Development Units (SDU)
	10	IPA 2008	TR0802.19	Improving data quality in public accounts	Ministry of Finance, Directorate General of Public Accounts Capacity building on Government Financial Statistics (GFS), introduction of new tool, application of international public accounting standards, pilot studies on data quality, supply component (unfruitful)

1.2.1 Macro-economic Overview

This section provides an overview of the main macro developments in enlargement countries, in line with the EU approach on Economic Governance.

Macro-economic developments and Imbalances: In spite of higher economic growth before 2008, the impact of international financial crisis was felt also in enlargement countries. In general the impact

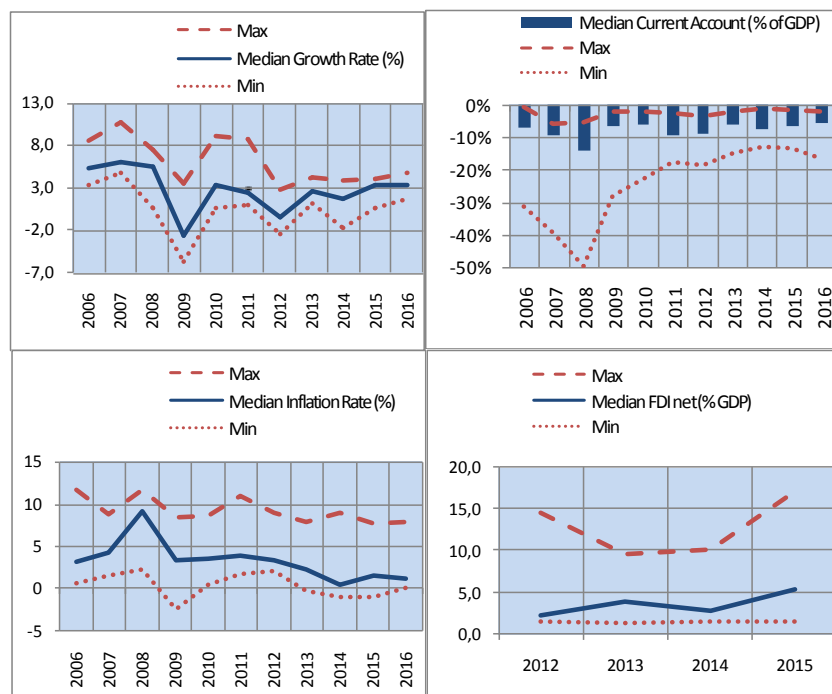


Figure 1: Selected Macro Indicators

Source: Eurostat, IMF forecasts and projections for missing values of 2015, 2016. FDI calculations from Ecofin estimations of late 2016.

except Turkey, whose economic performance stayed strong influenced amongst others by an easy monetary policy and large public spending¹⁰. It shows signs of recovery in last quarter of 2016 and the forecasts are that this trend will continue influenced from better performance of Serbia (the largest economy in WB), and improved economic performance ahead¹¹. **Inflation that, after 2013, was below target for most of the countries (except Turkey and Serbia) is starting to climb (e.g. 10.3% in Turkey in February 2017) increasing the ability of monetary policy to support growth through interest rate policy rather than quantitative easing¹².**

The current trade account deficits remain large, pointing to a narrow production base and a consistent need to rely on external sources of financing such as FDI and remittances. Given the decreasing trend of remittances, as emigrants settle and become accommodated in the hosting countries, **FDIs remain highly desirable¹³ as a source of external financing of otherwise negative payment balance, especially for countries with narrow production bases such as Montenegro and Albania.** The ability to attract FDI remains nonetheless limited from the ability to implement business environment friendly policies and measures to increase the attractiveness for inward FDIs. In the past excessive tax holidays and low flat tax rates seem to have played an important role in attracting FDIs especially in lower added value activities such as leather and food industries. **However because of increasing fiscal constraints associated to fiscal deficits and public debts, (Figure 3 below), tax competition will be less available thus leading to demand for more structural reform measures in order to increase the countries' attractiveness to FDIs. Among these measures, those that will be able to curb the red tape and corruption, informality, and improve contracts' enforcement, local labour skills and overall labour productivity are the most important ones. The financial sector although well capitalized is**

¹⁰ With, nevertheless, an economic slowdown in the 3rd quarter of 2016

¹¹ Source: "EU Candidate and Potential Candidate Countries' Economic Quarterly, 4th Quarter 2016"; Technical Paper 014, EcoFin, January 2017

¹² In the low inflation environment of enlargement countries, after financial crisis in 2008, the ability of monetary policy to support private sector investment and consumer spending through credit remained limited as far as banking sector was reluctant to extend the credit to private sector and individuals. One of the explanations had to do with the high amount of nonperforming loans in these countries; other factors that played a role amounted to low confidence levels with regard to both consume and investments on the side of households and firms.

¹³ For Turkey, there is also concern regarding the financing of the current account deficit.

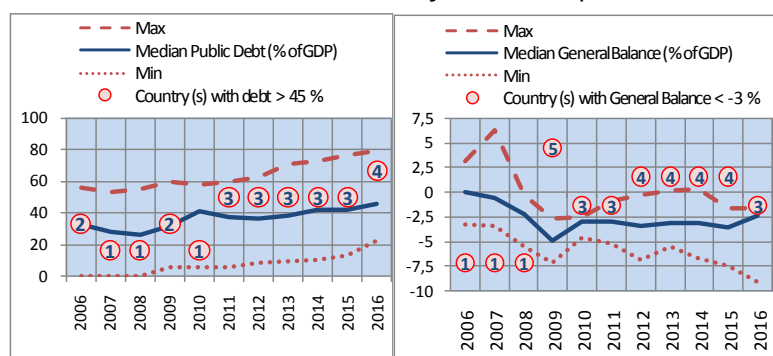
still struggling to overcome the effects of the aftermath of financial crisis. Although the national financial systems in enlargement countries,

Credit Growth (Ann % Change)	2012	2013	2014	2015
Montenegro	-0,7	3,1	-1,9	0,8
Former Yugoslav Republic of Macedonia, the	7,3	4,3	8,4	9,1
Albania	7,4	-0,2	0,2	0,3
Serbia	12,9	-6,5	5,8	7,0
Turkey	18,6	33,4	19,4	20,7
Bosnia and Herzegovina	5,1	2,7	3,7	1,8
Kosovo (under United Nations Security Council Resolution 1244/99)	3,8	2,4	4,2	7,3

remain high in countries that are the focus of this assessment. As shown in Country Sheets for Enlargement Region in the annexes of this assessment, there are signs that NPLs are going down, and the amount of overall credit in the economy is increased (Table 1). Yet the largest part of credit has been supporting the private consumption rather than business. As the local banks are trying hard to clean their balance sheets from NPLS they are still reluctant to extend new credits to business sector, thus making the financing of private sector activity more costly and overall its contribution to economic growth still modest.

Except Turkey, were less integrated with international financial system, the impact of the crisis materialized indirectly in most of Western Balkans through credit channels for private consumption and investment. The economic slowdown after a boom in the credit financing of private consumption and investments in real estate sector, was translated in high levels of nonperforming loans (NPLs) that continue to

Fiscal Balances: The discretionary tax cuts¹⁴ period before and in the immediate aftermath of financial



Crises, in order to counterbalance the crisis impact (Albania), had been translated in larger general deficits and consequently public debt that have put public finances under large stress across the board except Turkey and Kosovo, which are the only two countries with both deficits lower than 3% and public debt lower than 45% of GDP (Figure 3).

Figure 3: General Balance and Consolidated Total Public Debt Indicators

Source : Eurostat, for missing values of 2015 and 2016 IMF latest estimations.

In general, since 2008 when only one out of 7 IPA Countries had a public debt beyond 45% of GDP, the impact of fiscal deficits has been materialized in larger public debt beyond 45% of GDP to four countries in total according to last previsions from IMF. **These developments prompted** recourse to programmes of macro fiscal consolidation with IMF. The existing policy dialogue with EU as part of the Economic Reforms Programmes (ERP) was strengthened and improved. As a result it seems that, in general, the fiscal deficits have been **Stable and gradually narrowing over 2014-2016, with only 3 countries having a general deficit in excess of 3%, compared with 5 countries in 2009.**

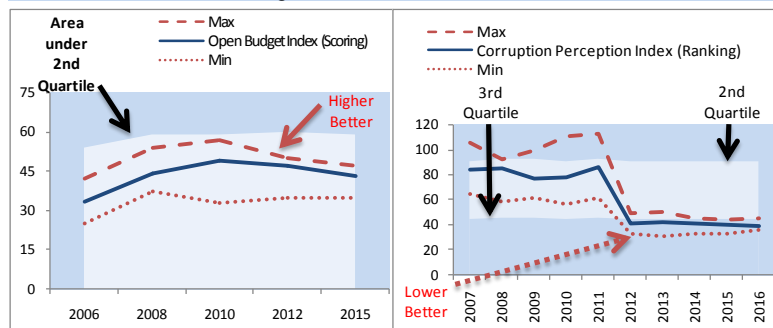


Figure 2: Open Budget Transparency and Corruption Indicator

Source: Open Budget Transparency Initiative, Transparency International.

The measures enhanced were also combined with measures for increasing the transparency of public budgets and reduction of bad political incentives and corruption – as part of good governance enhancement measures- with **net result the improvement of general rating corruption index; here the region as a block converges towards the less corrupted countries in 1st Quartile where EU MS are mostly located.** Yet, PFM related practices still need to be improved in order to make the leap to this higher stage.

Growth Outcomes: Across the board the **employment levels are increasing and unemployment declining¹⁵ and the perspective is good¹⁶** in the immediate period ahead. As a whole the region seems to have increased the standard of living, as from **2011 it has jumped from 2nd quartile (50 % of countries of the world) to 3rd quartile that is the location of 3rd layers where 25 % of World countries with high HDI**

¹⁴ Koczan Z., "Fiscal Deficits and Public Debt in Western Balkans: 15 Years of Economic Transition"; IMF Working Paper, July 2015
¹⁵ This is not the case for Turkey. Unemployment in Turkey has increased beyond the level of 10% since 2014 and reached 12.7% in December 2016, the highest since March 2010. It is also important to note that there is also concern regarding the rising youth unemployment (24% for Turkey in December 2017).
¹⁶ One may argue that that unobserved economy levels signalled from the presence of net errors/omissions items in Balance of Payments of these countries (IMF Country Statistics) may play a role here. Yet the lack of statistical comparative studies doesn't allow us to draw conclusions with regard its impact on the impact for the growth on a definite and clear way.

are situated.

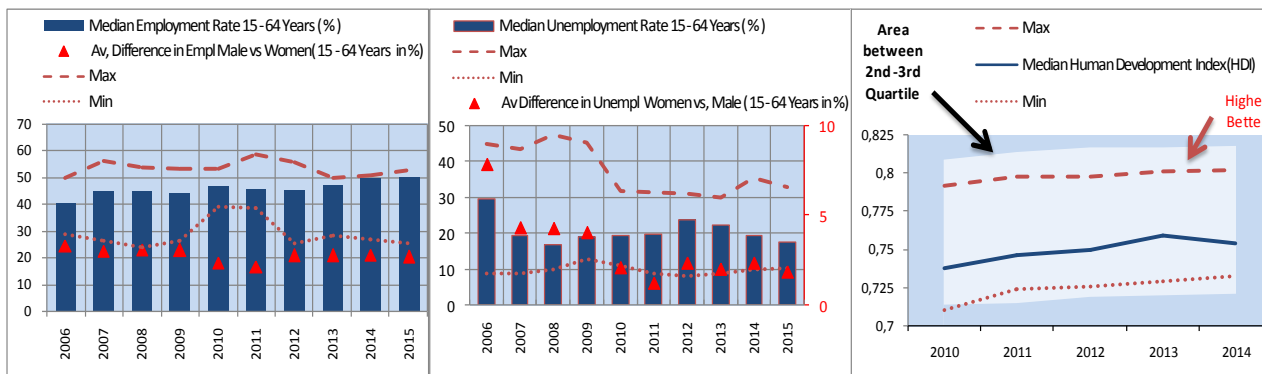


Figure 4: Labour Market and Social Indicators
Source: Eurostat and UN for HDI Database.

Considering the persisting gender differences with regard to labour market outcomes, it seems evident that reducing them has a high potential for improving HDI in general. As components of HDI depend on the access to education and labour market opportunities that reduce gender or intergenerational disparities¹⁷ these should lead to higher levels of HDI for each particular country. With regard to these disparities it seems that, although they had been reduced until 2011, the sluggish growth during 2011-2013 has affected mostly women although, in spite of the downtrend after 2015, their level is still high compared to pre-2011 levels.

1.2.2 Evaluation Findings on Relevance

EQ 1

To what extent is the EU intervention still relevant?

To what extent have the (original) objectives proved to have been appropriate for the intervention in question?

The EU's support to economic governance in Enlargement countries has been permanently provided over a number of years and, well before economic governance had been retained as one of three pillars (rule of law, economic governance and public administration reform) of the new EU Enlargement strategy¹⁸ at end-2014. In general, this support has been focused on the most acute capacity building needs of IPA beneficiaries, in order to help reinforce the institutional and operational capacity of the key national economic governance actors and help them introduce needed tools and methodologies in line with prevailing EU practices and procedures (basically line ministries, public and para-public agencies).

A significant share of the national projects retained in the evaluation sample were implemented more than 10 years ago, bearing witness to the continuous nature of this EU's support, which has not been directly placed and streamlined under the above-mentioned enlargement strategy and its three key pillars.

Multi-country projects introduced under IPA have also been very relevant indeed, in providing specific capacity building support (in particular via CEF), creating and developing the space inter- regional peer to peer exchanges and cross-fertilization, and directly supporting the EU-funded inter- governmental organizations active in this domain (RCC, ReSPA, RCC).

This is confirmed by all country findings, which underline the high relevance of EU interventions in this domain, which are aligned to national priorities, development and sector strategies. In addition, it is observed that the EU assistance is mostly demand driven and based on comprehensive needs assessments. Their focus, targets and implementation modalities appear to have responded to the concrete needs of their respective target groups.

¹⁷ The data on Gini Coefficients - as a good statistic for cross country comparisons - that would have allowed for the impact on inequality are not available, or only periodically published, for all the countries and so a credible statement cannot be made in this regard.

¹⁸ See Communication from the Commission "Enlargement Strategy and Main Challenges 2014-2015", COM(2014) 700 final, 8 October 2014

EQ 2

How relevant is the EU assistance in view of the priority needs of the countries in the region?

This relevance is further confirmed in the present period, covered by the current enlargement strategy which has faced serious challenges, including some within the domain of economic governance. This means that the priority needs of Enlargement countries, with regard both to their political stability and their socio-economic development, are clearly part of the key EU's concerns. This shared priority is expected to be further addressed in the framework of the new IPA II sector-based approach, which is based on a much tighter partnership between IPA Beneficiaries and the EU, with much more tangible commitments to achieve results and ensure sustainable performance and effects of the EU's support.

This is confirmed by the corresponding findings from country evaluations:

- In Albania, the EU assistance is based in the country's priorities, which are underlined in different sector strategies and in the National Strategy for Development and Integration (NSDI); EU integration is one of the priorities of the NSDI and the EU assistance supports Albania in achieving this priority. The EU assistance facilitates the Albanian path towards EU; it is focused on the main EU principles (public administration reform, public financial management, justice and home affairs and economic governance).
- In Montenegro, the EU assistance is very important in aligning the national legislation with the EU legislation and in increasing the staff's capacities;
- In Kosovo, the EU assistance has twofold relevance; first, it supports the political dialogue with Kosovo in the framework of the SAA and, second, it supports the sector policy dialogue by providing direct support to the SMEs or other sectors with direct grants, for the development of the country. The Kosovo's government political priorities are translated into the EU's assistance priorities;
- The equivalent situation is observed in other IPA Beneficiaries, in particular Former Yugoslav Republic of Macedonia and Serbia.

EQ 3

To what extent can the assistance in targeting economic governance complement/coordinate with national, regional, EU (sector approach) and other assistance?

The EU's support contained within the retained evaluation sample has been relevant in covering most acute needs of all IPA Beneficiaries, and has demonstrated the capacity to adapt to country specific situations and requirements. Although this context has been sporadically marked by significant differences among these countries (level of economic development, institutional capacity and solidity of institutions, et cetera), they have all shared similar or equivalent shortcomings and weaknesses, more than often directly related to the Acquis Communautaire requirements.

In this situation and bearing in mind the current situation and the still pending strong challenges, the EU's support is expected to pursue, reinforce and also streamline its programmes and projects on this focal pillar of its new strategy: this will naturally be aligned with national efforts and conform to tighter donor coordination. There will also be arrangement for tightening the complementarity and synergy between EU's national and multi-country programmes in support of economic governance.

The following can be reported from the country findings:

- In Albania, the EU interventions are well coordinated and complementary with other donors' programmes (multilateral and bilateral donors) and the IFIs. New donors' interventions are discussed and presented at the donors' round table meeting, in the Integrated Policy Management Groups (IPMG), and in the newly established sector working groups;
- In Montenegro, the EU interventions are coordinated, coherent and complementary with the strategies and programmes of EU Member States, European Financial Institutions, other multilateral and bilateral donors, and other EU policies and strategies;
- In Former Yugoslav Republic of Macedonia, the EU has an acknowledged primacy in funding and, therefore, there are few opportunities to look at alternative assistance. Nevertheless, the EU interventions are coherent and complementary with the strategies and programmes of EU Member States, European Financial Institutions (EFI), and other multilateral and bilateral donors;
- In Serbia, EU interventions are also coherent and complementary to the strategies and programs of EU Member States, European Financial Institutions (EFI), and other multilateral and bilateral donors. During the programming stages, the EUD holds coordination meetings with development partners (WB, IMF, USAID et cetera) to ensure synergy, consistency and complementarity in the programming as well as to confirm that the programmes are mutually reinforcing.
- In Turkey, however, the project in support of local investment capacity¹⁹ has been recently completed but

¹⁹ « Strengthening of Local Investment Capacity with the Participation of Local Actors » (TR2011/0136.04

should have taken the interesting opportunity to cross-fertilize and develop synergy with certain other EU-funded projects in support of regional competitiveness (Regional Competitiveness Operational Programme), implemented by the Ministry of Science. This deficiency is due, among other factors, to the “vertical” organization of the Turkish State and lack of sufficient coordination and cooperation between different Ministries²⁰¹⁹.

1.2.3 Evaluation Findings on Efficiency

EQ 4

To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession?

It cannot be considered that the past EU assistance to economic governance, as evaluated here, has helped IPA Beneficiaries achieve their strategic EU accession objectives. Nevertheless, one can clearly confirm that this assistance has been efficient and has brought a significant contribution to the reinforcement of the IPA Beneficiaries’ economic governance institutional capacity, as well as the introduction and ownership/utilization of instruments, procedures and tools in line with current EU practices.

This has thus contributed directly to IPA Beneficiaries’ progress on the EU accession path, without necessarily directly contributing to the achievement of any ultimate strategic objectives. From this viewpoint, the issue considered here relates both to Efficiency and Effectiveness.

More particularly, the following can be briefly highlighted from the country evaluations:

- In Albania, the EU assistance helped the country to pursue its efforts towards the achievement its strategic objectives of EU accession: it has contributed to align the tax legislation with the *acquis*, to strengthen the transparency and accountability of public financial management, and to reinforce the public administration staff capacities;
- The EU support has contributed to the regulatory approximation of Montenegro legislation with EU legislation; it has been shown to be an adequate instrument for achieving the objectives of EU accession;
- In Kosovo, this contribution concerned establishing better integrated policy planning functions;
- Programming of the EU assistance in Serbia is done in close consultation with the beneficiaries in order to ensure the assistance was targeted in response to the priorities/needs of Serbia and its strategy. The coherency of the programming process was progressively strengthened during IPA, as the beneficiaries put in place a range of sectoral and sub-sectoral development strategies. In order to meet its obligations under the SAA, the EU has promoted coherency in the programming process for IPA as an ‘accession-driven’ instrument. It also took into account the accession criteria, including the sectoral chapters of the *Acquis*. Serbia prepared a corresponding multi-sectoral reform strategy to guide its pre-accession preparations: a ‘National Programme for the Adoption of the *Acquis*’ (NPAA).

EQ 5

What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

The observed shortcomings and weaknesses, and their related support needs, have been fairly similar from one IPA Beneficiary to another. However, their differences in terms of maturity of institutions (e.g. Turkey versus Kosovo) and the extent of their respective needs have been taken in consideration, by applying different implementation instruments (without nevertheless the budget support under IPA and in this particular domain). No particular disadvantages have been observed but, rather, there are indications of achieved or potential advantages in terms of complementarity and synergies.

For example, Turkey’s institutional set up and economy have not been subject to transition from a centrally planned economy like all other IPA Beneficiaries, and its government institutions are therefore much more mature; this has favoured the orientation to twinning, in order to limit the EU’s support to the effective needs within a much wider and heavier state system and ensure an appropriate peer to peer relation.

However, in certain projects targeting the introduction of new practices and instruments, including the required evolution of the policy and legislative framework (e.g. local investment planning), a service contract for technical assistance has demonstrated advantages. On the opposite side of this spectrum, Kosovo’s young and inexperienced institutions have needed (continuous) technical assistance, with the still unresolved issue of their absorption capacity.

It is, therefore, not feasible to establish a clear assessment on which any particular implementation modality

²⁰ The available ROM Report (TR2011/0136.04) dated 19 January 2016 has omitted to highlight this weakness.

would be more effective than another, since a large array of different situations has been observed. Different aid modalities are selected based on the request for expertise and on the state of play in the respective situations. There are some specific areas where twinning is more appropriate, because a twinning contract gives the possibility for the enlargement countries to learn how the respective institution operates in an EU Member State. The twinning institution in EU member states is more updated with the latest versions of the EU Directives, and is familiar with coordinating mechanisms; forums and working groups that are in place in EU countries in the respective area. However, different aid modalities should be selected on case-by-case bases and a number of different factors should be taken into account before making the final decision.

Some other examples can be listed here:

- In Albania, different aid modalities were used, complementary to each other. However, the experience with the aid modalities varies from one institution to another. The experience of Supreme State Audit is very satisfactory with the implementation of a twinning contract, while there are other institutions, such as the Department of the Public Administration, which is more geared to technical assistance consulting services (the consultants prepare the specific reports/documents for which they have been contracted) while twinning provides more on job training. In case of Albania some awareness-raising efforts are made for the use of TAIEX;
- In Montenegro, different aid modalities have also been used: TAIEX for small and sharply targeted interventions as the procedure is short and fast, and the absorption capacity is high, and twinning when more focused peer to peer assistance was requested. In that respect, Montenegro institutions have been driven to have more twinning programmes with Slovenia due to the language factor, and historical linkages from the past. Disadvantages of the twinning instrument are that: i) the absorption depends always on the capacities of the national twinning institution, and ii) the twinning is reportedly costly. Twinning and TAIEX instruments have been complementary to the TA assistance; no overlapping existed and it has demonstrated to be a successful mix, which is seen as suitable in order to finance the government priorities, even in the future;
- In Kosovo, the EU technical assistance is very important for the very young national public administration, but its absorption and effectiveness are not that smooth. In the past, there have been cases when the EU experts have replaced the work of the public administration staff - this is not a good example how the TA should be provided, since, once this TA is completed, very little improvement remains with the beneficiary institution. It can therefore be considered that TA should be focused on increasing staff capacities, and should be balanced between the experts' work and the beneficiary public administration's work. SIGMA assistance is a very good example in this case, it does not replace the national staff's work, and only provides recommendations on how the work should be done. Twinning has been used in Kosovo and the decision on its use was based on: i) state of play of the specific sector, ii) and the beneficiary institution's capacity and maturity. Sometimes language is a problem in the twinning contract; it can therefore be concluded that in Kosovo twinning is not a good aid modality when the beneficiary institution is new and inexperienced;
- In Former Yugoslav Republic of Macedonia, selecting both twinning and TA as implementation mechanisms was an appropriate decision, particularly in relation to the latter, thanks in particular to the good quality of the expertise delivered. For the most part, the experts involved had a good understanding of the local institutional and legislative framework and of the priorities of the sector. This has allowed for the maximization of effectiveness and a visible contribution to the sustainability of the project results. As for twinning, it is perceived to be slow to mobilize and sometimes too rigid in procedures;
- As for Serbia, the TA is appropriate and has been well received by the beneficiaries. With a clear aim to accelerate the sustainable reform of economic governance, the service contracts have been the best modality to cover project preparation, eliminate potential bottlenecks and identify those issues which have not been fully resolved by the beneficiaries.

EQ 6

How well did projects aimed at enhancing economic governance work together to reach the EU policy objectives?

It has already been underlined that the EU enlargement policy objectives have been recently significantly streamlined within the "three-pillar architecture", where economic governance emerges as one of these key pivotal challenges and objectives. Since this had not been explicitly the case prior to end-2014, the majority of the projects retained in the evaluation matrix did not necessarily have any specific components or targets directly linking them to or streamlining them with Economic Governance at this policy and strategy level. However, they have all contributed in their respective frameworks and focuses to reinforce the economic governance of IPA Beneficiaries.

As observed in certain countries:

- In Albania, most of the sampled EU projects in the area of Economic Governance have increased the capacities and improved the functioning of the responsible institutions;
- In Montenegro and in Kosovo, the EU interventions on economic governance gained strength and depth in bringing about reform through strengthened coordination and institutionalized dialogue mechanisms;
- In Serbia, the EU interventions on economic governance (including development policy and political dialogue) gained strength and depth in bringing about reform through reinforced coordination and institutionalized dialogue mechanisms. EU programmes supported policy development and political dialogue but also reinforced an improved government led coordination.

EQ 7

How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?²¹

It is expected that the EU's decision to place its enlargement strategic focus on three pillars of enhancing, respectively, rule of law, economic governance and public administration reform will lead downstream to corresponding programming of country support that will address these objectives in a more integrated way, including budget support programmes, and in a tighter complementarity and synergy with its multi-country support. The second assumption is that this stronger concentration will be aligned with and integrated into the new EU's IPA II sector-based support to and cooperation with IPA Beneficiaries.

As for the observed current practices, the following can be briefly brought in from particular country findings:

- In Albania, the programming of the EU interventions is based on a number of relevant sector strategies and documents, and the EU seeks the government advice when setting the priorities. There is a close collaboration between the EUD and the NIPAC, but in order to enhance the programming of the economic governance projects the cooperation between NIPAC and different line ministries should be strengthened. The experience of the Integrated Policy Management Groups (IPMG) in 4 four pilot sectors (public administration reform, competitiveness and innovation, water management, and labour and social affairs) is positive and gives more opportunities for consultations and discussions; it strengthen also the cooperation between different institutions. The sectoral approach is a good planning tool, since it moves from individual project planning to sector programme planning, enabling more issues to interlink with one another;
- In Montenegro, different EU programmes in the area of economic governance, among others, are focused on the government's priorities and strategies. During the IPA 2014-2010 the sector approach has been used. Montenegro is moving from specific project proposals that have been made by specific institutions and ministries toward the sectoral approach. The sector approach is a very good model as NIPAC, before proposing a project for financing, checks how the single project fits within the whole sector strategies and the EU priorities. The EU Delegation has always provided guidance and offered their comments during the preparation of the projects, but the responsibility for drafting the projects remains always with government institutions. The EU interventions during the last years are more focused in the area of economic governance; the focus of the EU financed projects had previously been in the areas of democracy and infrastructure. The sector working groups are a good example that can contribute to the enhancement of programming of economic governance objectives in order to be more efficient and effective. However, the use of the sector approach is still evolving in Montenegro (there are single institutions that still approach the EUD for the financing of their projects), but the process is also improving in the framework of the ERP. In the future, programming needs to address the lengthy time gap between project preparation phase and project implementation.
- In Kosovo, there is always room for improvement in the EU programming; the work performed under the sector approach and the functioning of the sector groups is a good example. Different public institutions are involved in project planning; there is more discussion and consultations. Consultations have been held during the preparation of projects in 2007-2013 but the EU role at that time was stronger because the staff capacities in the public administration were totally missing. However the work with the sector approach has just started, and in the area of Public Administration Reform is functioning, always taking into consideration the state of play in Kosovo and the capacities of the public administration;
- In Former Yugoslav Republic of Macedonia, Economic Governance needs to be addressed in the context of the evolving political crisis which has an impact on macroeconomic stability. Recommendations for further streamlining legislative and institutional processes need to be taken seriously and the institutional capacity of key beneficiaries needs to be consolidated. A number of key areas targeted by the interventions need to be further consolidated, to continue with the benefits of the actions. Financial support, including technical assistance, is further required for the key institutions involved and for related processes;
- In Serbia, programming has involved a complex set of relationships between various stakeholders and, for the most part, this has been well conducted. For future reference, it is advisable to carry out a

²¹ This EQ is more specifically covered in Recommendations.

detailed analysis of the sector and to incorporate lessons learned from previous actions. Economic Governance needs to be addressed in the context of existing structures and with the objective of attaining set objectives and monitoring performance.

EQ 8

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?

The responses to a number of EQs above have underlined the fact that the evaluated EU support has been characterized by a relatively wide diversity of methodologies and implementation modalities, which hardly differ from one IPA beneficiary to another, but where of all the projects have endeavoured to support the most acute deficiencies and shortcomings identified in the wider domain of economic governance in these countries. It is therefore not possible to pick up and highlight the “most efficient” methodology, since what may have been very successful in one IPA beneficiary and one project may not have been so in another project (whether or not in the same IPA beneficiary country).

The evaluation team consider, therefore, that the currently developed and applied IPA II Framework provides all the necessary conditions in order to improve and reinforce programming of EU’s support to economic governance; this will also ensure the needed complementarity with other components of EU’s support now structured within the IPA II sector approach on the one hand, and achieve a tighter partnership consultation with the concerned IPA Beneficiaries throughout the IPA II process.

However, the following can be highlighted from the corresponding country evaluation findings:

- In Albania, functioning of the sector working groups is a good example. The use of sector planning documents is a good methodology because it gives the possibility to have an assessment of the sector, to take stock on the main sector issues, gaps, weaknesses, needs, and priorities, and what are the other donors’ programmes and financing plans for the future. Sector planning documents are living documents, and they introduce performance-based assistance;
- In Montenegro, there is no single methodology used in project preparation; in the past, needs assessment studies have been used while preparing particular EU interventions. Also efforts have been made to ensure complementarity with other EU interventions and to avoid overlapping with other donors’ programmes. The use of the sector planning documents is a new methodology that has been applied recently and, so far, it has proved to be a good methodology. This is because the sector planning documents are based in the country strategies and priorities, are living documents and help to create a clear picture of the sector, including what other donors’ are doing; and also provide an overview of the projects implemented in the past. The preparation of the sector-planning document in the area of competitiveness and innovation has shown to be a good example;
- In Kosovo, there is no specific methodology used for the programming of EU funded interventions; the projects’ priorities have been set in close collaboration with government authorities. The project priority may have been proposed by the government, or the EU itself may have proposed a priority from its country reports, but its financing has always been decided in close collaboration with the authorities. Due to the very low staff capacities, the beneficiaries’ role in programming has been limited. However, in order to address the staff capacities in Kosovo for programming during the period 2007-2013, a couple of preconditions were set, prior to the project financing such as: i) existence of the institutional structure that will implement the project; ii) existence of the legal framework; and iii) adequate staff that will be involved in project implementation;

1.2.4 Evaluation Findings on Effectiveness

EQ 9

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?

It is difficult to consider, on the basis of this evaluation, whether the EU assistance has contributed to tangible improvements in the economic trends in IPA Beneficiaries, which certainly also and above all depend on external structural conditions. However, this support has indeed been effective in order to reinforce the operational capacities and skills of the concerned economic governance institutional actors, introduced new tools, instruments and procedures in line with good EU practices and, in certain IPA Beneficiaries (e.g. Kosovo), provided the fundamental support to introduce or further structure the needed legislative and policy frameworks.

In achieving that, the EU’s support has definitely helped narrow the gap between the IPA beneficiaries and the needed Acquis in this particular domain and significantly to enhance their resilience in managing economic governance in the overall context of a world economic crisis.

As observed in certain country findings:

- In Albania, the EU assistance in the area of economic governance has contributed to increased capacities of public administration; the concrete cooperation of different consultants under technical assistance projects has significantly improved staff capacities in different sectors, which has contributed to increase the absorption capacities of the funds. The public administration structure is solid and yet it might have been better shaped, as the system is not resilient enough. The EU assistance has improved the legislative process and aligned it with EU legislation, but the implementation of the legislation remains a challenge (e.g. in the area of public procurement, the legislation is fine but it is not implemented). However, the public administration staff capacities remain weak, and staff changes and lack of merit-based recruitments are also problems;
- In Montenegro, the EU assistance has been effective in strengthening the administrative capacities and the staff knowledge of the benefitting country; it has contributed to the harmonization of the national legislation with the *acquis*, and establishment of the institutions, and in the SAA negotiation process. EU assistance has contributed to the opening of the negotiations in respective SAA chapters, and has contributed to more inclusive and equitable national and local economic development.
- In Kosovo, EU assistance has contributed in drafting and implementing new legislation in line with the EU's, and in increasing public administration capacities; it has created better living conditions for the marginalized groups and better employment opportunities for the citizens;

EQ 10

How did the assistance provided respond to the real needs, in terms of quality, timing and duration?

All country findings converge to confirm that the evaluated assistance did respond to real needs. Its quality may have varied from one project to another but it has been generally satisfactory, delivered on time and with appropriation calibration of required inputs. However, one can nevertheless admit that there has been one issue, observed in a minority of projects and related to weaknesses which are not specific for only this domain of EU's support: timing and duration, due to lengthy EU and national procedures and also, for the operations under indirect management, the operational strength and absorption capacity of the national authorities in charge. However, these weaknesses are not considered to have strongly and negatively impacted the overall effectiveness of EU support. Another related weakness characterizing the institutional context of certain projects has been a lengthy or late follow up by the government in order to pass and enforce the legal instruments prepared with this EU support.

On a country level, and in several examples, the following has been observed:

- In Albania, at the beginning, inconsistencies were noticed between the project preparation phase and the project implementation. Sometimes delays were observed due to the shortfall in meeting the project preconditions; this was caused by frequent changes in the public administration and the long time that passed between the project preparation /approval phase and implementation phase. Since 2011 some improvements are being made; the Financial Agreement is being approved within the same year with IPA Committee approval. However in IPA 2015, Albania is still late with the approval of the Financial Agreement; this is linked with the public administration weak capacities in managing IPA funds under the decentralized system;
- In Montenegro, the EU interventions have been based on the country priorities and have responded to the country needs. These are high quality projects and have helped to increase the capacity building in the respective institutions. The beneficiaries are of the opinion that the EU has implemented high quality projects in Montenegro;
- However, in Kosovo, the EU interventions have lengthy procedures. It takes almost three years from the start of the project planning process till to the initiation of project implementation; sometimes during this time-period the project purpose may lose its relevance;
- In Former Yugoslav Republic of Macedonia, and despite clear delays, no major issues were detected and for the most part the outputs were timely produced. At the same time, some difficulties have been experienced in delivering appropriate, timely assistance in a setting that is often fast-tracked and in some cases susceptible to changes in political priorities between programming and implementation. These include limited administrative capacity to absorb and use outputs, insufficient intra- and inter-agency collaboration, turnover of trained staff, and lack of motivation for training.

The EU's support to economic governance in IPA Beneficiaries has been well aligned to their priorities and needs, permanently aligned with the requirements for these countries to achieve their respective Acquis in that domain on the one hand, and to reinforce and consolidate their institutional capacity in this domain on the other. These needs have nevertheless been strongly emphasized recently in the light of the economic crisis and of the lessons learned related to accession of certain new EU MS, leading to the decision taken by the EU to set up a new enlargement strategy strongly focused on three pillars, including economic governance.

Since a significant share of the EU's support embraced by this evaluation had taken place before this decision (October 2014), it does not appear that the corresponding reinforcement and further structuring of the sector-based approach under IPA II has already led to the design and formulation of EU's assistance to economic governance in IPA Region, such as would have a stronger and more integrated focus on economic governance and would be more explicitly streamlined under the strategic pillar of economic governance.

Certain examples from country findings are briefly recapitulated below:

- In Albania, the direct link between the priorities of Albania and the provision of the assistance in the area of economic governance is the improvement of public finance management (PFM) and the alignment of Albanian legislation with the acquis. The improvement of the public finance management (PFM) has not come only from the EU assistance, a good complementarity is ensured between the EU assistance and the government priority in this area;
- In Montenegro, the country's progress in the SAA process and the opening of the negotiations is the direct link between the country priorities (membership to the EU is priority of Montenegro) and the outcome of the effective TA provided. Strengthening of the capacities and the narrowing of the Montenegro legislation and the acquis are other direct links;
- In Kosovo, the direct link between the EU assistance outcome and the country priorities in that it has resulted in the preparation of the National Development Strategy and the Economic Reform Programme. Another direct link is the establishment of new institutions and increase of staff capacities;
- In Former Yugoslav Republic of Macedonia, the implementation of EU assistance was also in direct association with the countries state priorities and beneficiary needs, as well as a consequence of various circumstances during implementation. Owing to EU assistance, some priorities have been translated into the provision of actual assistance. This concerns the important need for improving the design of a coherent medium and long-term macro-fiscal framework, improving the links between forecasting of macroeconomic variables and the budget planning process, and building the capacity of the relevant actors to design and use new forecasting and planning models;
- In Serbia, the implementation of EU assistance was in direct association with Serbia's state priorities and beneficiary needs; thanks to this, Serbia has been able to speed up the labour market reform in line with the EU standards, improve the efficiency and effectiveness of transparency in the expenditure of public funds and contribute to the establishment of a more transparent, client oriented and efficient tax administration, while maintaining and increasing the level of tax collection.

1.2.5 Evaluation Findings on Impact

It is general confirmed that the evaluated EU assistance has been effective and has achieved the results planned in different sampled projects. The only factors that may have hampered to a minor extent the implementation of the evaluated EU's support are already underlined above, (under Effectiveness/EQ 10). The achievement of these results has been to a certain extent facilitated by the scope and "depth" of the projects in question, which have not aimed at a heavy and integrated policy support and have thus not been excessively exposed to external factors in general and the effects of the economic crisis in particular.

On a country level, it has been in particular observed that:

- In Albania, the assistance has been effective in achieving the desired results in the cases of the Completed projects of those sampled. There have been delays caused by difficult tender procedures, lack of staff capacities, or low ownership and leadership demonstrated by the benefiting institutions;
- In Montenegro, the EU assistance has helped to increase human and institutional capacity, which in turn has led to an increase in the absorption capacity of policy recommendations and proposed tools,

- methodologies and good practices;
- The same impact is observed in Kosovo, with, in particular, an increase in the absorption capacity of policy recommendations, proposed methodologies and good practices. However, political instability has this impact to some extent;

EQ 13

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?

The solidity of the achieved impacts and their longer term sustainability have currently been facing the acute challenges of political instability in a significant number of IPA Beneficiaries; this comprises a wider risk of endangering rule of law and good governance, and affecting the already achieved level of performance of their public administrations as a whole, including the institutional actors in charge of economic governance.

One can stress the role and importance of multi-country programmes, implemented by three inter-governmental organizations which are EU funded and based in IPA Region (RCC, ReSPA and CEF). Their contribution to enhance impacts and sustainability can be further reinforced:

- RCC has a solid leverage in terms of strategy and policymaking;
- ReSPA offers a privileged positioning for strengthening the PAR, and has already developed certain activities directly related to economic governance, and, in particular,
- CEF is a very effective “hub” for capacity building in economic governance, in developing peer to peer cross-fertilization and the spirit of “community of practitioners”, and to host and participate in the activities of IFIs as is currently the case with the IMF.

This role, and its proven effectiveness and impact, deserves further EU support and should benefit from better visibility, enhanced ownership by all directly concerned IPA beneficiaries, and further reinforcement of the needed complementarity and cross-fertilization between national and multi-country projects.

Finally, the contribution of the civil society actors already actively involved in a number of advocacy and awareness building activities related to PAR and structured in regional (multi-country) IPA networks, could also be further strengthened by a deeper focus on economic governance.

The following considerations stemming from country findings are briefly recapitulated below:

- In Albania, the legislative and institutional changes achieved with the EU assistance are not permanent and sustainable in the long run; the legislation approved in Albania is frequently changing. There is no concern when a law is being changed because it is being updated with the *acquis* with a normal frequency, and when/where there is an analytical base for changes of the law. The laws in Albania continue to change on ad-hoc basis and without having an impact assessment on the implementation of the law;
- In Montenegro, the sustainability of the EU assistance has been hampered by the staff shortage and scarce human capacity in different ministries and institutions. Many staff working in the EU financed projects during the years had left the administration (they are very much requested by the private sector that offers higher salaries). This is one of the issues that need to be addressed in the future in order to make the EU financed projects more sustainable;
- In Kosovo, the impacts of the EU assistance are sustainable to a certain extent; there are two important documents drafted with the EU assistance that will be implemented during the next years: i) National Development Strategy; and ii) the Economic Reform Programme. Horizontally, the staff capacities in monitoring and evaluation are very weak and may hamper their sustainability. Other factors that have hampered the sustainability of the EU assistance are lack of trained staff; replacement of the institutions work, with the work performed by the EU experts, in some cases the approach taken has not been appropriate (on the job training is not appropriate for the new institutions). EU assistance will enter now into another phase into embedding the results in the administrative regulations and will support the increase of staff capacities in M&E, not only in the Strategic Planning Office but also in the line ministries where the staff capacities are very limited and there is no cooperation between different institutions. Political will is also a very important factor that determines the sustainability of EU assistance; currently there is no Minister of EU Integration in Kosovo, and it will be decided in the near future on how the EU agenda will be coordinated within the Kosovo administration.
- As for Former Yugoslav Republic of Macedonia, the impact evaluation for IPA needs to become more rigorous, which will take both time and resources. After the creation of clear indicators, all programmes funded under IPA II should determine the information needs for subsequent counter-factual assessments in the future and make provision for gathering performance data.
- In Serbia, impact prospects are positive: the basis for improvement of legal and regulatory framework is

set. The achievement of the specific objectives, however, remains subject to ensuring adequate sustainability prospects and proper external conditions for the action, especially through the continued private sector reform efforts of the Government of Serbia and political will and commitment to the e-Agenda. The projects have a strong policy support component in line with the prevailing strategies.

EQ 14

To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?

The evaluated EU assistance (based on the projects retained in the evaluation sample) has definitely had an overall positive effect on the facilitation of the Enlargement process in all the IPA Beneficiaries, in supporting reinforcement of a wide array of economic governance tools, instruments and procedures in line with the current EU practices and contributing to achieve certain specific Acquis Communautaire. This contribution can thus be considered to have resulted in a certain progress within the overall Enlargement process.

More specifically, on some countries' levels, the following can be briefly recapitulated:

- In Albania, the EU assistance had positive effects on the facilitation of the enlargement process; it has strengthened the public finance management (PFM) and has contributed in the progress made in different SAA chapters;
- In Montenegro, the EU project has contributed to the modernisation of institutions and legislation; this has taken place according to the EU good practices, which have facilitated the SAA process;
- In Kosovo, the EU assistance has increased the pace of Kosovo efforts towards EU accession and in developing its capacities and systems for a better integrated policy planning;
- In Former Yugoslav Republic of Macedonia, this assistance brings important value added to the process of accession harmonization, with key factors including political support from EU institutions and a link between the implementation of the IPA and progress in the political process of accession negotiations. The present risk concerns the political landscape in the country, since the political risk is a major impediment in allocating EU aid, benefiting the sector;
- In Serbia, the EU has supported inclusive economic development and, in particular, private sector development. It has also improved general efforts towards EU accession and in developing its capacities and systems for a better integrated policy planning.

EQ 15

Which are the appropriate SMART indicators that should be embedded in the upcoming projects?

The thematic scope and diversity of the evaluated assistance and its projects have been too large and too heterogeneous to allow for realistic and useful proposals on which (SMART) indicators should be taken into consideration. It is indeed not possible within the scope of this evaluation to come up with any set of "one size fits all" SMART indicators, that may not have been taken into consideration in the framework of the projects of EU assistance to economic governance over the time period considered: the projects' heterogeneity is too large, both in terms of modality (implementation instruments), their different overall and specific objectives, and their various operational partnership scopes.

However, it can be underlined that Economic Governance, retained as one of three key pillars in the new EU's enlargement strategy, is already present within the current IPA II sector-wide architecture; as stressed in the Inception Report²², in IPA II, Economic Governance is the Secondary Sector 1.7 of the Primary Sector 1 "Democracy and Governance", and is defined as follows: "Strengthening economic policy and its governance, focusing especially on a medium-term macroeconomic and fiscal policy framework and related structural measures as well as sector measures enhancing competitiveness, including deregulation". Public Administration Reform (PAR) is the Secondary Sector 1.3 under this Primary Sector, whereas Competitiveness is found within the Primary Sector 6 "Competitiveness and Innovation".

It would be therefore important to consider stressing the pivotal role of economic governance within this particular IPA II sector-wide approach, and formulating (or reinforcing the existing) corresponding indicators, among the performance indicators retained in the IPA II Framework (and, if needed, adding new indicators that would be clearly focused on "economic governance". In this way, Economic Governance would be given the possibility to (i) "emerge" within the overall pattern of sector-based programming, monitoring and reporting framework developed for IPA II, and (ii) to propose a coherent and up to date grid of indicators which are fully and directly relevant for this particular domain and which would allow for more effective monitoring and evaluations.

²² Chapter 3.2.3.

1.2.6 Evaluation Findings on Sustainability

EQ 16

To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

This question is directly correlated with EQ 13, above, concerning the sustainability of impacts and further improvements needed, since it is clearly observed that impact and sustainability are very closely inter-connected, in this domain in particular, where economic governance cannot be linearly isolated and separated from the wider whole of the integrated performance of the public administration. This being underlined, it has been observed that in a large number of projects, their achieved effects have been present beyond the end of the EU's support, demonstrated in the reinforced institutional and operational capacity, as well as ownership and utilization of newly introduced tools and instruments. Nevertheless, this has been less obvious in cases where and when the government follow-up should have secured the impact and sustainability (by enacting new legal instruments, et cetera) but it either did not happen at all or took place too late to maintain effectiveness.

The following has been observed in country findings, among other observations:

- In Albania, it is expected that EU assistance will continue to produce effects after the end of EU funding; the legislation aligned with the EU is being implemented and the transfer of know-how has modernized the institutions. However, its extent is threatened by the staff capacities to implement the legislation and to continue the modernization of the institution;
- In Montenegro, many of the EU interventions are continuing to produce effects after the EU assistance; the transfer of know-how has led to the modernisation of the institutions and readiness to continue the process;
- The direct outcomes of the EU assistance in Kosovo are two important documents that will be implemented and will continue to produce effects during the next years: i) National Development Strategy; and ii) the Economic Reform Programme. The transfer of know-how through the technical assistance has increased the institutional and staff capacity in policy formulation;
- In Serbia, the state budget should be a good guarantee for the sector and financial means should not be spared. Improvements have been noted but more needs to be done in supporting the sector. Economic reform represents a complex process that requires substantial financial resources for a number of structural and organizational changes and this also concerns the effective implementation of policies. Support to the sector reform should continue in collaboration and close coordination with other relevant multilateral and bilateral development partners and actors.

EQ 17

How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?

This EQ is considered to be highly correlated with EQ 15 and its response is placed within the same IPA II framework. The issue is taken forward in the Recommendations but several points observed in country findings are nevertheless listed below.

- In Albania, the EU assistance programming has been improved over the years especially during the centralized management. The Albanian authorities should better ensure the institutional memory and avoid frequent changes of staff that are in charge with the project preparation. In order to improve the impact and sustainability of EU financial support, the linkage between the programming and monitoring of EU assistance should be strengthened; to ensure this the monitoring indicators of the EU financed projects must be included in the list of monitoring indicators of the specific sector strategy, as currently developed in the IPA II Monitoring, Reporting and Performance Framework. In addition, more attention should be given to the lack of staff capacities to deal with difficult bidding procedures, during the preparation phase (especially when the bidding procedure is developed in two stages), and in the cases of challenging contracts, such as IT contracts, that needs extensive staff knowledge and time;
- In Montenegro, in order to improve the impact and the sustainability of the future assistance, it would be important to further introduce and develop the sector approach while drafting such assistance. The use of sector approach is seen as an effort, or a step forward compared to the single project preparation, which will increase the country capacities and prepare Montenegro to benefit from the structural funds when the country will become EU member. Also the timing of the ERP approval and the Multi Year Indicative Plan (MYIP) approval should be synchronised in order to ensure a better link between these two documents. Sector working groups must ensure a better alignment of national priorities and the IPA financed priorities;
- In Kosovo, in order to make the EU assistance more sustainable in the future, it is important to have political will, stronger public administration, and institutions in place that will implement the EU financed project. NIPAC role has to be strengthened. The existence of stronger public administration institutions

is essential for the implementation of the projects; they cannot be implemented without government institutions in place. Government ownership and participation should be ensured in order to increase the impact of the EU assistance.

- In Former Yugoslav Republic of Macedonia, under IPA II, technical assistance will have to further improve the impact of upcoming interventions, aiming to make financial assistance more sustainable. Initially, the mode of assistance delivery needs to be kept open until the final decision is taken and the process of diagnostics should be participatory with a higher inclusion of key beneficiaries. In parallel, identified areas of intervention should be recognized by all parties and associated requirements for technical assistance clearly identified. Also, close cooperation with other providers (donor community) needs to be ensured and duplication and overlap coverage fully avoided. Equally important, the track record and provided guarantees should receive a large weight in appraising requests for future assistance.
- As for Serbia, the country remains committed to creating a functioning market economy. It continued implementing the Stand-By Arrangement with the International Monetary Fund 26. The programing of EU assistance should be in line with combined measures required by the IMF in improving the management of public resources through reforms of public institutions (the treasury, central bank, civil service, and the statistical office); including administrative procedures (expenditure control, budget management, and revenue collection); and supporting the development and maintenance of a transparent and stable economic and regulatory environment conducive to efficient private sector activities. Under IPA II, technical assistance will further improve the impact of interventions and their sustainability, which will make the financial assistance more sustainable.

EQ 18

To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?

Sustainability and solidity of ownership of the results has been a general and overarching issue in virtually all facets and domains of the EU's external action, in particular when it comes to the required institutional support. Consequently, the situation is not different here and the still present rotation of higher senior public administration staff in charge of managerial and strategic/policy issues remains a growing challenge, which is particularly acute in the current political turbulences of most of the IPA Beneficiaries.

However, as seen from certain country findings and at the time of this evaluation:

- In Albania, the authorities continue to demonstrate ownership of the results; the legislation aligned with the Acquis is implemented, and the IT system is being used;
- In Montenegro, the beneficiaries continue to demonstrate ownership of the results; the legislation aligned with the Acquis is being implemented and the coordination of Montenegro institutions has increased the ownership at institutional level, and improved the efficiency, effectiveness and impact of the projects;
- The EU interventions in Kosovo have increased the strategic and policy management capacities of different institutions. The authorities are demonstrating ownership of the results achieved, to a certain extent. However, the sustainability of the interventions is hampered by the political situation and changes and rotation of staff.
- In Former Yugoslav Republic of Macedonia, in the absence of any systematic planning approach in place, it can be difficult to specify beneficiary ownership of results. This can be addressed if the beneficiaries make the best use of those results. Review and evaluation information can contribute to the evidence base for further policy development and provide justification for addressing priorities. In relation to this, EU assistance should be able to contribute to bring about meaningful changes (outcomes) to the sector, making a good start for improving the performance of sector bodies and their ability to measure performance through the standardization of working processes and procedures, the introduction of new and improved methodologies, better communication with the public, enhancement of professional competencies and revision of the legislative framework;
- In Serbia, the effectiveness of the EU program conditionality is in a direct correlation with the evidence that it supports the implementation and the development (or its changes) of Serbia's policy actions. EU assistance should be able to contribute to bringing about meaningful changes (outcomes) to the sector, making a good start for improving the performance of sector bodies and their ability to measure performance through standardization of working processes and procedures, introduction of new and improved methodologies, better communication with the public, enhancement of professional competencies and revision of the legislative framework.

EQ 19

How much have the economic governance structures evolved thanks to IPA funding?

Generally taken, the evolution is seen in the direct support delivered to reinforce the beneficiary economic governance structures' institutional and operational capacity, and their ownership and utilization of a wide

array of tools and instruments, introduced through the EU's support. Consequently, it is not possible to measure the overall evolution, or, a fortiori, to consider that the overall economic governance structures have substantially evolved thanks specifically to EU (IPA and before) funding. In order to do that, a tangible set of indicators and corresponding benchmarking frameworks should have been set up to frame and accompany the projects in question.

It is now expected that the structural framework of IPA II will facilitate monitoring and evaluation of the new projects in support to economic governance, including the expected introduction of the EU's specific results-based tools.

More particularly, the following country evaluation points can be borne in mind:

- In Albania, the economic governance structure has evolved; in particular, thanks to the EU assistance, public financial management has improved; it has aligned the legislation with the Acquis, it has increased public administration capacities, transparency and accountability, and has contributed to fighting corruption;
- In Montenegro, the EU financed projects contributed to the improvement of economic governance by establishing legislative and institutional standards that are specific to the EU;
- In Kosovo, the economic governance structure has also improved; IPA funds played a key role in establishing the policy planning and management functions in Kosovo, and in introducing new knowledge and expertise into the public administration;
- In Former Yugoslav Republic of Macedonia, the EU has promoted effectiveness by strong political engagement, linking continuation assistance to the successful achievement of the results of projects as well as further progress in accession negotiations. The assistance in the sample targets specific elements of the reform process in a range of different areas but there are some common factors that contribute to effectiveness. These take account of ensuring that the assistance targets current national political objectives, providing adequate expertise, providing training at a level and intensity in line with the absorption capacity of the recipients and providing sustained assistance appropriate to the political landscape and the scale of the institutional reform intended, and
- In Serbia, sustainability prospects are mixed but are generally favourable, considering the human and institutional capacities, although general circumstances are limiting due to the fact that there is an extensive reform being implemented and that there are restrictions in terms of administration employment.

1.2.7 Evaluation Findings on Coherence

EQ 20

To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other actions on the field?
Is EU assistance coherent?

On the level of inter-donor presence, generally taken, the EU has been the most important international donor in support of the economic governance in all IPA Beneficiaries, and, in the particular case of Turkey, it has also been the sole international partner (other than the general support by and cooperation with the key IFIs). Moreover, the EU has also funded a number of multi-country programmes in support of PAR and of economic governance, implemented by the regional (inter- governmental) organizations based in IPA Region²³, including the direct financial contribution to the IMF, among others.

Within the EU's overall support, its coherence has been also observed as regards the "parallel" implementation of national and multi-country programmes and projects, although this aspect deserves further mainstreaming and reinforcement in order to reach more solid synergies and cross- fertilize the achievements, as laid out in the Recommendations.

Nevertheless, it is considered that a stronger and tighter coherence of EU policy dialogue and advice with its financial cooperation, in this particular domain, will need to be sought by reinforcing the pivotal position of Economic Governance within the global IPA II architecture, with its proper set of key indicators, and translated into fully coherent actions. This should not ignore the regional or multi- beneficiary programmes which, as already underlined, have their own specific weight and effectiveness, to be further built upon.

In addition and in order to illustrate from the corresponding country findings, the following can be noted:

- In Albania, the EU assistance is coherent with other interventions that have similar objectives; the sector strategies and the functioning of sector working groups ensure such coherence. Also coherence is

²³ Regional Cooperation Council (RCC, Sarajevo), Regional School for Public Administration (ReSPA, Danilovgrad, Montenegro) and Centre for Excellence in Finance (CEF, Ljubljana, Slovenia) ; see Annex 4.1.8

ensured because in some areas the EU is making a long-term engagement (e.g. statistics, public administration, public financial control and inspection et cetera);

- In Montenegro, the EU assistance is coherent, and strong attention has always been paid to ensure coherence between different EU interventions. Ensuring the complementarity between different EU interventions has always been a priority;
- As for Kosovo, the objectives and activities of EU assistance are complementary and therefore coherent with other similar initiatives funded by international donors. In the area of the Public Financial Management the EU interventions have been complementary with the World Bank on Public Sector Modernisation Project (PSMP). The World Bank has supported the policy planning and budgeting with its operation in 4 sectors (Education, Health, Agriculture and Justice) while the EU has supported two other sectors (Infrastructure and Transport). Good complementarity of EU and WB support has been ensured also in the area of procurement. The WB has assisted the Kosovo government with launching of e-procurement, while all the necessary legal changes related to the procurement law are made in close consultation with the EU experts because Kosovo's priority is the European Integration. In the area of Taxation the EU support has been complementary with the USAID support. In order to improve the coherence of the EU financed projects, a better link should be ensured between the country priorities and the EU project priorities; the EU financed project priorities should have a stronger and clear link with priorities of the National Development Strategy and sector strategies.
- In Montenegro, the EU interventions are coherent and complementary to the cooperation strategies and programmes of EU Member States, European Financial Institutions (EFI), and other multilateral and bilateral donors. During the programming stages the EUD staff has had coordination meetings with development partners to ensure synergy, consistency and complementarity in the programming as well as to confirm that the programmes are mutually reinforcing;
- In Serbia, synergies have been sought by the EU to develop a transversal approach to the action. The EU assistance represents an opportunity for beneficiaries to improve donor coordination in respect to previous and current actions. EU assistance is increasingly well coordinated with both joint interventions but also other donors.

EQ 21

To what extent does the EU assistance in targeting economic governance Promote effective cooperation and coordination between stakeholders?

A significant positive effect has been observed in that regard, in the projects that have targeted more than one national organization (or several departments within one large entity such as Ministry of Finance), where this coordination and cooperation has been encouraged and achieved. Such coordination should have been more effective in situations when a national follow-up legislative action had been needed in order to preserve the impact and sustainability of the attained results.

Moreover, as already stressed, the actual dichotomy between national and multi-country programmes and projects leaves ample space for further reinforcement and better synergy, carried over into this evaluation's recommendations.

The particular aspect of "multi-targeting" different beneficiaries within one single Governmental institution (usually the {complex} Ministry of Finance), underlined above for Turkey, has also been looked at in certain country findings, as briefly recapitulated below:

- In Albania, the EU assistance has promoted at a certain extent an effective cooperation and coordination between Albanian stakeholders, and so has been the case in Montenegro;
- In Kosovo, the EU assistance has contributed to the establishment of the government's ERP working group and it has promoted the inter-institutional cooperation and partnership between different stakeholders;
- However, in Former Yugoslav Republic of Macedonia, this coherence could have been better in terms of programming, management and monitoring mechanisms. Even where they are implemented by the same institutions, most of the processes are undertaken by different bodies within them. There is stronger coherence between other instruments available to the Commission Services although their inclusion during the programming process for the IPA could be more comprehensive.

EQ 22

To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

Twinning projects have by definition enhanced the visibility of EU aid, both on the level of the partner MS and the EU as a whole, but this has been less the case of the projects implemented by IFIs, UN system agencies and the OECD, in which the EU visibility has been sporadically overshadowed by the visibility of these organizations; this is not specific for Economic Governance and is encountered in other domains and instruments of EU's external action.

Innovation has been clearly observed in a number of pioneering approaches that have introduced new tools and procedures in line with EU standards in order to replace obsolete national instruments, tools and procedures. This has been successfully achieved in a large array of specific fields, and, as generally observed, in all IPA Beneficiaries. A non-negligible contribution in that particular matter has been brought about by the MB Programmes, and by CEF in particular.

As concerns the general issue of EU's visibility, there has been no significant improvement in more recent projects compared to the earliest ones, but it is now expected that the new visibility guidelines and, in particular, the new dissemination and consultation procedures ("Open Public Consultation", et cetera) will help achieve more significant improvements.

1.2.8 Evaluation Findings on Value Added

EQ 23

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?

It can be considered that the EU's support to economic governance has been very important and has indeed played a pivotal role in the overall context of international support to IPA Beneficiaries. It has allowed to streamline the corresponding national actions with regard not only to specific Acquis requirements but also in order to reinforce their resilience against the negative structural effects of the economic crisis. However, the assessed EU's support has not yet been streamlined under the EU's recent strategic positioning on three respective pillars of rule of law, public administration reform and economic governance (end 2014) into more integrated support programmes, with more incisive pattern of indicators, tightly embedded in the IPA II Framework.

It is certain that without the EU's support, all IPA beneficiaries would not have achieved such improvements in their economic governance structures', efficiency, technical capacity and utilization of up to date tools and instruments, transferred to them via the EU support.

What is more, the EU's regional (multi-country) support has been instrumental, in this domain as in all others, by encouraging and creating platforms for inter-regional cooperation, peer to peer exchanges and cross-fertilization and, thence, for closer regional cooperation.

As illustrated in some country findings:

- In Albania, the value added of the EU assistance is the strengthening of public administration capacities, modernization of the institutions, and the alignment of legislation with the acquis. It has improved Albanian public financial management system (PFM) and policy planning capacities. It has contributed to the Albanians' progress in the path to the enlargement process; it has helped to build a partnership between Albania and the EU and a culture of working together. It has contributed in making progress with different SAA chapters;
- In Montenegro, mention can be made of the following value added effects which have resulted from the EU interventions: i) improved technical capacities in different Montenegro institutions; ii) better regulated market institutions, iii) progress with the SAA negotiations, and iv) the alignment and harmonisation of Montenegro legislation with the EU legislation. EU projects are preparing the country its citizens and the public administration for the Montenegro membership to EU
- As for Kosovo, the value added of the EU interventions is that the citizens' knowledge on the EU values has been increased; it has contributed to establish the institutions and increase the staff capacities. EU assistance has contributed to prepare Kosovo to access and benefit from the structural funds in the future. Indeed, the EU interventions in Kosovo are fundamental. The EU serves as a reference point for all the donor support to Kosovo. The value added of the EU interventions is the final goal to be an EU member, and that EU has supported productive sectors in Kosovo and has contributed to increase the productivity of Kosovo economy.
- In Former Yugoslav Republic of Macedonia, the observed added value is that the EU intervention is the most substantial support finance provided at the sector level as it represents a significant proportion of the funds available outside of operating costs of the beneficiaries. Also, funds to be made available are generally known some years ahead and can be prearranged into the budgets of beneficiaries/sub-sectors sufficiently in advance that they form the basis of medium term budgeting process. Being linked to a longer term political process, IPA funds can be projected to be continued by the EU into the medium term, which seems to be a critical issue where many bilateral donors are withdrawing funds and where the national budget is constrained;
- In Serbia, the EU has a critical engagement in addressing economic governance and the state

structures need to set an agenda at national level and divide the tasks among themselves with clear mandates. This requires a more integrated approach. Given the huge reliance on the EU, this is seen as even more important. Sustainable progress requires a strategic approach that will strengthen and relate the work of various national structures and institutions. This will mean increasing accountability and transparency of government spending and careful long-term planning. Given the complexity of the sector, it is vital to restore the faith in key institutions to implement their own home-grown development policies. The added value can be seen from the perspective of the target groups where the general public should remain a primary area of interest with increased efforts in advocacy and raising awareness. This is vital for animating the citizens and getting them thinking about critical issues by using examples to which they can relate.

Given the observed good practices and lessons learnt, it is considered that no specific areas within the overall domain of economic governance should be excluded from further EU support; on the contrary, the need is now felt for more integrated support on country level (see EQ 23), more tightly coordinated with multi-country programmes and, naturally, through reinforced coordination with not only international donors but also with the key IFIs which play a very important role in this domain and in all the IPA Beneficiaries. The evaluation team agrees with DG NEAR in considering that this is a very important point; on the one hand, there is an increased need to learn more about IPA MB Programmes and their complementarity to the national programmes, and, on the other hand, the complementarity of work of the IFIs with IPA national funding becomes more important in the context of blending efforts, connectivity and – in the specific case of BiH – the Reform Agenda, where IFIs are main drivers in various areas and the EU is focusing on PAR and Rule of Law (RoL). Good coordination is hence essential.

In addition, certain country findings further tackle this question, as briefly recapitulated below:

- In Albania, the EU involvement is relevant in all the areas, taking into account the large degree of harmonisation that Albanian legislation has to align with the EU legislation. The donor coordination is functioning well at the sector level, while at the high level the coordination between donors is lacking. There are no donor coordination high level meetings organized in the last two – three years. The IPMGs are good experiences in the functioning of the donor coordination at the sector level, as it increases the beneficiary's ownership and provide a tool to have a mapping on different donors' projects and programmes in the respective sector;
- As for Montenegro, there are not many donors now present, and the country is mostly relying on EU funds. When there is no financing from the EU (IPA), other donors' are contacted (e.g. WB or the EBRD, but in the form of loans). The donor coordination is not functioning well in MNE. It should gain the momentum when the donor coordination functions were carried out at the Prime Minister office, while now the function has shifted to the Ministry of Foreign Affairs (which is in charge of the European integration coordination via NIPAC and relations with bilateral donors). It is very difficult at this stage to identify which are the areas that do not require the EU involvement.
- In Kosovo, the donor coordination in Kosovo is not functional and effective. The donors share their priorities among themselves, but from the government side there is no coordination. In Kosovo the link between the country strategic objectives and the donors' priorities is missing. A better coordination of donors' support by the authorities would be very helpful for the EU itself, and other donors as well in streamlining their assistance to Kosovo;
- As for Serbia, its key donors are the EU, USAID, Germany, Sweden, Switzerland and Norway. Many of the EU Member States also provide targeted assistance in specific sectors. The IFIs – EBRD, EIB, KfW, World Bank – provide loans for the development of the Serbian economy. The rationale for additional funding and EU support is strong and expectations are running high but, at the same time, there are clear arguments to reduce donor dependency. The EU is not the sole supporter of the sector in Serbia but the reform process should continue in collaboration and close coordination with other relevant multilateral and bilateral development partners and actors. Given the huge reliance on the EU, this is seen as even more important. A number of ongoing (and past) initiatives are implemented under the auspices of different donors and the improved donor coordination should lead towards a more efficient utilization of their funding, benefiting the sector. Visibly, the EU holds regular consultations with the EIB, EBRD and the WB in order to explore synergies for cooperation, including blending of EU grants with loans.

EQ 25

To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?

This has already been addressed in the response to EQ 22 above and the following can be further underlined. In all IPA countries, the EU is a key donor, within the overall strategic partnership towards EU accession, which also clearly means that the EU has been the most important if not the unique standard for the introduction of good practices in public administration reform, good governance, rule of law and, in this matter, economic governance. This is an acknowledged fact which is regrettably not always reflected in the

results of public opinion polls and surveys, an issue which has now been seriously taken into consideration by the EU and is expected to be alleviated if not neutralized through increased application of innovative tools (Better Regulation, comprising inter alia open public consultations, systematic consultation of stakeholders, et cetera).

EQ 26

To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?

It is indeed necessary to consider the opportunity of introducing budget support or/and more integrated sets of instruments in order to ensure further progress, in particular on policy and reform levels. However, the observed efficiency and effectiveness of certain implementation instruments in IPA Beneficiaries (e.g. twinning in Turkey) should plead in favour of maintaining them, if this can contribute to the overall synergy and better respond to certain specific needs. A “thematic sector” budget support focused on Economic Governance could indeed constitute an appropriate instrument for the new enlargement strategy in which this domain is one of three key pillars. This would give the possibility to design an ad hoc integrated support with its own set of indicators, obeying both to the budget support procedure and to the overall IPA II framework.

As illustrated in the situation of two IPA Beneficiaries:

- In Former Yugoslav Republic of Macedonia, the advanced draft of the Public Finance Management Reform Program 2016-2020 is being discussed between the Commission and the Ministry of Finance and its adoption is expected upon the formation of the new Government. Once adopted, the Government and the Commission will engage in a policy dialogue in formulating the most appropriate mix of instruments that should ultimately lead to improvements in policy and reforms across sectors, and
- In Serbia, the support in this area links to the fourth pillar of the PFM reform programme. With regard to policy dialogue on PFM, this programme foresees that the dialogue with the EC and the international financial institutions and other donors will take place with the PFM working group under the umbrella of the PAR sector coordination mechanism. The dialogue will be based on the government's own monitoring and reporting and will follow up implementation of the PFM reform program. Serbia and other IPA countries are eligible for sector budget support, provided that the following four preconditions are met: a stable macro-economic framework; a credible program and relevant to improve public financial management; transparency and oversight of budget; and credible and relevant sector strategies consistent with the EU accession strategy. Assistance will be provided primarily through twinning, technical assistance, supplies of equipment and possibly also through calls for proposals and direct grants to relevant national authorities. Sector budget support can be considered, especially to support the ongoing structural reform process, provided that Serbia meets the relevant pre-conditions.

1.2.9 Evaluation Findings on Gender and Environment

EQ 27

Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

It is not considered that gender equality issues have any particular significance in this domain, unless the support in question would imply the development of initiatives, procedures, tools or instruments which are gender specific (such as increasing social expenditures or similar), and this has not been the case in any instance here.

EQ 28

To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?

Projects in support of economic governance may theoretically have a bearing on the environment, in particular when they bring up inappropriate responses to climate change challenges. This has generally believed not been the case here at all and this has been supported by all the country findings.

1.3 Neighbourhood Region

1.3.1 Introduction

This chapter is presented in the same way as for the IPA region, i.e. a brief macro-economic overview of the region, followed by the sequence of evaluation findings (within the evaluation matrix format) and country macro-economic overview charts. The overview of the region is limited to Neighbourhood South, considering that the findings related to five visited countries which constituted the necessary critical mass of inputs, but not for Neighbourhood East where only two countries (Georgia and Ukraine) have been covered. The table below shows a recapitulated listing of all the programmes and projects covered in the evaluation in the Neighbourhood Region, and of their main observed achievements.

OVERVIEW OF SAMPLE PROJECTS IN SELECTED NEIGHBOURHOOD COUNTRIES AND THEIR KEY ACHIEVEMENTS

Country	Title	Lead Beneficiary and Key Achievements
GE	Support to Public Finance Policy Reform (PFPR)	Ministry of Finance: Well developed MTBPs at national and regional level, Comprehensive budget information for sake of accountability and transparency External Audit: -Qualitative Audits, -Reports to Parliament, Communication Strategy Parliament Budget Office: Qualitative Forecast, Effective Oversight in the Process of Business Formulation
JO	Support to Public Finance and Public Administration Reform (PFFA) Support to public financial management reform programme	Ministry of Public Administration: Advancements in Public Service Delivery Ministry of Finance: Qualitative Budget Formulation at the level of activities, Impact Assessments, Chart of Accounts and Budget Comprehensiveness External Audit: Advancement in the transition from ex-ante audit to ex-post audit in line with INTOSAI principles
MOR	Programme d'appui à la réforme de l'administration publique (PARAP) I	Ministry of Finance, Budget Department, Public Administration: HRM civil service reform, Fiscal Policy and Revenue Administration Measures (Direct vs Indirect Tax Measures), Budget Transparency and Budget Comprehensiveness, Performance Management
	Programme d'appui à la réforme de l'administration publique (PARAP) II	Ministry of Finance, Budget Department: Sound Budget Frameworks, Performance Management, Elements of Organic Law of Public Finance (LOF)
	Hakama (Governance)	Ministry of Finance: Implementation of LOF
	Trade and Domestic Market Enhancement Programme	Ministry for Trade and Industry: Strategic Planning, Donor Coordination, Effective communication with stakeholders
	Inclusive Economic Growth Programme:	Not yet in implementation but in the programming phase: effective communication with stakeholders, inclusion of marginalized categories of population, attention to environment and local tradition and contexts.
	Capacity building of PPP Units in Egypt	Central PPP Unit: Modules of training and capacity building for PPPs in different areas and the modalities involved. Foreseen to be developed further in a fully capacity building programme for all PPP units in line ministries.
EG	Twinning project: enhancing Accountancy and Auditing Profession in Egypt	Egypt Professional Association in Accounting and Auditing profession: New draft law prepared and ready to pass to parliament for approval, manuals developed in line with EU standards.
	EU4Business: Network of Business Support Centres in Ukraine	Ministry of Economic Development and Trade The project will contribute to sustainable and inclusive economic growth in Ukraine to enhance employment opportunities, regional prosperity and national cohesion. The project will provide direct lending to SME-s, up to 1 million of Euro.
	Sector Competitiveness Strategy for Ukraine Phase 3 - Sustaining Reforms (ENPI/2013)	Ministry of Economic Development and Trade /Ministry of Agrarian Policy and Food /Ministry of Finance /Ministry of Education and Science /National Bank of Ukraine / State Agency for Energy Efficiency and Energy Savings Drafting of the competitiveness strategy aimed at creating growth and boosting competitiveness.
UKR	Harmonisation of Public Procurement system in Ukraine with EU standards	Ministry of Economic Development and Trade/Antimonopoly Committee of Ukraine Public Procurement Agency Alignment of the national the legislation in the area of public procurement with EU legislation; two laws were revised, the e-procurement was introduced in the law, and the Ukrainian legislation in the area of public procurement has been approximated with the EU legislation,

	Harmonisation of Competition and Public Procurement Systems in Ukraine with EU Standards	Ministry of Economic Development and Trade/Antimonopoly Committee of Ukraine Public Procurement Agency Establishment and enforcement of the Ukrainian competition law, introduction of a monitoring system for State aid and subsidies, to the reforms in the public procurement sector in line with PCA objectives
	State Building Contract for Ukraine	Government of Ukraine Prepare in-depth reforms in the context of the Association Agreement/Deep Comprehensive Free Trade Area through support to improved governance, the fight against corruption, judiciary reform and public administration reform.
	Twinning project to Customs	State Customs Service Establish a basis for effective customs management and integrity in Ukraine based on Integrated Border Management (IBM) principles, which is relevant and linked with the Ukrainian obligations in the SAA process.
	Creation and Implementation of Public Funds Utilization Monitoring System	Increase transparency and accountability of the budgetary spending at the local level by development and implementation of the monitoring methodology
	State Cost Promoting the Public Monitoring of state Budget Process	Ministry of Finance Promotion of public finance reform and public accountability, with the focus on public financial management monitoring and increasing public awareness on the state budgetary process. It contributed to strengthen engagement of CSO and citizens in the monitoring of public finances, and state budgetary process
	Twinning "Strengthening NBU potential through approximation of EU standards of central banking"	National Bank of Ukraine Strengthening the capacity of the Ukrainian banking sector in the following areas: monetary and foreign exchange policies, monetary and credit statistics, payment and settlement systems, operational planning, communication and international co-operation, approximation to EU legislation.
	Technical assistance In the Financial Sector's priority areas (FINSTAR)	Ministry of Finance, the National Bank of Ukraine, the National Commission for Securities and Stock Markets, and the National Commission for the Regulation of the Financial Services Market Improve the financial services sector in Ukraine so it is capable of delivering stable, secure and efficient financial services that facilitate the provision of finance to private sector entities, to assist the development of the national economy, and thereby to support the country's economic and social development and its integration into the global financial environment.
	Twinning project "Development of External Audit and Control of Public Finance in Ukraine"	Accounting Chamber of Ukraine Alignment of the national legislation with the EU legislation in the area of External audit. Implementation of INTOSAI standards (levels I-III).
	EU Support to Ukraine to Re-launch the Economy (EU SURE)	Ministry of Economy, State Regulatory Policy agency, Regulatory Service, Department of Entrepreneurship. The project will revise the business legislation; more than 10 000 legal acts will be revised, and its impact is considered to be huge in the regulatory reform, SME-s development, and business development as well; The project will improve RIA.
TUN	Programme d'appui Euro) Budget Support à la GBO (PAGBO) (30MI	Ministry of Finance: Law on Public Finance and Performance Management
	Programme d'appui à la compétitivité (38MI Euro Budget Support + 3 M Euro Complementary Support). Modified in November 2013 to "Programme de Renforcement des capacités des autorités locales" for a value of 30. 291 MI Euro	Ministry of Finance and Local Authorities: Public Service delivery support at local level

<p>Programme d'appui à la relance I" (55 ML from a total of 100 ml Budget Support) in a joint support with WB (loan for 500 ml USD0), BAD loan for 500 ml USD and Agence Française de Development loan for 185 ml Euro).</p>	<p>Ministries of Education, Employment Agencies: Measure for increase of employment of young population and integration in the labour market, Restructuring of Employment Fond, Support to Strategic Aid and Development Coordination</p>
<p>Programme d'appui à la relance II" (63ML Euro Budget Support+ 5MI Euro Complementary Support) in a joint support with WB (loan 387 MI Euro) and BAD (loan 387.5MI Euro)</p>	
<p>Programme d'appui à la relance III" (65 ML Euro Budget Support) in a joint support with WB (Loan 250 MI USD).</p>	

1.3.2 Macro-economic Overview

This section provides an overview of the main macro developments in Neighbourhood South, in line with the EU approach of Economic Governance.

Macro-economic developments and Imbalances: Recent changes in the Arab world after 2010, which led to political upheaval in several countries, were motivated from the quest for democracy, respect for human rights and inclusive growth.

They opened the path to a transition period that is different from other countries that have experienced similar events in the past. In this section we have as focus Egypt, Morocco, Tunisia, Jordan whereas the benchmark of the countries that we have taken into consideration includes also Algeria.

The 2008 economic crisis affected these countries through different channels like lower external demand, the worsening of terms of

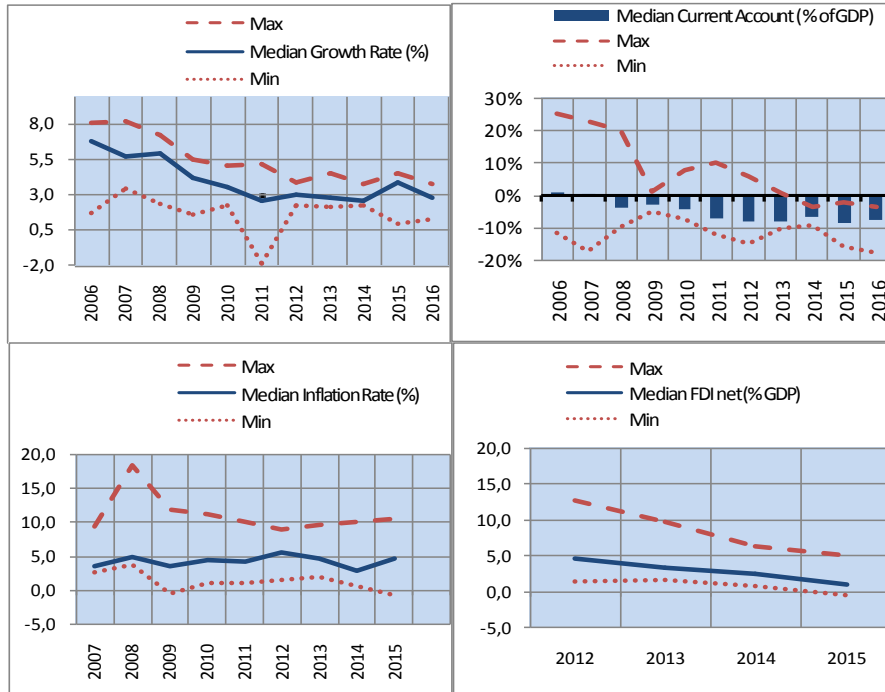


Figure 5: Selected Macro Indicators

Source: Eurostat, IMF forecasts and projections for missing values of 2015, 2016. FDI calculations from World Development Indicators, WB 2016.

trade for non-oil producers, decline of tourism, remittances and foreign direct investment.

Fiscal Balances: Considering the sluggish economic growth in EU area, their major trade partner, which clearly has an effect on these countries' economic activity, the need to accommodate social demands amidst the political transition process have put pressure on national public finances.

Overall Deficits and public debts have increased in our countries of reference; the governments have been trying to contain them through very ambitious reforms supported from International partners, where EU is a major player.

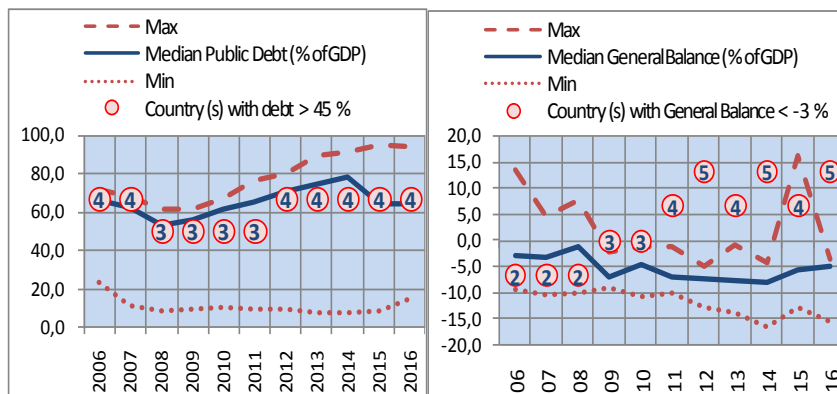


Figure 6: General Balance and Consolidated Total Public Debt Indicators

Source: Eurostat, for missing values of 2015 and 2016 IMF latest estimations.

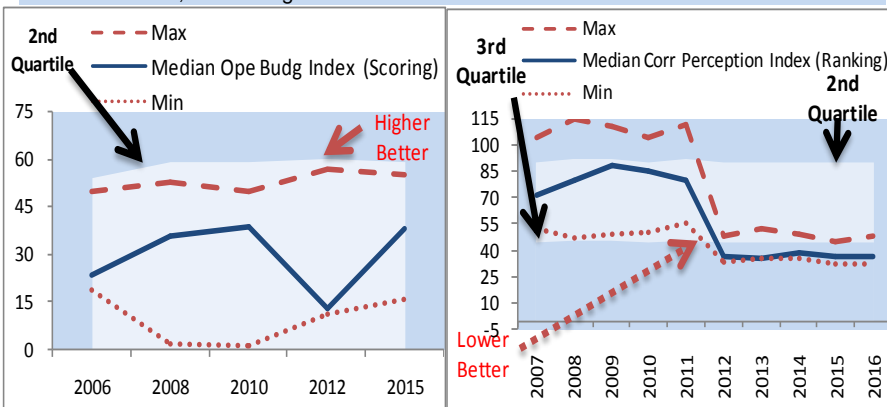
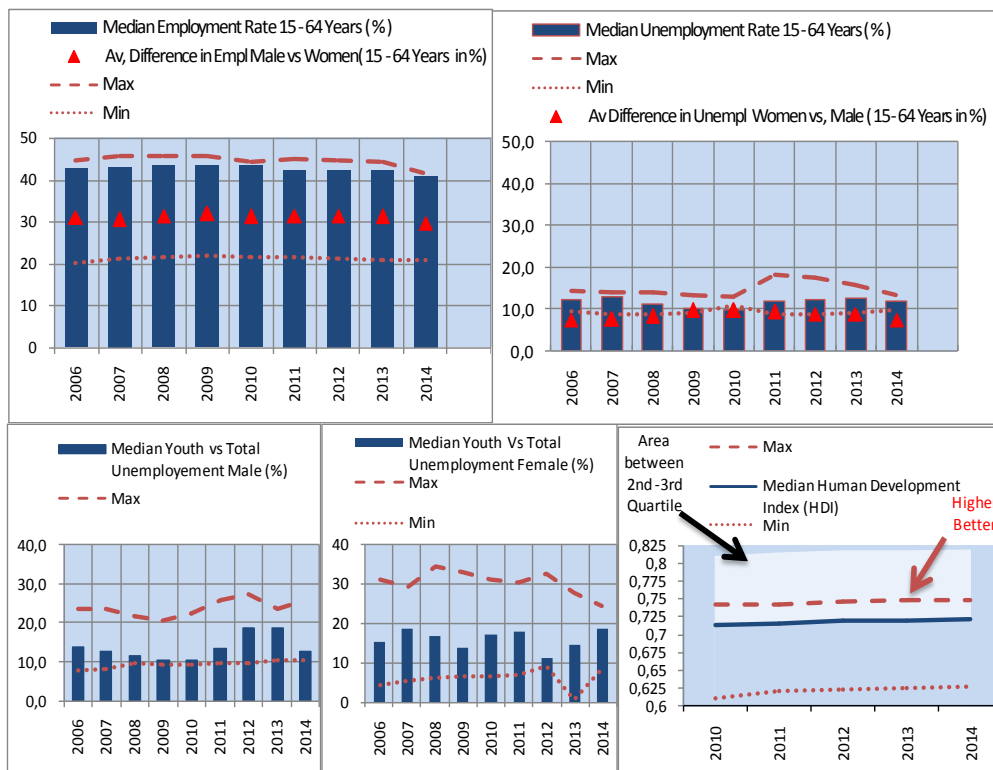


Figure 7: Open Budget Transparency and Corruption Indicator

Source: Open Budget Transparency Initiative, Transparency International.

Governance: Ensuring a return to sustainable public finance is desirable, so it is the capacity and capability of public authorities to provide transparency and information to citizens and public actors in order to ensure that the original demand of population

behind “Arab Spring” are met. Across our references countries there is an improvement of these governance indicators, which is encouraging and can serve to maintain the momentum of supported reforms.



Growth Outcomes: Across the board the employment levels are still insufficient in order to lower the unemployment and absorb the new incomers in the labour market, mainly the young generation. The inter gender and intergenerational disparities remain significant; thus affecting the general living standards of population in these countries mostly below the high development threshold.

Figure 8: Labour Market and Social Indicators
Source: Eurostat and UN for HDI Database.

1.3.3 Evaluation Findings on Relevance

EQ 1 To what extent is the EU intervention still relevant?
To what extent have the (original) objectives proven appropriate for the intervention in question?

In spite of the fact that the projects/programs retained for evaluation have not been explicitly designed with general objective of EU Economic Governance (EG) Approach, most of such interventions have been aiming at elements (see, e.g., at the end of this section EQ1) which are indeed at the core of current EU and EU Member States approach to Economic Governance as defined in relevant EU decisions and regulations.²⁴²³

Judging from the general macro fiscal balances, governance and employment levels- as presented in macro views and country fiches in annexes of this document- before and at the end of the projects/programmes evaluated, one may accurately state that these interventions have been/ still are highly relevant to associated levels of economic governance in the countries of ENI South and East examined. Moreover, the need to increase economic growth rates, reduce fiscal imbalances, inflation and unemployment rates are some of the most important factors that necessitated also structural reforms supported from the interventions evaluated as part of this exercise.

Likewise, one can note the requirements linked to major political changes taking place in neighbourhood (e.g., Ukraine, countries with regime change due to the “Arab Spring”).

Evaluated EU-supported Economic Governance actions include:

- Quality of macro fiscal and medium-term budget frameworks (GE, JO, MOR, EG);
- Budget execution, revenue enhancement (JO), public procurement (UKR), PPP (EG);
- National / subnational public service delivery, performance (TU, JO, GE);

²⁴ https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction_en ; <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:306:0041:0047:EN:PDF> ; http://europa.eu/rapid/press-release_DOC-05-1_en.htm

- International accounting standards and indicators (JO, EG, UKR);
- Accountability and oversight involving Parliament, Supreme Audit Institution and CSO (GE, JO, TUN).

EQ 2 How relevant is the EU assistance in view of the priority needs of the countries in the region?

The relevance of EU assistance to priority needs of the countries in the region has been and remains high first of all because of its size, stability and continuity in time even amidst the turmoil of political upheaval in some of the countries. In all the countries considered, the EU is, if not the most, among the largest three important external assistances providers including IFIs (WB, IMF, and AfDB).

The weight being an important factor, the significance of EU assistance in terms of EG is actually greater given its delivery as part of Joint Support (with other donors) to important EG reforms that aims at reducing macro fiscal imbalances, improve the governance, service delivery and growth outcomes for the citizens.

Besides, the EU assistance has supported these countries in developing systems and, where relevant, products in line with EU market requirements in particular contributing to market access, compliance and penetration into EU markets and therefore to higher economic revenues/benefits accruing to partner countries.

Examples:

GE and UKR: The programmes/project evaluated were/are part of Public Sector Reform measures for supporting “Association Agreement and the Deep and Comprehensive Free Trade Area (AA and DCFTA)” of EU with these countries.

EG: Budget Support as part of reforms in public sector reforms supporting Association Agreement Implementation.

MOR: Regulatory Convergence (RSA I, II), PARAP (I, II,) HAKAMA supporting the Association Agreement and movement of Morocco to the status of Privileged Country. In addition EU support is part of overall Support (EU, WB and AfDB)

JOR: PFM Budget Support as part of Public Sector Reforms accompanying Association Agreement with Jordan and movement towards Privileged Country Status.

TUN: Budget Support Programmes (PAGBPO and Joint Support with WB and AfDB) intended to support Tunisia to overcome the failures of economic governance and improve the economic outcomes for the citizens at large.

EQ 3

To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?

The projects and programmes evaluated have been in general well-coordinated within the donor community (IFIs, multilateral or bilateral ones).

Regarding the coordination with national beneficiaries the results are mixed. While the EU has maintained a “check and comply” attitude with national authorities for any single project/programme implemented, the coordination effort has been uneven across the board. Two patterns are present:

1. The coordination is very strong from beneficiary building upon a document of national strategy and an institutional body overseeing and managing the whole process of assistance taking place in the country. The countries in this group have also in place a strong monitoring process; this is the case in Morocco, Tunisia and Georgia.
2. The coordination is low or still insufficiently developed by the beneficiary country due to weaknesses and/or instability of operation of coordination centres at national level. Not surprisingly these countries have had delays in establishing strategic national documents and supplementing them with action plans and monitoring indicators/devices. The cause lies first in the political environment aggravated by a high turnover rate of human resources, which is present in some of the countries pertaining to this 2nd pattern. Another cause is related to insufficient skills and/or persistence of a work culture based on "isolating silos" and poor accountability. Supporting more effective coordination sometimes has been the most important challenge that EU assistance have had to deal with, thus delaying or affecting the implementation peace of programmes. In this respect EU officials have been demanding on national beneficiary, also by increasing the TA assistance made available to public administrations and would need to be further supported in the context of public administration reforms so as to enhance local capacities.

1st Pattern Countries: Morocco, Georgia, Tunisia

2nd Pattern Countries: Ukraine, Jordan, Egypt

1.3.4 Evaluation Findings on Efficiency

EQ 4

To what extent has the EU assistance helped beneficiaries achieve the strategic objectives of EU partnership?

In Neighbourhood South, the political transition in most of the countries being a fact, the strategic objectives of the countries correspond to the political realities of countries in transition. In this regard the EU assistance especially in elements related to Economic Governance, with solidity, resilience and the capability of adaptation has been efficient, in maintaining these countries on the path of credible transition reform, yet with a different speed. The supported reform measures consist mainly of support for democratic governance practices and important economic and social inclusion.

In other cases, EU assistance - through the coordination, incremental improvements and continuing progress - has been highly beneficial to the strategic aims by contributing to preserve stability and increasing the capacity and resilience of key EG institutions. Positive ratings with regard to governance frameworks, growth outcomes and standards of living support evidence in such direction although, once comparing with new EU MS countries, it is evident that challenges and needs for improved economic governance remain important in the short as well as in the longer term period.

Evidence:

GE: EU support for key central authorities (such as the Ministry of Finance) and oversight bodies (such as the Supreme Audit Institution and Parliament's Budget Office) has contributed to progressively improve the quality and openness of policy dialogue at local level as well as the implementation of EU- Georgia BS programmes. Most importantly, improving the quality of the economic governance has been instrumental to the capability of the country for preserving macro fiscal stability and to improve the quality of public finances despite a difficult (external and internal) environment. While doing so via a flexible mix of Budget Support and of project (including twinning) modalities, EU-Georgia policy dialogue has also contributed to improve budget transparency and accountability and supported cross- cutting improvements for the benefit of the population as evidenced by lower corruption perception and by more business-friendly policies.

MOR: Working with and involving the beneficiary in designing conditionality matrix in Morocco (for PARAP I

and II) through incremental changes and improvements in line with “evolution speed” appropriate to Morocco has been an efficient way of delivering sustainable reform outcomes, improving the quality of economic governance in general and preventing policy reversal.

EG: Improving the policy dialogue with the beneficiary at an entry point (Programme in Ministry of Trade and Industry) has been an efficient way to break the silos and enhance the communication with other public officials in different institutions, thus increasing the level of policy coordination at national scale.

TUN: Deviation of some of the budget support funds after the revolution to the financial support of local authorities has been critical for maintaining the level of public services at local government level and, hence, has reduced the risk of civil unrest and smoothed the transition reforms period in Tunisia.

Challenges

Combination of Budget Support and revenue enhancement measures is an efficient way for increasing the sustainability and effectiveness of EG reforms in a medium- and long-term perspective, as insufficient performance on the revenue side can impact the effectiveness and the results expected via the expenditure side. A better and more comprehensive policy dialogue and planning is also necessary to meet better results for the ultimate benefit of the population. These measures, however, require a well-developed public administration and policy management cycle, which rarely is the case in the countries supported. Finally, in more advanced EG countries – such as, for example, Georgia – an additional challenge is to progress in the implementation of an EU-oriented economic governance, a major policy objective which however requires a stronger capacity and participation of different institutions and stakeholders as well as an improved checks and balances system of governance and stronger public accountability for results.

EQ 5

What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

From the point of view of instrument efficiency and value for money, in reforms related to certain elements of economic governance like macro fiscal stability, the programme flexibility during the crisis or hard stress times in exchange for a fast track of performance under more stable condition remains a preferred way. While such elements are part of State Building Budget Support (SBBS), in more stable environments, the evolution from SBBS to Sector Reform Budget Support (SRBS) or General Budget Support (GBS) is in general an efficient way of supporting the reform drive once policy conditions allow it, as specified in the EU Budget Support Guidelines. Yet, success in implementation is not assured and actual in-country performance has been mixed.

With regard to other instruments, twinning seems to be particularly efficient in order to support the update and even the initial capacity building process of public administration in most of the countries in transition or in other more stable countries as they move to higher levels of association with EU.

TUN²⁵ and MOR- EU Budget Support as part of multi donors Joint Support in case of Morocco has been an efficient way of providing a support for reforms that have maintained the macro fiscal stability in relatively large period of time. In Tunisia however the evidence is mixed with a positive performance initially and an unsatisfactory performance since 2014.

UKR: Selecting both twinning and TA as an implementation mechanism was an appropriate decision. The program uses appropriate implementing modalities although twinning is sometimes used where lower capacity beneficiaries would be better served by technical assistance. In addition, twinning was most efficient when used for policy development related elements in beneficiaries with sufficient absorption capacity and a clear sectoral policy agenda.

EG, MOR, TUN are also countries where the value of twinning instrument is preferred as the most efficient way of providing deep technical expertise in limited matters (Accounting, Banking, External Audit).

EQ 6

How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?

²⁵ 2014 was the last year of Joint Support for Tunisia.

The general aim of external EU policy objective in Neighborhood Region consists of promoting peace and stability through support for improvement economic governance and social inclusion. These policy objectives showed progress in general, as currently observed from the evolution trend of some elements in Economic Governance for these countries (reference is made to country fiches in annexes of this evaluation report). Together with other important donors, EU assistance has been instrumental in the supporting macro fiscal balances and progress in governance levels. Efficiency gains on the part of donor coordination have the potential to increase the leverage of assistance provided from EU even further with regards to outcomes in matters of economic governance.

In cases of policy-based financing, however, the types of conditionality should be carefully considered and revenue enhancement measures should be progressively included and implemented.

MOR: EU is the one of the three largest TA providers in Morocco and the largest trade partner. The joint support of EU with other partners (WB and AfDB) and the modality used (BS) has worked well to maintain the macro fiscal stability (growth rate, inflation, debt and general balance), good governance (budget transparency and corruption perception) and growth outcomes (general level of employment, unemployment and differentials females vs. males for both young and mature generation).

TUN: EU is also one of the largest financial support providers to Tunisia; yet here the results are mixed as discussed in the previous question (EQ5) with regard to all macro fiscal balances, governance and growth outcomes. In response, EU has provided direct budget support to public service provision at local level, support to programmes of integration in the labour market in order to contain the risks of social contest (high differential in employment men vs. women, high unemployment for young generation). However, the policy mix supported is not efficient enough as the revenue enhancement measures (e.g. professional services taxation policy is yet not tackled) and active expenditure measures to boost growth (Public Investments Projects throughout the country) are still far away for being implemented. Although the EU has delivered on its responsibilities (good governance initiatives such as OBI and CPI, which are all improved in Tunisia), it needs to capitalize on its success and increase the leverage on asking for an improvement of performance delivery from other partners (AfDB, WB) with regard to critical measures related to macro fiscal balances. Macro fiscal Assistance is a very good opportunity to influence this process, provided that it's coherent with and builds on successes of budget support in the ground.

EG: EU is not the most important donor in matters of economic governance; therefore the efficiency of support, as far as its size is concerned, with regard to performance cannot be claimed. However the importance of the sector where EU is providing support (PFM) for economic governance matters is high, therefore EU needs to leverage its efforts and influence an improvement of Egypt's performance in this regard. The new IMF programme with Egypt is a good opportunity to make this transition.

JO and UKR- EU is a very important donor and with a high degree of influence on economic governance related outcomes. The efficiency of the work on Budget Sound Frameworks, Accounting and Audit for Jordan is already recognized not only in PEFA last exercise but also in IMF country reports, the same for Ukraine with regard to transparency improvement in matters of external audit and procurement. Yet the performance of Jordan needs to be improved with revenue enhancement measures in order to improve country resilience to shocks in the future. Here the donor coordination effort with other donors (USAID) and IFIs (IMF) is important; thus EUD officials' proactive attitude with regard to donor coordination is a very good one and should continue. The leverage of the effort can be higher if the coherence between BS (general conditions) and Macro Financial Assistance achievements is maintained and reinforced. In the case of Ukraine, the donor coordination can provide more efficiency gains that have the potential to improve even further the economic governance related outcomes (especially in relation to the USAID: LEV Project of Leadership in Economic Governance).

GE- EU is a key partner of Georgia across many areas and is becoming, also in specific EG areas, the most important partner of Georgia. While different modalities (budget support, twinning, technical assistance, et cetera) are provided in a significant manner, the overall efficiency of its flows is well managed and maintained through a good system of strategic planning and coordination progressively expanding beyond central government authorities. Moreover, such system has contributed to provide Georgia with additional know-how as well as financial and human resources so as to implement needed reforms and to progress, despite external shocks, in more advanced and transparent economic governance.

EQ 7

How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?

First of all, fiscal politics or political economy factors should be carefully considered and included in the process of designing the content and the timing of the EG reforms. This is especially important in periods of instability or/and in the presence of important vested interests opposing the implementation of needed EG reforms.

In addition, there is large evidence that the national capacity to implement the projected reforms is hampered from the lack of internal sources in both terms: human and knowledge. Given the large technical assistance (envelope) provided to the region in the past, the lack of knowledge is related to the loss of qualified human resources either because they have been removed from the place or transferred to other levels of national public administration. There are cases when highly qualified people with numerical skills, whom have been trained in EU supported projects, have left public administration and joined the private sector, without any knowledge transfer mechanism being in place. While such considerations are related to HR and PAR reforms in beneficiary countries, the programming of future activities and programmes should consider mitigation measures to contain the risk of losses of technical assistance related outputs. The design of the transmission mechanisms of knowledge base developed in the past through modern solutions such as net libraries, online portals or similar will support actual public officials with useful findings, instruments, and tools already available that are deemed relevant and up-to-date; thus the national authorities may use the financial support for more advanced areas of technical assistance.

TU: In the past Tunisia had a very solid and high quality body of technical expertise and research literature in macroeconomic and industrial policy, forecasting and statistics. However, based on the information from the field mission, it seems that this knowledge base is not available any more after the revolution, which in a way has impacted the ability of public administration to negotiate the envelope and the approach/timing of the reforms enacted in the country in the last years.

JO: The availability of human resources with advanced numerical skills in Ministry of Finance in Jordan especially in the matters of macro fiscal forecasting, budget planning/programming is constantly subject to high migration rates of qualified resources in other Arab Gulf Countries. MTBP exercises developed in the past with the help of technical assistance provided from EU, which were highly appreciated in previous reports of IMF, WB and PEFA assessments, are far away from being sustainable practices because the people trained left the public service.

UKR: It is advisable to ensure a detailed analysis of the sector and to incorporate lessons learned from previous actions. Economic Governance needs to be addressed in the context of the evolving political crisis which has an impact on macroeconomic stability.

EQ 8

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?

The joint identification, review and programming of support with other international donors seem to have worked quite well in the ability of EU to leverage its own influence both in the ENI East and South and in both stable and in transition countries.

In the case of more stable countries, large programmes appear to be efficient as they allow for an increased possibility of national authorities to rationalize their coordination support especially when many donors are involved in certain area, and keep the pace of implementation.

In addition, the evidence strongly supports that the instrument of twinning is highly beneficial and instrumental in providing capability enhancement for public officials as soon as a critical mass of stability of human resources is achieved and secured.

MOR: The approach of Morocco with regard to technical assistance is particularly interesting. It is a country that has opted for large programmes of TA, yet has implemented them in a gradual and slow mode. In so doing, Morocco has been able to pool the funds from different donors (EU, AfDB and WB), implement with a peace proper to the evolution in its public administration body and save in monitoring cost through integrated conditionality matrix with carefully chosen integrated conditionalities and triggers. Small Incremental positive changes have built up to a critical mass of capacity/capability enhancement in public administration, which has been translated into a very high rate of successful twinning projects in recent two

years and more to go in the pipeline.

EG: The programming here has been trying to cope with a difficult path of political transition and a challenging administrative culture and size of public sector. Here the choice of twinning or single projects (PPP, Accounting), long term assistance divided along lines of interest (trade policy, promotion and enhancement, industrial policy) with long term experts sitting in line ministries have been successful for “breaking through”, penetrating strategies in line with public officials expectations, build support and momentum, increase the expectation and then launch large inclusive programmes to deliver on those expectations (inclusive economic growth programme),

UKR: Selecting both twinning and TA as an implementation mechanism has been an appropriate decision. Twinning was most effective when used for policy development related elements in beneficiaries with sufficient absorption capacity and a clear sectoral policy agenda.

1.3.5 Evaluation Findings on Effectiveness

EQ 9

How effective was the assistance in targeting economic governance?
How did it contribute to tangible improvements on the economic trends?

Many programmes and projects included in this review have a substantial focus on public finance management (whether via BS programmes or via TA-only projects) and do involve key economic governance areas (related to, e.g., internal and external audits, public procurement, budget oversight, budget formulation and implementation). In majority of the cases, these projects/programmes have also contributed to contain the macro fiscal imbalances. Judging from the importance of EU funding in these countries, as part of joint/parallel funding with IFIs or alone, a valid judgment can be made about the effectiveness of EU support provided with regard to economic governance related outcomes. Moreover, and as shown in country fiches in the annexes of this report, the trends on public debt and general deficit are being progressively brought under control and the good coordination of support with IFIs and with the IMF is making such joint support more effective.

On another front critical for effective economic governance, EU support to independent bodies which have an essential policy - and political - role in the oversight and decision-making process of public spending (Courts of Accounts/SAI, Parliaments, and CSOs) has strongly contributed to accompany a progressive transition towards higher stages in budget transparency and accountability.

This being said, and despite a promising trend in employment in some countries, inequalities across gender and generation do persist. A full analysis of the relations between economic governance, on the one hand, and employment outcome, on the other hand, would however require more detailed and complex country-specific analyses which go beyond the limit of this report.

Evidence:

In respect of macro fiscal imbalances, Morocco, Georgia, Jordan, have been largely able to preserve stability and avoid the risk of more significant unrest in the period of reference due, among other factors, to support delivered by the international community where the EU has been and remains an important player. Other countries (e.g., Tunisia, Egypt and Ukraine) have had mixed results also due to internal and external factors.

It is also worth noting that the countries examined have been improving their ratings with regard to budget transparency and to corruption perception. It is also noted that, at least financially, the EU is the most important partner in such critical governance areas in all the countries considered.

On the side of growth outcomes, despite the improvements of standards of living in general the gender disparities in employment and unemployment levels (referring to country fiches in annexes of this evaluation report) remain significant especially for ENI South except Morocco, which has been successful in lowering these disparities in the last decade. Equally important are the intergenerational disparities (young vs. mature generation, young female vs. young males), who remain high especially in Tunisia and Jordan). These outcomes show that in spite of being able to contain the risk of growing interregional disparities through active employment policies (the case of Tunisia), the focus should be towards supporting skills improvement in young population to match market demands. With regard to the later Morocco is well advanced followed from Tunisia, whose effectiveness of last measures supported from EU

(e.g. programmes for insertion or reintegration of unemployed people in labour market) has to be seen in the future. In Jordan it seems that positive discrimination policies for reserved places in public administration is far from being a sufficient measure for tackling gender disparities therefore more active employment support policies are needed.

EQ 10 How did the assistance provide response to the real needs, in terms of quality, timing and duration?

The delivery of TA has followed generally the calendar foreseen in the corresponding agreements so no complaints were evidenced. There is however a suggestion of national authorities to make the process of TA delivery more aligned with calendar of national budgets.

Because of challenges related to the reliability of domestic revenues, Tunisia and Georgia have suggested a better alignment of the process of BS disbursement to the national budget calendar.

UKR: Some difficulties have been experienced in delivering appropriate, timely assistance in a setting that is often fast-tracked and in some cases susceptible to changes in political priorities between programming and implementation.

EQ 11 How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?

The most successful projects/programmes have been those where commitment and coordination has been strong on the side of national beneficiary, for instance Georgia in the East, a Morocco and Tunisia in the South.

In other cases the pace of implementation has been very hard to be assured with large push from EU to support the aid delivery through increased coordination or even communication between public officials otherwise working in their own silos. In that respect, the continuity of the effort and the persistence of projects' and programmes' managers have been decisive in supporting implementation with the EU having the lead role across the board compared to other international donors.

EG and JO are exceptional cases in this regard. EU task managers have been very active not only in pushing their projects through but also in assuring a substitute for missing coordination link from the beneficiary.

TUN: EU project managers' efforts are also highly appreciated by the beneficiary for the continuity of support and degree of responsiveness to their demand for technical assistance.

UKR: Priorities and beneficiary needs have been well translated into provisions of actual assistance. As a result, a higher degree of ownership and commitment of the beneficiary institution, leading to the embedment of project results in internal policies has been noted.

1.3.6 Evaluation Findings on Impact

EQ 12 To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?

With regard to impact of technical assistance, here again one should consider carefully the presence and the position of EU funding relative to that of other donors in matters of economic governance. From the interventions evaluated it follows that EU is sometimes the largest donor in this area and sometimes among the three largest donors.

GE, MO: In more politically stable countries, the assistance has been effective in achieving mostly the planned outcomes. The sophistication of strategic planning system has also enabled them to better use assistance and to deliver better results/outcomes, with Georgia being the best performing case followed by Morocco, one of the largest aid recipients with outcomes delivered more slowly but steadily.

UKR, TUN, EG, JO: In other countries politically in transition or under shocks from conflict situation, the achievements of results/outcomes have been partial. In cases of underachievement, the underlying factors

may be summarized as below:

- Political instability, which affected the ability of national authorities to push for hard core reforms (because of lack of mandate) or sufficiently motivation of public administration to deliver on the programme of reforms.
- Political economy related elements, which were intervening during the reforms for instance: new ministers coming to power starting anything anew; lack of continuity in public administration because of many departures of authoritative and competent public officials and therefore the increase of quantity of TA required for until-then internally provided expertise; lack of communication or internal friction between representatives of political parties et cetera., reveal themselves as particularly important.
- The security concerns in the countries in/near conflict areas that have impacted the capability of national authorities to sustain a constant level of effort on the implementation of agreed activities due to increased effects for central and local public budgets.

In the light of the above, sometimes large package of reforms that have been agreed with the beneficiary have been clearly beyond the reach of internal capacities. While such “big bang” reform approaches are understandable where there is a “national appetite” for them and an “opportunity window” to push for reforms, their feasibility should be carefully assessed in line with political economy factors influencing the reform path and weighted against more focused intervention.

On the other hand there are cases where particularly focused EU-supported actions have had or will have positive impact. Amongst those, we note Performance Public Finance Management in Tunisia, Budget Oversight from Parliament or External Audit Support in Georgia, Twinning Projects with Central Bank of Tunisia, MTBP Service Delivery Support in Jordan, Twinning Project in Accounting, Strategic Planning Support in Egypt,.

Likewise, gradually crafted approaches of reform that have followed the natural trend of evolution of national capacities like in Morocco (e.g., Parap I and II, Hakama) or in Georgia (e.g. PFPR) are particularly successful cases that deserve further attention in order to draw lessons and consequences for other countries.

Overall, the major impact achievement is the increase of economic ties with EU and the advancement of these countries in partnership agreements with EU. This is the case for Morocco, Jordan, Georgia and Ukraine, at least. In the case of Tunisia the economic ties, which traditionally have been very strong, are one of the major drivers of industrial policy in the country²⁶ and a very good base for the new economic re-launch measures aimed at a joint support (EU, WB, AfDB) until 2014.

EQ 13

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?

The sustainability factors related to institutional nature do take time, commitment and resources and no single reform is sufficient by itself to assure sustainability. In addition to economic and geopolitical factors outside the control of national authorities, economic governance reforms are required for improving critical governance institutions and policy implementation in areas related internal and external audits, anticorruption agencies, ombudsman, independent fiscal councils and parliamentary oversight.

While respect for the rule of law and an effective and fair judiciary are amongst the requirements for overall good governance, specific reforms contributing to improve the sustainability of economic governance should also include improvements in terms of revenue administration, performance of state owned enterprises, allocation and implementation of capital spending at national and subnational levels based on clear criteria.

While countries such as Tunisia, Jordan, Ukraine and Egypt need to implement significant changes, also involving institutional factors, it can be also noted that countries such as Georgia and Morocco are progressing well in terms of economic governance.

EQ 14

To what extent will EU assistance have an overall positive effect on the facilitation of the partnership process?

²⁶ The Unfinished Revolution: Bringing opportunity, good jobs and greater wealth to all Tunisians”, World Bank May 2014.

The actual EU financial and technical assistance is only a part of the overall policy dialogue. That being clear, it is evident that the actual EU assistance has enabled the countries to progress towards more advanced forms of partnerships and of better access to the EU Single Market.

This advancement has been important also in terms of economic performance as it has supported private sector and trade-related modernization. Improved performance has been the case, for example, for Tunisia via economic zone and tourism services, for Morocco via automotive industry and services, for Jordan via services, while Georgia and Ukraine have increased market access also via EU Deep and Comprehensive Free Trade Agreements. A full analysis of the relations between economic governance, on the one hand, and partnership outcome, on the other, would however require more detailed and complex country-specific analyses which go beyond the limit of this report.

Which are the appropriate SMART indicators that should be embedded in the upcoming projects?

It is important to note that SMART indicators that are suggested in countries' fact sheets in annexes²⁷ of this document are present in one way or another in the different countries visited. Hence, one recommendation consists on the continuation of exchange and dissemination of practices among different EU offices across the countries and exchange of information between regional and national programmers within the EC services.

One additional observation concerns the measurement dimensions of these indicators. The fact that they rely on robust statistically-based and internationally proven valid criteria for capturing the magnitude of intended effect/impact, is an important dimension that needs to be strengthened and better disseminated; hence a need to stress and promote them as providing hard core content for enabling the national bodies to craft policies in the long term.

Their importance being noted, one should be aware also of other dimensions of these indicators, namely the ones capturing the intensity of reaction, relation to local communities' daily activities or national practice, which is increasingly expressed in the form of electronic communications (e.g. social networks, digital communication forms et cetera). In other words, one needs to be aware also to the question how appealing such indicators are to individuals, whom in a period of fast technological change, are turning more and more towards digital communication services. This second part of dimensions recently developed and captured through more modern techniques of "big data" is also important and should not be neglected. There is a wide evidence in the countries visited that EU is gradually using them, especially in the part of communication (EU communication services, on line surveys and feedback, news feeds, et cetera).

We find the practices on both dimensions evolving in each country visited dependent also on the national stage of technology and social practices relevant to the respective countries.

Last but not the least, there is also a need to collect better data on inequality indicators (e.g. Gini Coefficients) and streamline them through regional programmes of collaboration between Eurostat and National Statistical Offices.

1.3.7 Evaluation Findings on Sustainability

EQ 16

To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

We find evidence that in ENI south countries the degree of maturity of some institutions being supported (e.g. external audit bodies, ministries of finances, parliament offices or committees overseeing the budgets, civil society organizations, competition authorities, central banks et cetera) influencing the economic governance is such that they still need EU and other international support to effectively govern the economic field. While Morocco is ahead of other countries with a large programme called Hakama (good governance) already on a good implementation path following the adoption of new constitution, the other countries, which have been heavily impacted from the political transition and conflicts, are somehow in latter stages. With regard to ENI East, a similar situation exists with Georgia being the most advanced and Ukraine in the following mode.

²⁷ See Annexes 4.2.3Country Report Jordan and Annexes 4.2.3Country Report Tunisia for the answers to EQ 15.

On the other hand, the economic path of these countries, as illustrated in the countries' sheets, is such that it shows the necessity of supporting them at least in the near future, obviously in exchange for more self-sustainable results.

EQ 17

How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?

From the point of view of the actual situation in which these countries are, where the performance management systems in PFM are still at initial stage or not available at all, the long term credible frameworks of strategic planning and budgeting are the only choice left for performance monitoring of public officials in support of the local demands for increased accountability. Thus, one cannot but agree and recommend the EU to continue to support this approach, as it has done in the past. The soundness of this recommendation is confirmed from positive advancements confirmed in international rankings of these countries quoted in countries' facts sheets.

However the team finds useful to emphasize the necessity of coordination with stronger and harder measures for increasing the revenue enhancing capabilities in these countries. In this regard the coordination and cooperation with IFIs and other international organizations, like IMF, on the issues of fiscal and revenue enhancement measures, OECD on the question of compliance with financial standards against the practice of money laundering and illicit funds, et cetera are highly recommended²⁸. In line with its own internal policy and regulations in the field of combat against illicit financial funds (IFFs) and money laundering (ML), EU can and should consider the measures in place against this phenomenon in beneficiary countries as part of risk analysis and mitigation measures. Equally important the EU as signatory of UN conventions in this field should continue the good practice of supporting national reform measures through specific conditionalities in BS programmes against corruption, organized crime, IFFs and ML.

EQ 18

To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?

The 1st group of countries, which has been more stable from the macro fiscal point of view and improved the country ratings in matters of governance and growth outcomes (Morocco, Georgia), are obviously the most advanced ones in the matter of ownership of results provided from EU financial support and TA.

Although it is too early to confirm the ownership of the results in the 2nd group of countries, namely those in transition or affected from external shocks (Ukraine, Egypt, Tunisia) and somehow Jordan, from the path of the 1st group of countries and the advancement in the right direction for the 2nd group (as demonstrated from better governance ratings in their country sheets), one can be cautiously optimistic that the actual support provided is going to lead to more stable public administration bodies able to cope with more qualitative processes of strategic and policy management. In turn these qualitative processes are expected to increase the internal intake/absorption capacities and ownership of results with regard to support provided.

EQ 19

How much has the economic governance structures evolved thanks to EU funding?

Comparing the status of macro fiscal balances at the beginning and in the end of the period of the reference for programmes assessed in this exercise, governance ratings and countries' growth outcomes one can see that the economic governance (at least for aspects captured from these indicators) has been improved for Morocco, Georgia whereas for Jordan the risks have been contained. Considering that EU is one of the three largest contributors of support for the economic governance's related reform process in these countries, one can firmly justify that the evolution of economic governance institution in these countries is also due to EU policies as well as related technical and financial support.

In Tunisia and Ukraine, the EU is again one of the largest financial support providers and largely present

²⁸ The findings of Global Financial Integrity Reports (2014, 2015 and 2016) are that these countries have still significant levels of Illicit Financial Flows; hence the need to additional measures for revenue enhancement should be closely linked to improvement of measures against illicit financial flows and money laundering.

especially in matters of governance and macro fiscal assistance. These are the countries where a large envelope of reforms is currently implemented in all sectors of economic activity. The reform cycle in other countries being considered²⁹, one can underline the sequence of actions in the following chain: i) start the structural reform with long term implications; ii) harness the positive effects and accommodate the costs of the transition, all captured in growth outcomes, in the short to medium term; iii) improve the governance and transparency all through the chain in order to build and maintain citizens support for the reform process. EU is largely funding the ii) and iii) in Tunisia and all of three groups of actions for Ukraine. There are better indicators for governance and transparency as shown in country fact sheets and slight improvements for both countries in actions pertaining to group ii) on both of them, the EU may obviously claim it has positively impacted the change through its financial support. Regarding Egypt, the success built up through individual projects paved the way for a large programme of Inclusive Economic Growth; whose full results have yet to be seen.

1.3.8 Evaluation Findings on Coherence

EQ 20

To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other actions on the field?
Is EU assistance coherent?

In some of these countries, the EU aid is highly coordinated with other actions in the field that are funded by other international organizations. The form of this coordination has developed into joint programming and identification missions and, when appropriate, via common matrixes of conditionalities. This practice has greatly benefited the national beneficiaries in rationalizing their monitoring, reporting and coordination of all important external aid. In other countries where such coordination has not been the case the country programme managers are encouraging the national authorities to assume this role. Yet the process will take time as the managerial culture and human resources will need to reach the critical stage for making this entire endeavour possible provided that political economy factors are favourable.

EQ 21

To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?

In countries where strong institutional frameworks for coordination and implementation of external aid exist as in the case of Georgia, Morocco and Tunisia, EU actions on economic governance matters have been programmed, implemented, monitored and evaluated in line with the EU guidelines and in respect of national provisions always involving public officials at local and central level. From meetings with CSOs, professional associations in Morocco and Tunisia and reports seen for Georgia the feedback is that these bodies have been actively invited and informed on programmed and results of actions being involved. In cases when such national structures are not fully developed (Jordan, Ukraine, Egypt) EU programme managers and experts in line with EU PCM guidelines have actively consulted, informed and asked for the inclusion of public officials from different line ministries (Egypt), different donors involved in the subject (Egypt, Jordan and Ukraine), and representatives of CSOs (Ukraine) and professional organizations (Egypt, Ukraine).

1.3.9 Evaluation Findings on Value Added

EQ 22

To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

In general, during the implementation of the EU-supported projects/programmes, the EU guideline on visibility has been implemented; public events and press conferences have been organized at the launch and closure of programmes. From the direct contact with stakeholders it has been verified that consultation, seminars, workshops and other activities organized in the framework of the projects have been broadcasted in local/national TV media.

Items that are bearing the signature of EU are constantly circulated to stakeholders also to increase the visibility of EU assistance. The consultants themselves were also provided with such items and were advised to use them during the meetings with beneficiaries. The participation of EU officials in events not related to projects implemented (like conferences of professional organizations, interviews and comments on different issues of national interest in national TVs or local media) were reported.

EQ 23

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?

In many of the countries concerned the kind of policy-related assistance that the EU is providing in key areas of EU-oriented economic governance is something that is clearly needed and required by stakeholders inside and, especially, outside the central governments. As example, we note quality, transparency and sequencing of EG reforms, effectiveness and accountability of public finance policies, et cetera.

These are cross-cutting governance matters that necessitate improved and continued support and access to advanced know-how, compliance requirements and specific information related to relevant experiences and economic governance standards which the countries do not yet have due to their past and current levels of development and to a number of internal and external factors.

EQ 24

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?

In the countries visited one can observe a clear historical pattern:

- In countries in transition (Ukraine, Tunisia and, in some respects, Egypt), the EU has recently focused more on governance issues, leaving the support to structural reforms for the further liberalization of the economy and the restructuring of the public sector, in which it was previously involved (namely in Tunisia) to other donors (WB, IMF and AfDB), but also to Macro Financial Assistance provided by the EC through DG ECFIN.
- In more politically stable countries (Morocco, Jordan, Georgia) the EU is increasingly working together with other actors to further progress in structural and economic governance reforms and also to reinforce public accountability and quality of economic governance via a mix of interventions which has been, is and will continue – when eligibility conditions allow – to be largely dominated by a mix of BS programmes and TA/twinning projects supporting more advanced policy reforms for better alignment of local economic governance with EU standards of governance.

With the instrument of Macro Financial Assistance, the EU is increasing the support for the structural reforms in the macro fiscal area in both types of countries (Tunisia, Jordan, Georgia, and Ukraine). Although this new support activity is aligned especially to IMF programmes in these countries, it is not fully understood by many national stakeholders and so further elucidation is needed in order to avoid any misunderstandings. In the case of Tunisia, during the discussion with coordinating unit in the Ministry of Planning and Development, a certain perception of non-coordination between Budget Support and Macro Financial Assistance was expressed to the experts.

EQ 25

To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Neighbourhood region?

There is a large corpus of technical papers and documents developed from TA in the course of EU programmes and projects in these countries, which echoes EU general approach, fundamental values, objectives and outcomes. In addition we find that adoption of international assessments types of approaches or exercises (e.g. PEFA, macro and impact assessments) supported by the EU and the subsequent incorporation in policy dialogue and reforms has contributed to also further enhanced the visibility and relevance of EU action in these countries.

EQ 26

To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?

The improvement on the matter of policy and reforms planning has been particularly important in stable countries with different policy documents produced, and public administration processes that have smoothed the process of reforms implementation as well. In Morocco for example the process of Medium term budget planning and performance management at national level is becoming more extensive with more line ministries involved in it so increasing the accountability of public officials. In Georgia as the capacity of the executive, the Supreme Audit Institution and the Budget office of the Parliament are gradually improving and so the quality of critical elements of economic governance such as sound budgetary decisions contributing to economic growth and stability-oriented macroeconomic policies.

For other in transition countries, the combination of both instruments (Budget and project support) has enabled them to develop important milestones for policies and reforms at least in legal area as a precondition for starting their implementation in the field. In the case of Egypt important legal documents have been prepared in the field of professional accounting and PPP. In Tunisia the PFM Performance Management as integral part of Organic Budget Law, is a major improvement that is expected to improve the quality of budget formulation and execution in the future. In Jordan the legal requirement of having an impact assessment especially for environment for major policy initiatives is also a major achievement.

1.3.10 Evaluation Findings on Gender and Environment

EQ 27

Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

We found that the retained programmes/projects include provisions or clear guidance on increasing participations in projected activities by both women and men. In other cases, the participation of women or more marginalized groups of population was clearly promoted for instance in programmes that support inclusive economic growth or similar.

We found evidence that the programmes in support of independent bodies (e.g. external audit institution in Jordan) have clearly indicated the need to promote the equal treatment of gender criteria. In addition there is evidence that laws that assure the open places for women are kept in public sector; or that design of service delivery has also no bias for men versus women.

Yet the participation of women in the labour market has not changed significantly during the period of reference; on the basis of evidence provided in the countries' fact sheets in the annexes of this assessment, the gender disparities remain significant in ENI South (excluding Morocco); hence an increased attention needs to be paid to this issue via active programmes of inclusion of women and more marginal groups, in view of gender disparities (that is employment and underemployment differentials of women in comparison with men).

EQ 28

To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?

From the programmes in question, it appears that the environmental concerns are found to be increasingly important in large public expenditure frameworks and have motivated national officials to adopt practices and policies that go beyond the actual level of PFM practice in their own countries. This was the case in Jordan with Impact Environmental Assessment increasingly introduced in the expenditure programming documents. This was also the case with Morocco, with increased attention to renewable energy programmes, or Egypt, with economic inclusive growth programmes devoting due attention to environmental concerns in remote areas.

2. Conclusions and Recommendations

The evaluation's conclusions directly stem from the findings and are presented in a recapitulated form in order to avoid repetitions and constitute a solid basis for the identification of weaknesses and needs and for the formulation of corresponding recommendations. The number of tentative recommendations has been deliberately limited in order to avoid dispersion and to maintain the needed focus on the findings considered in this evaluation as most relevant, those considered as most important, and those expected to bring key structural advantages for the pursuit of the EU's support to economic governance. This is also supported by the presence of a number of country-specific recommendations presented in Annex 4, below, and has thus the purpose of avoiding overlap.

The conclusions and recommendations are presented separately for Enlargement and for Neighbourhood regions.

2.1 Conclusions and Recommendations for Enlargement Region

The conclusions below synthesize the most important elements of the findings, covered in responding to the Evaluation Questions 1-28. For that purpose and in order to avoid repetitions, these conclusions do not necessarily and explicitly repeat here the (elements of) findings, but is formatted in a sequence of succinct and synthesized statements.

The EU's support to economic governance in Enlargement countries has been very relevant, in responding to clearly identified technical and policy enhancement needs of all the concerned IPA Beneficiaries. It has been continuously provided since a number of years (the sample covers projects going back to 2003), and well before Economic Governance has been retained as one of three pillars (rule of law, economic governance and public administration reform) of the new EU's Enlargement strategy.

Within this overall pattern and evolution of the EU's support, Economic Reform Programmes (ERPs) have been recently introduced and offer the needed space for a more integrated and deeper enhancement of economic governance; this is and will be benefiting from the achievements of the EU's support delivered before the introduction of ERPs.

The following main features of the evaluated EU's support to IPA Economic Governance can be recapitulated below:

- Focus on the most acute structural needs, in order to help reinforce the institutional and operational capacity of the key national economic governance actors;
- Significant differences among IPA Beneficiaries (level of economic development, institutional capacity and solidity of institutions, et cetera), versus shared similar or equivalent shortcomings and weaknesses, more than often directly related to the Acquis Communautaire requirements;
- Important share of the national projects were implemented several years ago, witnessing to the continuous nature of EU support;
- Priority need of addressing structural weaknesses in a more sustainable way in the framework of the new IPA II sector-based approach, with much more tangible commitments to achieve results and ensure sustainable performance and effects of the EU's support;
- Relevance of multi-country support, calling for further tightening of the complementarity and synergy between EU's national and multi-country programmes in support of economic governance.

Without necessarily demonstrating that the past EU assistance to economic governance may have helped IPA Beneficiaries achieve their *strategic* EU accession objectives, this assistance has been efficient and has significantly contributed to reinforcement of the IPA Beneficiaries' economic governance institutional capacity (introduction and ownership and utilization of instruments, procedures and tools in line with current EU practices, streamlining the economic governance reforms, developing spaces and frames for inter-regional cooperation, et cetera).

Different implementation instruments applied in this assistance has proven fairly robust in the light of the IPA Beneficiaries' differences in terms of maturity of institutions and the extent of their respective needs. As an example, Turkey's institutional set up and economy have not been subject to transition from a centrally planned economy like all other IPA Beneficiaries, and its government institutions are therefore much more mature; this has favoured the orientation to twinning, in order to limit the EU's support to the

effective technical needs within a much wider and heavier state system and ensure a needed peer to peer relation. This is an obvious strength to be borne in mind in the further EU's support, now embedded in the specific IPA II Framework.

However, generally taken, the EU enlargement policy objectives have now been significantly streamlined within the "three-pillar" approach of the new enlargement strategy, where economic governance emerges as one of key pivotal challenges and objectives, which has not been explicitly the case prior to 2014.

It is therefore assumed that:

- This enlargement strategic focus on three pillars of enhancing respectively rule of law, economic governance and public administration reform will lead to programming of the corresponding country supports which will address these objectives in a more integrated way, including budget support programmes and in a tighter complementarity and synergy with its multi-country support, and,
- That this stronger concentration will be aligned with and integrated in the new EU's IPA II sector-based support to and cooperation with IPABeneficiaries.

This would ensure the necessary conditions in order to improve and reinforce the programming of EU support to economic governance, enhance the needed complementarity with other components of EU support now structured within the IPA II sector approach, and allow for a tighter partnership consultation with the concerned IPA Beneficiaries throughout the IPA II process.

In terms of effectiveness, the evaluated EU support has managed to reinforce operational capacities and skills of the concerned economic governance institutional actors, introduce new tools, instruments and procedures in line with good EU practices and, in certain IPA Beneficiaries (e.g. Kosovo), bring the fundamental support in order to introduce or further structure the needed legislative and policy frameworks. In achieving that, the EU support has definitely helped to narrow the gap between the IPA beneficiaries and the needed Acquis in this particular domain.

This has been well aligned to IPA Beneficiaries' priorities and needs, as well as with the requirements for these countries to achieve their respective Acquis in that domain. The economic governance needs have also been strongly emphasized in the light of the economic crisis and of the lessons learned related to accession of certain new EU MS, leading to the decision taken by the EU to set up the above mentioned new enlargement strategy.

The achievement of the EU support's results has been, to a certain extent, facilitated by the scope and "depth" of the projects in question, which have not aimed at a heavy and integrated policy support and have thus not been excessively exposed to external factors in general and the effects of the economic crisis in particular. However, it is clear that these achieved impacts and their longer term sustainability have currently been facing the acute challenges of political instability in a significant number of IPA Beneficiaries; this comprises a wider risk of endangering rule of law and good governance, and affecting the already achieved level of performance of their public administrations as a whole, including the institutional actors in charge of economic governance.

Furthermore, and as highlighted above (EQ 13), the role and importance of multi-country programmes should be stressed and taken into consideration, and in particular these implemented by three inter-governmental organizations which are EU funded and based in IPA Region (RCC, ReSPA and CEF).

The contribution of these organizations to enhance impacts and sustainability can be further reinforced:

- RCC has a solid leverage in terms of strategy and policy making;
- ReSPA offers a privileged positioning for strengthening the PAR, and has already developed certain activities directly related to economic governance, and, in particular,
- CEF is a very effective "hub" for capacity building in economic governance, in developing peer to peer cross-fertilization and the spirit of "community of practitioners", and to host and participate in the activities of IFIs as is currently the case with the IMF.

Indeed, the coherence of the EU's assistance has been also observed as regards the "parallel" implementation of national and multi-country programmes and projects; it is therefore considered that the actual dichotomy between national and multi-country programmes and projects leaves ample space for further reinforcement and better synergy.

In addition, the contribution of the civil society actors already actively involved in a number of advocacy and awareness building activities related to PAR and structured in regional (multi-country) IPA networks,

could also be further strengthened by a deeper focus on economic governance.

Moreover, it is considered that economic governance cannot be linearly isolated and separated from the wider whole of the integrated performance of the public administration; in a large number of projects the achieved effects of EU assistance could be maintained as concerns ownership and utilization of newly introduced tools and instruments. This has been however more difficult in cases when the government follow-up should have secured the impact and sustainability (enacting new legal instruments, et cetera) and it either did not happen at all or took place too late. To this is added the over-arching problem of rotation of higher senior public administration staff in charge of managerial and strategic/policy issues, a growing challenge which is particularly acute in the current political turbulences of most of the IPA Beneficiaries.

In general, the EU has been the most important, if not the sole (e.g. Turkey), international donor in support of the economic governance in all IPA Beneficiaries. Moreover, the EU has also funded a number of multi-country programmes in support of PAR and of economic governance, implemented by the regional (inter-governmental) organizations based in IPA Region, including the direct financial contribution to the IMF, among others.

Regarding EU visibility, twinning projects have more particularly enhanced the visibility of EU aid, but this has been less the case of the projects implemented by IFIs, UN system agencies and the OECD, in which the EU visibility has been sporadically overshadowed by the visibility of these organizations. There is an evident need for enhanced communication beyond the project level, together with strengthened public diplomacy.

However, the assessed EU's support has not yet translated its recent strategic positioning on three respective pillars (rule of law, public administration reform and economic governance) into more integrated support programmes, with more incisive pattern of indicators, tightly embedded in the IPA II Framework. It is therefore necessary to pursue the introduction of the EU's budget support to economic governance in certain IPA Beneficiaries, without necessarily leaving aside other implementation instruments (in particular twinning) which have proven their effectiveness.

The tentative recommendations concerning the further EU's support to economic governance in Enlargement Region directly result from the conclusions and are presented below. Their choice and formulation obeys to the following criteria and parameters, in order for the proposed recommendations to:

- *Address the key structural aspects of the EU's support*, in the current political and institutional context of the concerned IPABeneficiaries;
- *Be clearly based on the needed strong integration of economic governance support within the overall IPA II Framework and architecture*;
- *Target reinforcement of the role of economic governance as one of three structural pillars of the EU's Enlargement Strategy*;
- *Call for further reinforcement of complementarity and synergy between national (country-based) and regional (multi-country) EU's support in this particular domain.*

This has allowed the evaluation team to propose a reduced number of proposed recommendations, in order to facilitate their respective roles and importance and their understanding and integration, in the expected case that they would be taken on board.

Recommendations for Enlargement Region³⁰

Observed Needs		Recommendations
1	<p>Different implementation instruments (TA service contracts, twinning, grant contracts, et cetera) applied in the evaluated EU's assistance to economic governance have proven fairly robust and flexible to cope with the IPA Beneficiaries' differences in terms of maturity of institutions and the extent of their respective needs.</p> <p>This is an obvious strength to be borne in mind in the further EU's support, to be embedded in the specific IPA II Framework.</p>	<p>Maintain the already applied range of implementation instruments (twinning contracts, service contracts for technical assistance, et cetera) in the upcoming IPA II period, and pursue the introduction of pilot budget support programmes in situations where structural needs on policy and strategy level have called for this instrument, based on stable and clear commitment of the beneficiary government(s).</p> <p>As underlined by DG NEAR, specifically in BiH there is a need to apply at this stage a range of implementation instruments; twinning and TA may be useful to prepare the ground for introduction of pilot budget support programmes (sector reform contracts) in the absence of a single economic space/area which is also expressed by the absence of country wide strategies in BiH in many important areas.</p>
2	<p>Achieved impacts and their longer term sustainability have currently been facing the acute challenges of political instability in a significant number of IPA Beneficiaries.</p> <p>This comprises a wider risk of endangering rule of law and good governance, and affecting the already Achieved level of performance of their public administrations as a whole, including the institutional actors in charge of economic governance.</p>	<p>Further integration of EU's support to Economic Governance in the overall IPA II Framework should be pursued while tightening the corresponding involvement and participation of the beneficiaries: the ongoing introduction of budget support programmes is expected to facilitate the achievement of this strategic conditionality, thanks to a tighter partnership, stronger ownership by the national stakeholders and more incisive corresponding monitoring tools appropriate to budget support.</p> <p>This should be done by giving more weight to a pivotal role of Economic Reform Programmes (ERPs) and planning further support to Economic Governance in direct relation with key requirements identified and retained in the ERPs.</p> <p>ERPs would thereby provide a coordinated opportunity of precise identification of all further needs in terms of EU's support to Economic Governance, by means of ad hoc needs assessments to be built into the ERPs' agendas for reform.</p>
3	<p>There is a need to introduce new (or reinforce the existing) indicators directly related to Economic Governance (as one of three EU Enlargement strategy pillars), within the overall set of the performance indicators structuring the IPA II Framework.</p>	<p>Economic governance's role in the overall IPA II sector-based structure should be further reinforced and supported by introduction of corresponding indicators, within but also beyond the actual IPA II framework.</p> <p>This could be articulated in tight relation with ERPs, as recommended in Recommendation 2, above. The current (level 2) indicators of the actual IPA II Monitoring, Reporting and Performance Framework (MRPF) have not been designed in order to support and highlight this potentially structural role of Economic Governance, within the overall sector structure of IPA II³¹; there is therefore the possibility of not only reformulating certain existing indicators but also of introducing new indicators which are specific for Economic Governance in its potentially pivotal position, within the new EU's Enlargement strategy.</p>

³⁰ Annex 4 comprises a series of country-specific recommendations resulting from country sample assessments.

³¹ As underlined above, in IPA II, Economic Governance is (merely) the Secondary sector 1.7 of the Primary Sector 1 "Democracy and Governance", and is defined as follows: "Strengthening economic policy and its governance, focusing especially on a medium-term macroeconomic and fiscal policy framework and related structural measures as well as sector measures enhancing competitiveness, including deregulation".

4	<p>Coherence of the EU's assistance needs to be further reinforced in "parallel" implementation of national and multi-country programmes and projects; the actual dichotomy between national and multi-country programmes and projects still leaves ample space for tighter complementarity and better synergy</p>	<p>Tighten the complementarity and synergy among national and multi-country programmes in support of economic governance and make better use of the leverage of three regional organizations currently active in supporting public administration reform and economic governance, with a particular attention to the strong potential of CEF's pivotal platform.</p> <p>In addition to the already implemented coordination of programming national and multi-beneficiary projects, conducted upstream between the DG NEAR's headquarters, the EUDs in IPA beneficiaries and in consultation with the NIPACs, this latter should be reinforced and extended in order to allow the NIPACs play their formal role of key national IPA II coordination player, with a particular focus on complementarity and where possible synergies among these national and multi-country projects.</p> <p>This should comprise building the awareness of the national IPA II support technical assistance projects, ongoing or about to be launched in several IPA beneficiaries, and mobilizing their action in order to contribute to this structural target, within their scopes of intervention.</p>
5	<p>Contribution of the civil society actors already actively involved in a number of advocacy and awareness building activities related to PAR and structured in a number of EU-funded regional (multi-country) IPA networks, could also be further strengthened by a deeper focus on economic governance.</p>	<p>Ensure more direct support to empowering CS in economic governance, within the overall strategy of EU's support to CS in IPA II and with a clear focus on economic governance.</p>

2.2 Conclusions and Recommendations for Neighbourhood Region

When discussing the EU support to economic governance related programmes and projects in Neighbourhood countries, one needs to distinguish the period before and after such an approach was adopted from EU in the area of external aid. In addition, the national contexts that the approach applies to, are much more diverse in the Neighbourhood than in the Enlargement area – the explanation has to do with political transition process triggered from the “Arab Spring” in ENI South and also conflict areas directly or indirectly affecting both ENI South and East.

The evaluation of programmes and projects in the visited Neighbourhood countries, while finding the approach challenging to deal with from the perspective of activities designed with different objectives than what steams from economic governance approach, as it is currently applied, reveals though certain basic features of the framework that have enabled us to work through the following conclusions and recommendations.

Without pretending to be exhaustive, these are the following:

- 1) The approach emphasizes the importance of establishing institutions, processes and procedures in partner countries as ” **musts**”, which assure that the economic activity in both private and public sector is conducted with the ultimate aim of the economic and social development of citizens.
- 2) These **common “musts”** help the countries to detect at early stage the particular macro fiscal threats or imbalances, contain all kind of associated risks by putting in place frames of regulation, procedures and systems, independent institutions et cetera to trigger corrective action in order to avoid or smooth a “crisis” situation with all unwanted consequences for the country at large.
- 3) The basic features captured in previous point 1 and 2 being too general – or universal in character- the way they do apply to each country **is country specific** i.e. EU pays a high attention to national contexts and the way they influence the convergence of each country towards this understanding of economic governance that EU promotes as part of external action in the Neighbourhood area.

Within the frame laid down from these common features, it is possible to see the previous activities of programmes and projects considered in this evaluation as relevant instances of applications of this economic governance approach and therefore draw some conclusions and recommendations.

To start with, the evaluation team finds the actions mainly dedicated to PFM and good governance highly relevant to the needs of the country as far as the economic governance is concerned. This has been the case with the original objectives being sought with these programmes and it is still the case today when these countries are facing new challenges on their development path:

- The decreasing economic growth rates, large fiscal imbalances, high inflation rates and unemployment- are some of the most important factors that necessitated structural reforms actively supported from the interventions evaluated as part of this exercise.
- Likewise one can consistently state the same with regard to pre and post political changes taking place mostly in Neighbourhood South after “Arab Spring”.
- The relevance of EU assistance to priority needs of the countries in the region has been and remains high because of its size, stability and continuity in time.

In spite of an important process of political transition, external shocks and conflicts in some of the observed countries, the interventions reveal themselves as efficient and effective. Joint Support has been an efficient practice in terms of leveraging the effectiveness of EU financial and technical support in its areas of responsibility. Large programmes have been particularly efficient (in terms of delivering sustainable results in time) especially in the countries with strong strategic planning systems and coordination centers. Meeting the beneficiary needs via Twinning and single projects has been an efficient alternative for providing access, increasing the credibility and assuring commitment for launch of larger programmes.

As regards the effectiveness one can draw the conclusions only on the assumption that EU support matters in terms of size and the results/outcomes considered are falling under the areas supported from EU in these countries. Building upon such an assumption and as presented from indicators in countries’ fact sheets one can conclude the following:

- The EU interventions in ENI countries, which have been assessed, show that the interventions at questions have been effective for all indicators for stable countries (Morocco, Georgia). Their macro fiscal balances have been stable, governance indicators improving in time together with/and growth

outcomes (employment and leaving standards) paving the way for further improvement of EG in general.

- In countries in transition or affected from external shocks (Tunisia, Ukraine, Egypt and somehow Jordan), the interventions have been partially effective with the best positive outcomes in governance matters and mixed (positive and negative) outcomes in employment and unemployment levels.

With regard to impact, and as far economic governance elements underlined in graphic elements of country sheets are concerned, they follow the same pattern with stable countries being more resilient to external and internal shocks and countries in transition with still a long way to go. In general these countries have progressed in the association path with the EU.

EU external aid activity has been quite important in supporting these countries along this path: in all the countries visited, EU's share has been, if not the most, one of the largest important sources of TA in response to national needs for managing the process of improvement of economic governance. The size of TA being underlined, the continuity, the resilience and the ability to adapt to evolving realities of national contexts in the field has been found to be particularly crucial with regard to impact of implemented activities.

With regard to sustainability of the outcomes/results achieved, it appears that a critical point has been reached in more stable countries where the ratings on macro fiscal balances and governance matters have been such that have enabled these countries to undergo the financial and political crisis of the recent years without large disruptions. In the other countries that have undergone a political overhaul, the sustainability is not assured yet, and, therefore, continuous support is needed in the future in order for them to maintain the momentum.

That being said the political economy factors have had an important effect for both the effectiveness, impact and the sustainability of the intended results/outcomes sometimes supporting them and other times delaying or preventing them from happening at all. As such there is an increased awareness of EU officials and donors' community at large on their importance for the programming of future intervention. The cases this conclusion applies to, in general, are all the countries for favourable political environments conducive to reforms, and countries in transition for difficult political environments when the progress of reforms has decreased or has been insufficient. This shows rather a necessity of a better reform sequencing approach in these countries and consequently a careful selection of instruments appropriate to the risks.

EU practice of planning and implementing the external assistance in these countries has been actively coordinated with other important donors with a clear labour division with donors and always promoting the local ownership of results/outcomes. Amongst the different available instruments, EU budget support programmes have been particularly important with regard to supporting – and, once justified, relaxing - the conditions required for the preparation and implementation of EU-Country jointly-agreed policy actions and reforms, whereas project-based instruments such as technical assistance and twinning are found to be particularly appropriate, either to complement preparatory or policy implementation phases.

While being coherent with other local and regional activities, EU supported actions for the elements related to economic governance, recently have been extended with another instrument namely macro financial assistance. Its coherence with other donors' approaches on the same, particularly IMF, needs to be clarified in the context of national programmes especially to local actors in order to preserve the coherence of EU action as a whole. On the basis of these conclusions, the following recommendations are considered by the evaluation team as the most important ones for the Neighbourhood region.

Tentative Recommendations for Neighbourhood countries (basis: visited countries)

Needs, weaknesses or shortcomings		Recommendations
1	Political economy factors influence the pace of implementation of economic governance reforms in countries in transition (EG, TUN, UKR) as well in more advanced countries (GE, MO).	<p>Consider fiscal politics / political economy factors in setting policy dialogue, content and phasing of economic governance reforms by taking into account country-specific situations and plans. In doing so;</p> <ul style="list-style-type: none"> ▪ When eligibility conditions allow, prioritize Sector Budget Support as the most “fit” type of policy support for economic governance and supplement it with properly timed complementary interventions (TA, twinning, et cetera); ▪ Enter as early as possible into and maintain regular policy dialogue on a limited number of conditionalities with representatives of national authorities, civil society and cooperating partners;
2	There is a priority of structural reforms affecting economic governance in the sense that not all of them can be introduced at the beginning, yet the important ones that may be left aside, may undermine the success of the one chosen, while the level of net errors and omissions reported by the Global Financial Integrity Initiative are high for these countries.	<p>Ensure that credible medium and longer term approaches needed to support structural reforms are prepared or in place in order to support sustainability of outcomes and reduce aid dependency. This approach should address specific issues influencing the sustainability of outcomes/results including transparency, revenue and investment In doing so;</p> <ul style="list-style-type: none"> ▪ Build and maintain close cooperation with relevant economic governance-oriented programmes implemented by DG ECFIN and other international partners. ▪ Focus on supporting the implementation of reforms and conditions contributing to increase accountability and to counter corruption and tax evasion.
3	The knowledge base developed during EU-supported actions is an important factor in improving sustainability of economic governance reforms.	<p>Assist in better dissemination of knowledge base developed during policy dialogue and implementation of relevant economic governance programmes. In doing so:</p> <ul style="list-style-type: none"> ▪ Foster incorporation of relevant lessons learnt and tools into national institutions training programmes. ▪ Support the publications and sharing of this knowledge base via appropriate media networks.
4	There is an insufficient quality of statistics on inequality (e.g. Gini Coefficients)	<p>Support statistical offices via regional and/or national programmes aimed at the production (or timely publication when they are available) of such statistics although one has to be aware that the financial support needed to support the process is rather substantial.</p>
5	Economic governance requires strengthened national capacities dependent on the quality of human resources.	<p>Provide support for effective human resources management improving the sustainability of outcomes. In doing so:</p> <ul style="list-style-type: none"> ▪ Enhance EU actions and synergies between economic governance and public administration reforms at national and subnational levels. ▪ Better integrate revenue and expenditure constraints and requirements allowing to prioritize the implementation of shared reforms.

ANNEXES

Annex 1: Terms of Reference

TERMS OF REFERENCE – Thematic evaluation on support to Economic Governance in enlargement countries

Contracting Authority: European Commission

1. CONTEXT/INTRODUCTION

1.1 Background

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. In the current Enlargement Strategy 2014-2015, the Commission has identified economic governance as one of the key challenges for the Western Balkan countries³¹ and Turkey, on their path towards EU accession³². Western Balkan countries specifically face major structural economic challenges of high unemployment³³, 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 criteria³⁴. Now the successive reforms of the EU's rules, introducing, among other things, new surveillance systems for budgetary and economic policies, and a new budgetary timeline for the euro area have led to bridge the gap between the level of economic governance in the Western Balkans and Turkey and in that of the EU. As a consequence, 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.

1.2 Objectives of the initiative

Before the crisis there was no comprehensive view of the efforts made at national level, and no opportunity for Member States and Potential Candidates/Candidate Countries to discuss a collective strategy for the EU economy. The enlargement strategy 2013-14 proposed a new approach to help the enlargement countries tackle the economic fundamentals first and meet the economic criteria. None of the enlargement countries in the Western Balkans is a functioning market economy. The new approach implies a change in the dialogue and improved reporting in order to give clearer guidance on the reforms needed to support long-term growth and competitiveness.

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

Not all measures had similar impact on growth. Country-specific reform gaps vary across the region. While reforms in all areas are expected to have a positive impact, reforms in institutions, financial markets, and infrastructure have, on average, a larger impact on growth. The reform priorities identified by the report – institutions, infrastructure, goods market efficiency, labour market efficiency, and financial market development – coincide with the priorities highlighted by the EC and should be reflected in the ERP 2016.

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 and Turkey. This will not only help evaluate the impact and outcome of IPA funding along the DAC criteria of the relevance, efficiency, effectiveness, impact, sustainability,

³¹The 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)

³² COM (2014)700 Final

³³ An average of 21% on average in the Western Balkans according to Enlargement Strategy 2014: COM(2014) 700 Final

³⁴ European Commission - Enlargement - Accession criteria http://ec.europa.eu/enlargement/policy/glossary/terms/accession-criteria_en.htm

plus the EU complementary criteria of coherence and EU value added. Its main focus will be to improve programming and execution of the upcoming reform programs.

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.

13 Description of the initiative/intervention logic

The Commission has gradually adapted the economic surveillance of enlargement countries to the enhanced economic governance in the EU. To this end, the countries have been 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 Strategy³⁵. 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 2013, 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 growth³⁶. 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 sector in nature. The Enlargement countries have been invited to enhance economic policy and its governance through the preparation of annual National Economic Reform Programmes. These programmes for 2015 comprised two parts. Part I consist of an enhanced version of the existing Pre-Accession Economic Programmes (PEP) for candidate countries and Economic and Fiscal Programmes (EFP) for potential candidates and will be extended also to include Kosovo. Part I 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 which are sector in nature, such as in transport, energy, education, environment, research, industry and which are of most concern for improved competitiveness and growth in the individual countries, including infrastructure investment needs. In Part II, each country is invited to set out a limited number of key sector structural reform measures and describe their plans as well as the timeline and the budgetary implications. Building a common understanding of which are the priority macro-economic and sector 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.

14 Implementation – State of Play

The Impact of the economic crisis was being felt throughout the region, with the Western Balkans falling back into recession. The European Commission had a number of instruments to keep enlargement countries informed about the developments in EU economic policies. These included the regular bilateral political and economic dialogue as well as the multilateral economic dialogue between the Commission, EU Member States and Candidate Countries in the context of pre-accession fiscal surveillance. The joint Economic and Financial Affairs Council (ECOFIN) and the Stabilisation and Association Agreement (SAA) have been used in addition to concentrating on economic and fiscal surveillance, to inform countries of other developments that were shaping EU economic governance, when appropriate.

In addition the Regional policy groups and the Regional Cooperation Council RCC made good progress in 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, including with IPA funds. 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 liberalization 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.

To date, none of the WB countries can be considered a well-functioning market economy.

There is a mixed picture regarding the socio-economic developments in the beneficiary countries. Unemployment remains high, with an average of around 21%³⁷. The level of outward FDI is generally low for the enlargement countries and tends to fluctuate, but figures suggest that there is a trend towards increased investment abroad. Investments in the economies of the enlargement countries have shown certain fluctuations in recent years and comparing 2012 data with those of 2011 suggests lower investment volumes.

³⁵ Europe 2020 Strategy http://ec.europa.eu/europe2020/index_en.htm

³⁶ IBID

³⁷DG ESTAT Candidate countries and potential candidates

Current Macroeconomic situation in the Enlargement Countries (data from Eurostat)

Extracted on 08.05.15
 Source of data Eurostat
 INDIC_CO Total unemployment rate (%)

GEO/TIME	2009	2013
Montenegro	19,1	19,5
The former Yugoslav Republic of Macedonia	32,2	29,0
Albania	13,8	15,6
Serbia	16,1	22,1
Turkey	12,7	8,8
Bosnia and Herzegovina	24,1	27,5
Kosovo (under United Nations Security Council Resolution 1244/99)	45,4	30,0

INDIC_CO Employment rate (15 to 64 years), total (%)

GEO/TIME	2009	2013
Montenegro	48,7	47,4
The former Yugoslav Republic of Macedonia	43,3	46,0
Albania	53,4	50,2
Serbia	50,4	47,5
Turkey	44,3	49,5
Bosnia and Herzegovina	41,1	39,5
Kosovo (under United Nations Security Council Resolution 1244/99)	26,1	28,4

INDIC_CO Gross domestic product per capita (current prices) (EUR)

GEO/TIME	2009	2013
Montenegro	4.720	5.063 (2012)
The former Yugoslav Republic of Macedonia	3.269	3.726
Albania	2.958	2.904
Serbia	3.955	4.453
Turkey	6.121	8.131
Bosnia and Herzegovina	3.234	3.509
Kosovo (under United Nations Security Council Resolution 1244/99)	2.329	2.935

INDIC_CO GDP per capita in PPS (% , EU-27=100)

GEO/TIME	2009	2013
Montenegro	41	42
The former Yugoslav Republic of Macedonia	36	35
Albania	30	30
Serbia	36	36
Turkey	46	55
Bosnia and Herzegovina	29	29
Kosovo (under United Nations Security Council Resolution 1244/99)	:	:

INDIC_CO	Foreign direct investment (1) (million EUR)					
	Outward FDI			Inward FDI		
	2002	2007	2012	2002	2007	2012
ME	- 0	-115	- 21	87	683	482
MK	- 0	1	6	112	506	105
AL	0	- 17	- 18	141	481	745
RS	- 21	- 692	- 42	521	2 513	274
TR	- 151	- 1 537	- 3 711	1 144	16 087	9 744
BA	0	- 47	0	282	1 329	273
XK	0	- 10	- 16	43	441	232

(1) The sign convention adopted for both inward and outward FDI flows is that investment is always recorded with a positive sign and a disinvestment with a negative sign.

Source: Enlargement countries - Prices and finance - 2014 edition

INDIC_CO	Average of FDI inflows and outflows, relative to GDP (%)	
	2009	2013
Montenegro	19,0	10,5 (i)
The former Yugoslav Republic of Macedonia	1,1	1,6
Albania	4,3	5,8
Serbia	2,5 (i)	1,2 (i)
Turkey	0,8 (s)	1,1 (2012) (s)
Bosnia and Herzegovina	:	:
Kosovo (under United Nations Security Council Resolution 1244/99)	:	:

(s) Eurostat estimate (phased out);

(i) See metadata (phased out)

1.4.1 Albania

For Albania, the crisis heavily affected its main EU trading partners and spilled over through trade, remittances and investment links. Despite this, the country has managed to avoid recession but economic growth has slowed. Persistent fiscal imbalances in the past have led public debt to build up to well over 60 % of GDP, this in combination with substantial weaknesses in revenue collection and public finance management have caused large government arrears, such as unpaid bills and delayed tax refunds, to accumulate, sapping liquidity and confidence in the economy.³⁸

According to the 2014 Progress Report in Albania³⁹, the government aims to re-launch growth and increase competitiveness through enhanced economic governance. A National Economic Council chaired by the Prime Minister with the participation of the business community was set up to provide guidance and coherence in economic reforms. Furthermore, the Economic and Fiscal Programme for 2014-2016 sets out the framework for supporting growth and macroeconomic stability and identifies necessary structural reforms in some key areas, including enhancing the rule of law, improving the business and investment environment and tackling labour market problems.

The two contracts contracted under IPA in 2012 and 2013 that fall under the scope of this evaluation both aim 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.

1.4.2 Bosnia & Herzegovina

Since the onset of the crisis, the economy of Bosnia and Herzegovina has been adversely affected by the economic situation in its main EU trade partners. Furthermore, the negative contribution of weak domestic demand, the continuous political stalemate and a difficult investment climate, makes its economic environment a difficult one. In Bosnia and Herzegovina, the deficit and debt levels are more moderate than Albania, but debt servicing costs are rising, which crowds out productive spending. Apart from concessional loans from foreign donors, both countries rely on the domestic debt market which, to a large extent, means commercial banks. Such

³⁸ 2014 Economic and Fiscal Programmes of Albania and Bosnia and Herzegovina: The Commission's country assessments (ISSN 1725-3209)

http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp198_en.pdf

³⁹ Albania's Progress in the Fight against Corruption and Organised Crime and in the Judicial Reform. COM (2014) 331 final

a strong link between banks and sovereigns could lead to market saturation and creates vulnerabilities on both sides.⁴⁰

Key downside risks are also related to the heavy flooding in the spring, which has severely damaged transport and energy infrastructure as well as production and is expected to take a toll on short-term GDP growth. According to a World Bank Group report, the May 2014 floods lead to estimated damages and losses totalling around 14% of GDP.⁴¹

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.

1.4.3 Kosovo

The business climate in Kosovo is hindered by limited access to finance, unreliable energy supply, unfair competition and corruption. Kosovo's enterprise sector is dominated by small and micro-enterprises; retail trade continues to be the dominant sector. The trade deficit is large, with a deficit of 33.9% of GDP and a ratio of imports to exports of some 9:1.⁴² Kosovo has implemented initial reforms to establish a fully functioning market economy but the weak rule of law, a large informal economy and an underdeveloped policy framework continue to hinder socio-economic growth.

The two on-going IPA projects that this evaluation will assess are ones which both aim to improve economic governance on the whole as well as enterprise development. Together they amount to €1,100,000.

1.4.4 The former Yugoslav Republic of Macedonia

In the former Yugoslav Republic of Macedonia, economic recovery took hold in 2013 and is likely to stay on track for the next two years. However out of the beneficiary countries, the former Yugoslav Republic of Macedonia faces one of the highest unemployment rates in Enlargement region (see above table). Moreover, the central government debt ratio, while remaining relatively moderate, has been rising continuously since 2008, mainly because of primary budget deficits. For debt levels to remain sustainable, fiscal consolidation is required.⁴³ For this, the government has undertaken some steps to improve budgetary planning and fiscal discipline, but needs to make further progress. The government introduced a number of further changes to administrative and legal rules in 2013 to strengthen public internal financial control and budgetary planning. In December, in order to transpose the EU Late Payments Directive, the Law on Financial Discipline was adopted, which includes provisions for timely settlement of payments between public and private sector entities⁴⁴

Six contracted IPA projects will fall under these evaluations which mainly aim to enhance capability of financial management as well as assist in the implementation of reforms to harmonize standards closer to those of the EU. Together they amount to €7,472,000.

1.4.5 Montenegro

Montenegro's small and open economy is in need of diversification. The GDP per capita in PPS (% EU-27=100) grew in 2013 (42)⁴⁵, but the recovery remains fragile due to weak domestic demand, a narrow production base, and a high dependence on the external environment. This growth was largely driven by net exports of electric energy and tourism services, the latter with positive spill-over effects on retail trade. A rebalancing of growth from net exports towards domestic demand, in particular gross fixed capital formation, is expected following the start of several important tourism, energy and infrastructure projects, which if successfully implemented, may set a broader base for future growth.

One crucial challenge for Montenegro is the relatively high unemployment rate, which requires bridging the gap between supply and demand of labour skills, strengthening active labour market policies and allowing more independent wage setting at company level.

For Montenegro, there are seven projects that will be evaluated which target 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.

⁴⁰IBID

⁴¹World Bank Group, *Coping with Floods, Strengthening Growth*, (The World Bank, 2015) Report No. 93611-ECA, page 5.

⁴²Country Strategy Paper Kosovo 2014-2020. http://ec.europa.eu/enlargement/pdf/key_documents/2014/20140919-csp-kosovo.pdf

⁴³ 2014 Pre-Accession Economic Programmes of the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey. The Commission's overview and country assessments (ISSN 1725-3209) http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp194_en.pdf

⁴⁴IBID

⁴⁵DG ESTAT Candidate countries and potential candidates: GDP and main aggregates

1.4.6 Serbia

In Serbia, economic recovery remains fragile. Following an export-led resumption in 2013, economic growth is expected to slow down and remain modest over the programme horizon. The envisaged growth profile depends crucially on increased investment, linked to the country's EU accession prospects, an acceleration of domestic reforms, and a steady growth in exports, supported by rising external demand and improved competitiveness. The structural weaknesses are manifold, ranging from a bloated public sector, poor infrastructure, a rigid labour market, an unfriendly business environment, and insufficient competition in certain sectors.⁴⁶

According to the Pre-accession Economic Programmes⁴⁷ an ambitious public administration reform is expected to streamline administration at central and local level, while improving capacities, specifying promotion criteria, harmonising the salary systems, and introducing performance-based remuneration.

In addition, the floods that affected the region lead to an estimate of 4.7% of GDP in damages and losses in Serbia. This led to a decline in GDP by 2%⁴⁸.

The four Serbian IPA projects, totalling to €10,600,000 assist the modernisation of economic administration as well as increasing support in capacity building.

1.4.7 Turkey

Out of the Enlargement countries, Turkey has the biggest market and the highest Gross domestic product per capita (current prices)⁴⁹, a figure nearly twice as high as the other beneficiary countries. The Turkish economy has grown at an average annual rate of 5.1% since 2001 with pronounced cyclical swings⁵⁰. This was helped by monetary policy accommodation and a relatively large increase in public spending. However since May 2013, Turkey's financial markets and the lira have been under strong downward pressure in the context of the transition to a less accommodative monetary policy in the United States, domestic political crises, and international tensions related to the civil war in neighbouring Syria. By the end of February 2014, the yield on the two-year benchmark government note had risen by about 6 percentage points, the major index on the Istanbul stock exchange had fallen by just above 30%, and the Turkish lira had depreciated by 22% against the euro.⁵¹ Under the IPA projects to be evaluated, Turkey has received assistance of €5,081,547, the projects aimed at strengthening the implementation of financial management and improving quality management in areas of economic governance.

15 Evaluation and Monitoring Provisions

1.5.1 Monitoring Provisions

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.

1.5.2 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 Turkey⁵²

⁴⁶IBID

⁴⁷IBID

⁴⁸World Bank Group, *Coping with Floods, Strengthening Growth*, (The World Bank, 2015) Report No. 93611-ECA, page 5.

⁴⁹See table

⁵⁰ 2014 Pre-Accession Economic Programmes of the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey. The Commission's overview and country assessments (ISSN 1725-3209): http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp194_en.pdf

⁵¹IBID

⁵²<http://data.consilium.europa.eu/doc/document/ST-8603-2015-INIT/en/pdf>

Economic Reforms Programmes (for reference "Joint conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey"⁵³)
Progress reports⁵⁴

2 SPECIFICATIONS OF THE ASSIGNMENT

21 Beneficiaries and stakeholders

The beneficiaries of this evaluation are the beneficiary countries of IPA and EN(P)I funding and the European Commission DG NEAR.

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.
- Sector regulators, Competition and State aid authorities.

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

22 Global Objective of the evaluation

DG NEAR will undertake a thematic evaluation on support to Economic Governance in enlargement countries. This is an Interim, Final, Ex Post Mixed thematic evaluation on EU's support on economic governance in enlargement countries. Hence 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, based on the lessons learned and good practices of previous related projects, as well as the strategic orientation are concerned.

The evaluation shall assess:

- The performance of assistance according to the efficiency, effectiveness, impact, sustainability, relevance, 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, et cetera).
- The key areas in which work should be done
- The methodologies which work well within projects of economic governance
- The appropriate aid delivery methods

The evaluation should take into account that the projects will have different perspectives and may not have a direct focus on issues of economic governance. Special attention should be given to distinguish the economic governance element. In the scope of this evaluation it will also address one, out of the two, main branches of public financial management (PFM). Public financial management has two main divisions; the first is understood as a way of allocating the budget and finding coherence between macroeconomic policy priorities and the ways in which the budget is spent. The second division of PFM focuses on the procedures and processes within public financial management, an element which is closely related to competitiveness and improved quality at all levels. This evaluation will only assess the first branch. A list of relevant projects is enclosed in Annex 1 and should be

⁵³https://eu2015.lv/images/news/Joint_Conclusions.pdf

⁵⁴http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index_en.htm

assessed by the evaluators. The projects are mainly IPA projects running from 2009-2014, with the exception of one CARDS project in Montenegro in 2008 and one Twinning Light in 2007.

23 Scope of the evaluation, specific objectives

Specific objectives:

2) To provide a judgment on the performance of the efficiency, effectiveness, impact, sustainability, relevance, coherence and EU added value of assistance based on economic governance assistance. The judgment for each evaluation criteria should differentiate two levels of sources of evidence and analysis:

- At the programming level
- At the implementing level
- Assess current evolutions in the strategy setting role in relation to different actors such as the World Bank (WB), the International Monetary Fund (IMF), DG ECFIN (EC), the European Central Bank (ECB), the European Bank for Reconstruction and Development (EBRD), et cetera.

3) Based on the relevant findings, conclusions and lessons learned as per the above objectives to provide relevant operational recommendations for:

- The future of programming economic government assistance by learning from previous positive and negative experiences.
- Key policy areas in which work is required
- Techniques in cooperating with other actors in the field
- Areas that do not require the involvement of EU assistance because they are already well covered by other donors in the field

It is important to keep in mind the different policy contexts and EU strategic objectives, policies and tools between enlargement and neighbourhood countries, both in the past and presently in place, when carrying out the evaluation. At the same time, despite the differences, it is believed that interesting lessons and best practices can be learned from the different countries/regions/instruments which will provide for useful cross-fertilisation between them.

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 Instrument for Pre-Accession Assistance (IPA) is implemented and monitored.
- Feed the Mid Term Review of both IPA and European Neighbourhood Instrument (ENI).

24 Requested services, evaluation questions, methodology and quality control

2.4.1 Requested services

The evaluation shall cover all beneficiaries at the time, namely Albania, Bosnia and Herzegovina, Kosovo, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey. Focus should be on economic governance related projects only.

Apart from comparing actual outcomes to initial indicators, the assessment of impact has to provide concrete quantitative indicators to measure the impact brought about by EU assistance. This means that when comparing the impact, it should be taken into account the average costs incurred to achieve that level of impact. The evaluators will provide relevant findings, conclusions and lessons learned as well as operation recommendations improving the programming and performance of future IPA II assistance.

The results of the evaluation will be used for the renewed approach to Economic Governance as one of the main three pillars in the Enlargement Strategy⁵⁵, within the reorientation of DG NEAR policy and assistance to the enlargement countries. Hence, the outputs of this evaluation should:

⁵⁵ COM (2014) 700 Final

- Provide recommendations on the DG NEAR thematic policy approach of economic governance;
- Provide recommendations on programs and IPA II funding, based on the weaknesses highlighted in the programming and implementation;
- Provide recommendations on IPA II projects, ensuring maximal impact and EU added value to economic governance issues in the beneficiary countries;
- Outline corrective measures, if applicable, for ongoing projects
- Provide recommendations on the improvement of the monitoring and evaluation frameworks, regarding the selection of indicators to embed in project cycles and the appropriate project-level data collection mechanisms that would generate the data necessary to populate the indicators;

2.4.2 Evaluation questions

As regards the evaluation questions, the evaluation will be based on the criteria endorsed by the OECD-DAC: relevance, efficiency, effectiveness, impact and sustainability, complemented by coherence and value added of EU assistance. The evaluation questions will be further refined during the inception phase.

Question related to relevance, effectiveness, coherence and EU added value concern both periods; efficiency would concern the earlier period and only to the extent possible, also the latter period; while impact and sustainability only relate to the earlier period.

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 et cetera) 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.

2.4.3 Methodology

The methodology should be based on DG NEAR's Evaluation guide⁵⁶; the Commission Better Regulation guidelines concerning conducting an evaluation⁵⁷, the concept of the theory-based impact evaluations⁵⁸ and, if appropriate, on other methods to measure the impact and the effect of interventions.

The contractor will have a free choice as to the methods used to gather and analyse information and for making the assessment, but must take account of the following:

- The evaluation must be based on recognised evaluation techniques and triangulation methods are required.

⁵⁶DG NEAR's Evaluation guide is available at http://ec.europa.eu/enlargement/news_corner/key-documents/index_en.htm

⁵⁷Commission's evaluation guidelines are available at: http://ec.europa.eu/dgs/secretariat_general/evaluation/documents_en.htm

⁵⁸http://ec.europa.eu/regional_policy/information/evaluations/guidance_en.cfm#2http://ec.europa.eu/regional_policy/en/information/publications/evaluations-guidance-documents/2013/evalsed-the-resource-for-the-evaluation-of-socio-economic-development-sourcebook-method-and-techniques

- Considerable emphasis should be placed on the analysis phase of the evaluation. In addressing the evaluation questions, quantitative indicators should be sought and used as far as possible. The contractor must support findings and recommendations by explaining the degree to which these are based on opinion, analysis and objectively verifiable evidence. Where opinion is the main source, the degree of consensus and the steps taken to test the opinion should be given.
- Thus, the Contractors are invited to include an outline of their proposed methodology to undertake this assignment as part of their offer, including comments on the scope of the service, on the proposed methodology, the evaluation questions and on the elaboration on judgement criteria to answer the evaluation questions.
- The final evaluation questions and methodology for this assignment will be completed and agreed upon during the inception phase. Advantages, limitations and risks involved in using the proposed tools and techniques should be explained. There should be a clear link between the evaluation questions addressed and the corresponding methodology proposed. The evaluation questions can be further elaborated, e.g. by providing operational sub-questions under each question.
- It is not expected that all individual measures of the initiative/intervention be assessed, but the sample of measures examined should be drawn up in a manner suitable for each evaluation question addressed, and should be such as to enable the evaluators to draw general conclusions on the measures.

The evaluation will be divided into four phases:

1) Inception phase

- Collection and analysis of relevant documentation; Desk Review of the documents which will be subject to evaluation;
- Completion of the assessment approach and methodology: scope, evaluation questions, judgement criteria and indicators;
- Defining the sample of the projects for each country which will be covered in the evaluation;
- Identification of the needs for consultation of stakeholders, by means of interviews, surveys, questionnaires and/or other modalities;
- Outlining of the preliminary consultation strategy; the contractor shall provide a detailed consultation strategy to be used for the public consultation that will allow all stakeholders, to be all consulted. Particular attention should be paid to balance coverage of stakeholders consulted and geographical coverage. The Commission guidelines on stakeholder consultation should be followed⁵⁹.

Such strategy will be completed after finalisation of each step of consultation process (a summary must be produced following each consultation process, namely survey, stakeholder meeting, et cetera). Analysis of possible overlapping between the different tools shall also be put forward.

- Drafting and submitting of the inception report.

The draft inception report will be sent to key stakeholders (HQ, Delegations and beneficiary country NIPAC/NACs) for comments and discussed in a meeting of the Inter-service Steering Group (ISG) with the evaluators, before final endorsement by the contracting authority DG NEAR A3 Unit.

2) Desk Phase

During the desk phase the evaluators shall:

- Complete the collection of relevant documentation;
- Update the level of information by means of interviews, e-mail questionnaires or any other relevant tools with relevant actors (EC officials, Government officials, other stakeholders);
- Analyse the documentation in compliance with the evaluation questions;
- Elaborate preliminary findings, conclusions, according to the scope and the requirements of the ToR (Desk phase report).
- Comments will be sort from the ISG and main stakeholders on the Desk phase report. This is a working document and does not require formal approval. It serves as a basis for discussions with the different stakeholders and to double check some facts and understanding at this early stage.

A meeting between the ISG and the consultants may take place in Brussels at the end of the desk phase.

⁵⁹ http://ec.europa.eu/smart-regulation/guidelines/index_en.htm

3) Field Phase

The field will include, whenever relevant, personal interviews in DG NEAR with those who have specific in house thematic expertise on economic governance, in IFI's HQs and in the EU Delegations. Phone interviews will be conducted with the relevant players in the beneficiary countries, beneficiaries' public administrations, et cetera. Email questionnaires and other tools may adequately complement the interviews and data collection.

A concise Interim report should be drafted towards the end of the field phase providing an overview of the status of the evaluation, highlighting any problems encountered and solutions found, also providing a proposal for the final structure of the Public consultation, Final report and the Executive summary.

In order to organise the public consultation the evaluators shall elaborate a document summarising the present preliminary findings, conclusions and recommendations (max 20 pages).

The Draft document to be used for public consultation may also be used as the basis for a possible workshop in Brussels of the main stakeholders to discuss preliminary findings, conclusions and recommendations stemming from the field and desk phase.

The Interim report and the draft document for the public consultation will be discussed by the ISG. The Final document for the public consultation will be approved by the ISG.

The public consultation will then be initiated and organised by the Commission at the end of the field phase to verify preliminary findings and to seek views from as wide an audience as possible. It will be open on line on the DG NEAR website for 12 weeks for all interested parties to provide their input.

4) Synthesis Phase

This phase is mainly devoted to the preparation of the evaluation report based on the work done during the desk and field phases and taking into consideration the outcomes of the briefing meetings and the results of the public consultation.

At the end of the 12 week public consultation period the evaluators shall prepare a summary of the contributions in line with the "Better regulation package" (page 81) (max 20 pages). As this is one of the first DG NEAR evaluations to use this new procedure established by the "Better regulation package", it is difficult to estimate the quantity of responses to be received. A rough estimate of 500 pages will be used as a working estimate. The contractor shall respect the European Commission standards for data protection when analysing responses to the public consultation.

The draft summary will be discussed by the ISG. It should be used as an input in the finalisation of the Final Evaluation Report.

Recommendations should address the weaknesses identified and reported. Recommendations should be clear, well structured, operational and realistic in the sense of providing clear, feasible and relevant input for decision making. Recommendations should not be general but should address the specific weaknesses identified, and should clearly indicate the measures to be undertaken. Presentation of best practices and success stories stemming from different countries and the use of different modalities/tools to enhance Economic Governance objectives should be highlighted. Recommendations for action will be addressed to the Commission. However, where appropriate, the evaluator should specify the role of any actor other than the Commission, including beneficiary institutions, in implementing the recommendations.

The Draft Final report will be sent for comments to the ISG and to other the stakeholders consulted during the evaluation.

The Draft Final report should include an annex on the Consultation in line with the requirement of annex 2 of tool 47 of the toolbox⁶⁰ and the Better Regulation Guidelines on Consultation, of no more than 10 pages.

A dissemination seminar may be held at DG NEAR once the evaluation has been completed.

2.4.2 Quality control

Quality control by the evaluator

The evaluator should ensure an internal quality control during the implementing and reporting phase of the evaluation. The quality control should ensure that the draft reports comply with the above requirements and meet adequate quality standards before sending them to stakeholders for comments. The quality control should ensure consistency and coherence between findings, conclusions and recommendations. It should also ensure that findings reported are duly substantiated and that conclusions are supported by the relevant judgement criteria.

⁶⁰ http://ec.europa.eu/smart-regulation/guidelines/tool_47_en.htm

Quality control by the Commission

The launching and the implementation of the evaluation are supported by an advisory Inter-service Steering Group (ISG) that ensures the quality of the evaluation and has the following responsibilities:

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

The ISG includes representatives from DG NEAR, Directorates A, B, C and E and from the Secretariat-General, DG COMP, DG ECFIN, DG GROW and DG ESTAT.

In particular, the ISG will perform a Quality Assessment of the final evaluation report in accordance with the grid presented in an Annex of these TORs. The Quality Assessment by the ISG judges the external contractor's report and its overall process. It is the final "sign off" by the ISG of the contractor's work and includes a judgement on whether key aspects of the work conducted meet the required standards and provides any related comments.

Once this process is completed, DG NEAR Unit A3 will decide on the endorsement of the reports for distribution to stakeholders and later presentation by the evaluator.

2.4.5 Sources of information

The sources of information to be used by the evaluators include:

- EU programming and planning documents – Annual Enlargement strategy papers, Progress reports, Financing Agreements, Country Strategy Papers, Annual and Multiannual Sector programs;
- IPA annual reports, monitoring reports, ROM reports;
- Project fiches of the mentioned projects;
- Monitoring reports and other evaluations;
- Available publications, surveys, reviews and reports from stakeholders;
- Any other source of information the evaluators consider relevant;

All programming and strategic documents can be found on the DG NEAR internet site. The updated project fiches, monitoring reports and other relevant evaluations should be collected from the Commission and beneficiaries.

2.4.6 Risk and assumptions

Risks and assumptions cannot be listed exhaustively. It is assumed that services within both the Commission and the implementing authorities of the beneficiaries accept the evaluation as an integral part of the programme/project cycle management and are committed to provide the necessary information, and will subsequently act on recommendations and findings, as well as provide the follow-up information to the Commission.

The following are additional relevant assumptions for the above evaluations:

- Monitoring data is available on time and provide sufficient and adequate information;
- Access to requested documentation and information on the programmes is ensured by the Commission, national authorities and the project beneficiaries;
- The staff of EU Delegations and implementing parties is regularly informed on objectives and methods of this evaluation, in order to ensure their full cooperation.

In the event that one or several of the above assumptions prove to be untrue, the evaluator should immediately inform the Contracting Authority. The evaluators will also report any limitations to the evaluations due to insufficient collaboration from key stakeholders.

As this is one of the first DG NEAR evaluations to use the new procedure established by the "Better regulation package", it is difficult to estimate the quantity of responses to be received to the public consultation. A rough estimate of 500 pages will be used as a working estimate. However, if the response turns out to be much larger this may affect the timing of the finalisation of the evaluation.

25 Required outputs

2.5.1 General reporting requirements

The outputs of this evaluation are represented by:

- an Inception Report;
- an Interim Report;
- a document for the public consultation;
- a summary of the contributions to the public consultation;
- a Final Report, including an annex on the consultation processes.

The reports shall be presented in the English language. A summary of the document for the public consultation, the summary of the contributions to the public consultation, the Final Report including an annex on the consultation processes will be also produced in the French language.

All draft reports will be submitted to the EC project manager in electronic form by e-mail. No hard copies will be required. All electronic versions have to be submitted in format compatible with MS Office software. The EC reserves the right to request the necessary additional revisions of the reports in order to reach an appropriate outcome and quality control requirements.

2.5.2 Inception Report

The Inception report will detail the final methodology, evaluation questions and judgement criteria, sources of information, timetable of the assignment and documents required and a tentative list of contacts to be met. The report must as a minimum provide:

- A summary of the objectives, scope and outputs of the evaluation;
- The population and the sample of the countries to be visited and of the projects to be covered including a description of the methodology used to establish the sample;
- The final evaluation questions, methodological approach, including the judgement criteria to be used and sources of information, samples of the questionnaires, et cetera.
- A consultation strategy for the desk and field phases and for the public consultation as well as a work plan for the desk, field and synthesis phases;
- An outline and an indicative table of contents of document to be used for public consultation and of the final report.

It shall not exceed 20 pages, annexes excluded

2.5.3 Interim Report

The Interim report is to be produced towards the end of the field phase, and should as a minimum provide:

- An overview of the status of the evaluation;
- An assessment of the data, whether it meets expectations and will provide a sound basis for responding to the evaluation questions;
- A description of problems encountered and solutions found;
- A conclusion whether any changes are required to the work plan, or any other solutions should be sought in order to ensure that the required results of the evaluation are achieved;
- A proposal for the final structure of the Final Report, for the document to be used for the public consultation as well as a structure of the Executive Summary It shall not exceed 10 pages, annexes excluded.

2.5.4 Document to be used for the internet based public consultation

The document to be used for the public consultation, max 20 pages, should present preliminary findings, conclusions and recommendations. It will be submitted for internet based public consultation via the Secretariat General Website Your Voice in Europe. The document needs to cover the evaluation criteria: effectiveness, efficiency, relevance, coherence, impact, sustainability and EU added value.

A summary of 5 pages in French needs to be provided to ensure as wide a consultation as possible. Before publication the 20-page document needs to be approved by the ISG, the 5-page summary only by DG NEAR A3.

2.5.5 Summary of the contributions to the public consultation

The summary, max (max 20 pages), should give a concise and balanced overview of contributions received during the public consultation, in line with the "Better regulation package" (page 81). The Summary should be provided in English and French.

2.5.7 Final Report

The Final report should address the specific objectives set out above, provide a judgment of the performance of the EU assistance instruments and offer recommendations for policy creation. It should include an overview, an executive summary, main findings, conclusions and recommendations.

The Final Report shall include: an overview, an executive summary, main section, conclusions and recommendations and annexes, including an annex on the consultation processes. The final report should specifically answer each of the evaluation questions and address the defined scope. The content and the format of the final report shall be elaborated and approved in the interim report.

The main part of the report, containing the analysis, the conclusions and the recommendations should be not more than 60 pages. The annexes must collate the technical details of the evaluation, and must include questionnaire templates, interview guides, any additional tables or graphics, and references and sources.

In addition, the Contractor should provide an abstract of no more than 200 words and, as a separate document and an executive summary of maximum 6 pages. The purpose of the abstract is to act as a reference tool helping the reader to quickly ascertain the evaluation's subject. An executive summary is an overview, which shall provide information on the (i) purpose of the assignment, (ii) methodology / procedure / approach, (iii) results /findings and (iv) conclusions and recommendations.

The Final report, the abstract and the executive summary should be provided in English and French.

The Contracting Authority will publish the Final Report, the Executive Summary, the Abstract, the annexes and the Quality Assessment Grid⁶¹ providing assessment of the evaluation final report on the Commission's website.

In view of its publication, the final report by the contractors must be of high editorial quality. In cases where the contractor does not manage to produce a final report of high editorial quality within the timeframe defined by the contract, the contracting authority can decide to have the final report professionally edited at the expense of the contractor (e.g. deduction of these costs from the final payment)." This would be fully in line with Recommendation No. 6 of the Commission's Clear Writing Task Force⁶².

2.5.7 Progress Reports

The Contractor will deliver Progress Reports at invoice intervals (in 3 hard copies and electronic version). They should bear record about the assignment. It should describe in a concise and structured way how the above described "required services" are being fulfilled (max 8 pages). In annex, it will include additional details as necessary.

The Contractor will report particularly on difficulties encountered and mitigation measures taken or suggestions to changes required to the work plan to ensure that the required results of the evaluation are achieved. The ISG might call for a meeting if the Progress Report raises concerns about progress of the works.

3. EXPERT PROFILE

3.1 Profile and expertise required

The Consultant shall provide an appropriate team of experts to complete the requested evaluation. The contract will entail a global price.

The contract requires the following categories of expertise:

Senior Expert (Team leader):

- University degree, preferably in social sciences or seven years of equivalent professional experience

⁶¹Annex II of these TORs

⁶²See page 4 of report available at:

http://www.cc.cec.dgintranet/europeaid/resources/infrastructures/translation/documents/clear_writing_report_en.pdf

- Minimum of 10 years post-degree relevant professional experience in evaluation, project management, performance audit, monitoring or academic research, including at least 5 years on evaluation;
- Advanced knowledge and experience in the development field.

Senior Expert 2

- University degree, preferably in Engineering or Economics or seven years of equivalent professional experience;
- Minimum of 8 years of post-degree relevant professional experience in macroeconomics;

Three Junior Experts:

- Minimum of 3 years post-degree relevant professional experience in evaluation, project cycle management, performance audit, monitoring or academic research.
- Strong knowledge of data processing in statistics for at least one of them is a requirement

The minimum requirement for the team as a whole are:

- Excellent oral and writing skills in English (all experts);
- Previous experience in the context of project evaluation and study in economic governance;
- Knowledge of the Enlargement and Neighbourhood environment;
- Two experts should have command of the Serbian and/or Croatian and/or Bosnian and/or Turkish language(s).

The following would be considered as assets:

- Knowledge of languages spoken in Neighbourhood regions;
- Knowledge of Budget Support.

CVs must be attached to the tender bid for all experts. The technical proposal should include a table showing how the proposed key experts, both as a whole and for each individual expert, meet the above requirements.

	Team leader	Senior Expert	Junior Expert	Junior Expert	Junior Expert
	Mandatory requirements				
N+1					
N+2					
	Assets/advantages				
N+1					
N+2					

The technical proposals which do not meet the minimum requirements for the experts will be rejected.

The Contractor shall ensure that experts are adequately supported and equipped. In particular, sufficient administrative, secretarial and interpreting resources, as well as junior experts, must be available to enable senior experts to concentrate on their core evaluation tasks.

32 Number of requested experts per category and number of man-days per expert

Five experts are requested for this assignment.

The experts will be expected to be available for the whole duration of the assignment. It is expected that the assignment will require 223 working days.

Expert	Working days	ENI	IPA
Team leader	73	15	58
Senior expert	60	10	50
Junior expert n. 1	30+30+30	5	25
Junior expert n. 2		5	25
Junior expert n. 3		5	25

33 Working language

The main working language of the assignment is English. At least one of the team members has to have working knowledge of French.

34 Conflict of interest

The contractor is responsible for carrying out an independent evaluation. Evaluators must be strictly neutral. Conflicts of interests must be avoided. The experts carrying out the evaluation shall have no involvement with the projects subject of this exercise. More specifically, the experts must fulfil the following criterion:

- No previous involvement in programming and/or implementation of EU assistance which will be evaluated as part of this evaluation;

The offers including one or more experts not meeting the above independence criteria will be rejected. The Contracting Authority requests the signed objectivity confidentiality and conflict of interest declaration to be submitted before the evaluation is launched.

4 ORGANISATION, TIMETABLE AND BUDGET

4.1 Organisation

The contract will be managed by Unit A3 of the European Commission Directorate-General for Neighbourhood and Enlargement Negotiations.

It is important to note that the present assignment will be funded from two sources – IPA and ENI. Due to this, two separate Requests for services have to be launched, involving the same companies. Nevertheless, at the end of the tendering process, only one contract will be issued, covering both IPA and ENI sources. Please note that this separation between IPA and ENI sources of funding should be respected in all financial and contractual reporting, as per the requirements in point 3.2 and point 6.1 of these Terms of Reference.

A Steering Group will be involved in the management of the evaluation. The responsibilities of the Steering Group will include:

- establishment of the Evaluation Roadmap;
- establishment of the Terms of Reference;
- providing the external evaluator with access to information;
- supporting and monitoring the work of the external evaluator;
- assessing the quality of the reports submitted by the external evaluator, while ensuring that the Contractor's independence is not compromised.

4.2 Meetings

It is expected that the contractor participates in 5 meetings in Brussels with the ISG. For these meetings, **minutes should be drafted by the contractor**, to be agreed among the participants. In addition to these meetings a workshop may be organised at the end of the field phase and possibly a dissemination event at the end of the evaluation, both in Brussels.

4.3 Timetable and planning

The indicative starting date is **January 2016**. The contract will start after both parties have signed it. The period of execution of the contract is 14 months. The expected duration of the assignment is 14 months. The Assignment should be finalised by **February 2017**

The following outline work plan and indicative timetable are envisaged. This indicative planning will be confirmed in the Inception Report. The revised planning to be presented and agreed in the Inception report should indicate which countries, EU Delegations and NIPAC/NACs will be visited during field work.

Phase/Activity	Month
Kick off meeting in Brussels	January 2016
Inception phase - Draft Inception report- meeting with ISG - Final Inceptionreport	Mid-February 2016 Mid-March 2016
Desk Phase - Possible ISG meeting at end of Desk phase	Mid-March – End April 2016 End April

Field Phase - Draft document for public consultation - Interim Report - workshop in Brussels on preliminary findings and conclusions - ISG meeting on Interim Report and Draft document for public consultation - Final document for public consultation	May -June 2016 Mid-June Mid-June Mid-June Mid-June Early July
Public Consultation	July-October 2016
Synthesis phase - Summary of the consultation - Draft Final Report and the draft annex of the consultation processes - ISG and stakeholder consultation on draft report - Final report including required translations - Final Annex on the consultation processes - Quality Assessment by ISG on the Final Report	End October Mid-November 2016 Mid-November 2016 End November 2016 December 2016 December 2016
Dissemination event of the Final Report in Brussels	January / February 2017

44 Location of assignment

The desk research will be performed at the Consultant's office. The field research will take place mainly in Brussels and IPA beneficiary countries. ENI partner countries can be subject to field research. No travel expenses will be reimbursed in relation to desk work. Meetings in Brussels will take place at the beginning and end of the desk phase, with the presence of the team leader (other experts as appropriate).

45 Budget

The estimated maximum budget for the evaluation of the action, covering all the results to be achieved by the contractor as listed above, is EUR 250.000 split by instrument, namely IPA Fund (EUR 200.000) and ENI Fund (EUR 50.000). The offer and the invoices should show costs broken down by instrument.

The contractor should submit one technical offer, covering both IPA and ENI. As for the financial offer, the contractor is requested to prepare a global financial offer, divided between IPA and ENI, clearly indicating what is funded by ENI and IPA sources in accordance with point 3.2 and point 6.1 of these Terms of Reference. Separate invoices should be issued for the costs incurred under ENI and IPA budget sources in accordance with point 3.2 and point 6.1 of these Terms of Reference. The modality of the payment shall be global price.

5. REPORTING

All the reports and expected outputs shall be produced in excellent English, using the appropriate style and structuring the text in a clear and concise way. All draft reports will be submitted to DG NEAR A3 evaluation project manager (the contracting Authority) in electronic form by e-mail and in a format compatible with MS Office software. The EC reserves the right to request the necessary additional revisions of the reports in order to reach an appropriate outcome and quality control requirements.

The **draft Inception Report** has to be submitted no later than 5 weeks from the Kick off meeting in Brussels. Feedback will be provided by the ISG in maximum 2 weeks and the revised version of the report should be submitted in 1 week by the Contractor to DG NEAR A3 for final approval.

The **draft Document to be used for the public consultation** is to be produced at the end of the field phase. The draft may also be used during a possible workshop to discuss preliminary findings with a wider group of stakeholders. The commission and ISG will have 2 weeks to provide feedback on the draft document and the revised version of the document should be submitted in 1 week by the Contractor to DG NEAR A3.

The **Interim report** is to be produced towards the end of the field phase, and should be submitted to DG NEAR A3. It will be discussed by the ISG at the same time as the draft Document to be used for public consultation.

The summary of the results of the public consultation will be produced 2 weeks after the contractor has received the responses of the public consultation. The ISG will have 2 weeks to provide feedback. The revised report will be submitted to DG NEAR A3 simultaneously with the final Evaluation report.

The **draft Final Evaluation Report** will be submitted 4 weeks after the reception of the responses to the public consultation by the contractor. The ISG and stakeholders will have maximum 3 weeks to provide feedback to the Contractor. The revision of the report and resubmission to DG NEAR A3 should be done in no longer than 1 week. The revised document must take into account the feedback from the ISG on the draft Final Report, insofar as these do not interfere with the autonomy of the Contractor in respect of the conclusions they have reached and the recommendations made. Upon approval of the report by the Contracting Authority (DG NEAR Unit A3), 3 hard copies of the final report will be delivered to the EC. The Final evaluation report should be usable for publication.

Progress Report(s) should be submitted at invoice intervals to DG NEAR A3 in 3 hard copies and in electronic version and bear record about the assignment. It should describe in a concise and structured way how the above described "required services" have been fulfilled (max 8 pages). The progress report should clearly separate between activities carried out under ENI and IPA budget sources, for example indicating how many working days per IPA or ENI. In annex, it will include all requested information and analysis as necessary.

6. ADMINISTRATIVE INFORMATION

The contract will be based on global price.

6.1. Items to foresee under 'Reimbursable'

Travel and per diem costs may be included in the reimbursable costs if justified by the methodology (which will be finalised in the inception phase). The number of working days for each expert in different locations will also be based on the methodology. For the purpose of making an offer, the following travel information/translation cost should be taken into consideration:

- International travel to EU max. 15 return trips;
- International travel to IPA Region, max. 16 return trips;
- International travel to ENI Region, max. 6 return trips;
- Inter-city travel, max 30 trips;
- Per diems in Belgium, Germany and UK max. 15 per diems in case the expert is based outside of Belgium;
- Per diems in IPA Region max. 96 per diems
- Per diems in ENI Region max. 20 per diems
- Translation costs for the Final Report, the summary of the public consultation responses, an abstract of no more than 200 words and an executive summary of max 6 pages in French, and translation of a 5 page summary document for the public consultation in French.

Item	IPA funded	ENI funded
International Travels to Brussels (in case experts are based outside of Belgium) max 16 return trips	13	3
International Travels to UK and Germany: max 4 return trips	2	2
International Travel to IPA and ENI countries, max 28 return trips	20	8
Inter-city travel within the IPA and ENI regions: max 30	26	4
Per diems in Belgium: max 16 (in case the experts are based outside of Belgium)	12	4
Per diems in UK and Germany: max 4	2	2
Per diems in IPA and ENI countries, max 116	96	20
Translation costs for the summary of the public consultation responses, an abstract of a 5 page summary document for the public consultation in French.	60.000 words	

In the event that the totals for a particular line in the budget will/could be impacted as a result of any circumstances not foreseen in these terms of reference (inter alia implementing modalities agreed with the EC task manager), the contractor must alert the EC task manager. In any case, should any modification be required to the budget agreed at contract signature, these will have to be properly justified and will be subject to the ex-ante written approval in line with the general conditions (Art.20).

IMPORTANT REMARKS:

During all contacts with stakeholders, the consultant will clearly identify him/herself as independent consultant and not as official representative of the European Commission.

All reports shall clearly indicate the number of the contract on the front page and on each of the pages and carry the following disclaimer: *“This report has been prepared with the financial assistance of the European Commission. The information and views set out in this [report] are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission’s behalf may be held responsible for the use which may be made of the information contained therein”*. The report shall apply EC Visual Identity.

In accordance with Article 14 of the General Conditions of the Contract, whereby the Contracting Authority acquires ownership of all results as part of the current assignment, these results may be used for any of the following purposes:

- (a) use for its own purposes: made available to the staff of the contracting authority, to the persons and entities working for the contracting authority or cooperating with it, including contractors, subcontractors whether legal or natural persons, Union institutions, agencies and bodies, Member States' institutions, installing, uploading, processing, arranging, compiling, combining, retrieving, copying, reproducing in whole or in part and in unlimited number of copies,
- (b) distribution to the public: publishing in hard copies, publishing in electronic or digital format, publishing on the internet as a downloadable/non-downloadable file, broadcasting by any kind of technique of transmission, public presentation or display, communication through press information services, inclusion in widely accessible databases or indexes, otherwise in any form and by any method;
- (c) modifications by the contracting authority or by a third party in the name of the contracting authority: shortening, summarizing, modifying of the content, making technical changes to the content necessary correction of technical errors, adding new parts, providing third parties with additional information concerning the result with a view of making modifications, addition of new elements, paragraphs titles, leads, bolds, legend, table of content, summary, graphics, subtitles, sound, et cetera., preparation slide-show, public presentation et cetera., extracting a part or dividing into parts, use of a concept or preparation of a derivate work, digitisation or converting the format for storage or usage purposes, modifying dimensions, translating, inserting subtitles, dubbing in different language versions:
- (d) rights to authorise, license, or sub-license in case of licensed pre-existing rights the modes of exploitation set out in any of the points (a) to (c) to third parties.

Where the contracting authority becomes aware that the scope of modifications exceeds that envisaged in the contract or order form, the contracting authority shall consult the contractor. Where necessary, the contractor shall in turn seek the agreement of any creator or other right holder. The contractor shall reply to the contracting authority within one month and shall provide its agreement, including any suggestions of modifications, free of charge. The creator may refuse the intended modification only when it may harm his honour, reputation or distort integrity of the work. All pre-existing rights shall be licensed to the Contracting Authority. The contractor shall provide to the contracting authority a list of pre-existing rights and third parties' rights including its personnel, creators or other right holders.

The evaluation questions and methodology for this assignment may need to be further elaborated by the evaluator in the inception report. The contractor may suggest additional sub questions and should indicate success criteria, relevant indicators and the sources for the indicators/methodology for gathering necessary evidence. The sub questions break down the overall questions into more manageable issues, and allow for a structured and logical response to the higher level questions.

Attention is drawn to the fact that the European Commission reserves the right to have the reports redrafted as many times as necessary, and that financial penalties will be applied if deadlines indicated for the submission of reports (drafts and final, in hard and electronic copy) are not strictly adhered to.

In addition, the contract can be discontinued whenever the quality of the deliverables is insufficient in light of these terms of reference and the quality assessment criteria presented in Annex II, and when the contractors have not taken the necessary steps to remedy the insufficiencies.

Annex 2: Evaluation Matrix

RELEVANCE			
EQ1: 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?			
Judgement criteria		Indicators	Source of verification
JC1	The objectives of EU intervention are in line with the national policy and development objectives and priorities of authorities in the partner countries.	1.1. Level of alignment of the EU objectives and result with the key national development objectives and 1.2. Extent to which the Logical Frameworks of interventions are based on adequate and reliable information and analyses of the national situation and needs and their changes over time	a) Interviews with national authorities and EUD b) Governance Project Reports c) ROM reports on Governance d) National Programmatic Documents e) Other EC evaluations (national and regional) f) Additional information from field phase
JC2	The regional and national components of EU interventions are aligned and mutually reinforcing within the overall framework of regional and national EU cooperation with partner countries	2.1. Level programmes of internal Consistency of EU regional strategy and programmes 2.2. Evidence of EU programming and implementation documents on strategic and operational links between regional and national responses	
EQ 2: How relevant is the EU assistance in view of the priority needs of the countries in the region?			
JC1	The regional approach is meaningful in the local context and corresponds to the needs of the countries/regions concerned	1.1. Overall quality and intensity of the coordination and complementarity between EC staff, project managers, twinning and TA missions from thematically/sector related regional and national programmes and Interventions 1.2. Stakeholders/national authorities consider that regional cooperation is beneficial to the needs of their countries and institutions, as the regional approach strengthens cooperation between the individual partner countries and contributes to the relevance of the programme.	a) Interviews with national authorities and EUD in partner countries and in the region b) Governance Project Reports c) ROM reports on Governance d) National Programmatic Documents e) Other EC evaluations (national and regional) f) Additional information from field phase
EQ 3: To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?			
JC1	The EU interventions are well coordinated, coherent and complementary to the strategies and programmes of EU Member State, European Financial Institutions (EFI), other multilateral and bilateral donors (OD), and other EU policies and strategies	1.1. Level of enhanced strategic and programmatic synergy, consistency, complementarity and intended effects reinforcing one another on one hand, and the development cooperation strategies and interventions on the other hand. 1.2. The degree to which the provisions of EU programming documents are complementary to those of EU Member States, EFI, and OD. 1.3. Degree of proactive engagement of EUD in the coordination process with development partners.	a) Interviews with national authorities and EUD b) Governance Project Reports c) Project Reports of related interventions d) ROM reports on Governance e) Other EC evaluations (national and regional) f) Project Reports of other donors interventions g) Additional information from field phase
JC2	The development cooperation components of EU interventions are consistent, complementary and mutually reinforcing	1.1. Overall balance in EU interventions portfolio between various forms of assistance. 1.2. Level of coherence of EU interventions in Economic Governance with the other main sectoral/thematic interventions, such as PAR, Economic Competitiveness, et cetera.	

JC 3	The EU interventions in the field of Economic Governance are coherent with the other EU policies	Intensity and type of cooperation (policy, strategic, programming, TA, et cetera) with other EU agencies (ETF for example) with specific mandates on sector/thematic areas of intervention.	
------	--------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

EFFICIENCY

EQ4: IPA: To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession?

ENI: To what extent has the EU support contributed to the beneficiary meeting its obligations under the Stabilisation and association agreement with the EU?

Judgement criteria		Indicators	Source of verification
JC1	The EU technical assistance is an adequate instrument for achieving the objectives of EU accession (IPA); for achieving the SAA objectives (ENI).	1.1. Degree to which the EU interventions have been supportive to/contributed to the accession efforts of partner countries (IPA); contributed to the beneficiary meetings its obligations under the SAA (ENI)	a) Interviews with national authorities and EUD b) Governance Project Reports c) ROM reports on Governance d) National Programmatic Documents e) Other EC evaluations f) Thematic Country Reports (NRP, ERP) g) Additional information from field phase
JC2	Actual programme implementation and operations are strategically aligned with the overall strategic objectives and priorities of EU accession (IPA); strategic objectives and priorities of SAA (ENI)	2.1.: Degree to which the EU portfolio of interventions is in line with the strategic objectives and priority areas of EU accession (IPA); in line with SAA objectives	
JC3	EU support contributed to regulatory approximation with EU legislation	3.1. Extent to which regulatory frameworks are getting better aligned with EU as a result of the transfer and sharing of know-how, skills, tools, systems and procedures 3.2. Degree to which the legislative frameworks are more effectively supportive to sustainable, inclusive and equitable socio-economic development and growth	

EQ 5: What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

JC1	The choice and the combination of the EU aid modalities and financing instruments are the results of the search for efficiency and cost/effectiveness in line with national objectives	1.1. Extent to which alternative options of support are studied and criteria for preference and eligibility are defined 1.2. Degree to which different options are analysed and justification of the chosen modality is integrated in strategic and programming documents, both overall and sector. 1.3. The extent to which different aid modalities have been discussed with key institutional stakeholders concerned.	a) Interviews with national authorities and EUD b) Governance Project Reports c) ROM reports on Governance e) Other EC evaluations (national and regional) f) Additional information from field phase
JC2	The implementation of various instruments is complementary and not contradictory or overlapping.	2.1. Degree to which interventions used appropriate aid delivery methods (e.g. use of TA services and twinning arrangements to build institutional and human resource capacities; programme estimates to support the implementation of programmes executed by public or public-private agencies or services of the beneficiary country, BS to support implementation of government policies and reforms, et cetera)	
JC3	The selected mix of aid modalities has contributed to the establishment of a framework of policy dialogue, technical assistance and capacity building which focuses on government priorities	3.1. Degree to which technical assistance and capacity development activities are identified and managed through a government-led coordination system, address specific government priorities and feed into policy dialogue processes.	

		3.2. Extent to which, in the perceptions of representatives of national authorities, aid modalities influence the evolution of frameworks for policy dialogue and coordinated TA/capacity development initiatives.	
EQ 6: How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?			
JC1	The EU interventions on economic governance (including development policy and political dialogue) gained strength and depth in bringing about reform through strengthened coordination and institutionalized dialogue mechanisms	1.1. Degree to which the national agenda served as basis for the EU intervention in the field to achieve the governance objectives 1.2. Number of key components of the reform agenda which are effectively institutionalized and supported by interventions to enable and ensure their effective implementation and monitoring	a) Interviews with national authorities and EUD b) Governance Project Reports c) ROM reports on Governance d) Other EC evaluations (national and regional) e) National statistics g) Additional information from field phase
JC2	The EU interventions in the fields of economic governance has improved the access to business opportunities, as well as to justice, law enforcement and property rights	2.1. Extent to which the EU interventions have contributed to successful implementation of better business regulatory environment, simplification of procedures, fighting against corruption and enforcement of property rights. 2.2. Overall appreciation by the key stakeholders of the EU support provided in the field.	
JC3	The capacity of responsible institutions (public, Private and public-private) is sustainably strengthened	3.1. Degree to which the operationalization of more efficient company registration processes has been effectively facilitated	
JC4	Domestic enterprises are able to better compete regionally and internationally	4.1 Number of firms with enhanced access to new markets (domestic, regional and international) and to modern technology 4.2. Number of newly created enterprises	
JC5	Better economic governance sustainable stimulated employment	5.1. Trends of employment in the firms directly or indirectly benefitting from EU support 5.2. Trends employment in share of private sector employment in the overall	
EQ 7: How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?			
JC1	The EU interventions show responsiveness in flexibly adapting and proactively adjusting to the evolving national, regional, and global contexts	1.1. Level of responsiveness of EU support to initiatives in partner countries (from both Government and civil society) 1.2. Levels of flexibility, promptness and adequacy of EU response to initiatives in partner countries (from both Government and civil society)	a) Interviews with national authorities and EUD b) Governance Project Reports c) ROM reports on Governance d) Other EC evaluations g) Additional information from field phase
JC2	Prior analysis of the possible synergy between different aid/cooperation modalities and financing instruments to better suit the existing human and institutional capacities of each partner country	2.1. Level of comprehensiveness of the capacity assessment of main coordinating and implementing partners in the EU (internal) programming and interventions implementation documents 2.2. The degree to which the mix of aid modalities and financing instruments differs by sector in order to take into account the effective needs and institutional capacities over time 2.3. The degree to which the mix and link between aid modalities and financing instruments is analysed for focal sectors in the EU (internal) identification or preparation documents	
JC3	EU is actively seeking government advice when setting its own priorities	3.1 Extent to which appropriate institutional fora are created and are effectively operational for identifying technical assistance needs and priorities	
EQ 8: 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?			
JC1	In each particular EU intervention one or several	During the evaluation process the team of experts will identify best	a) Governance Project Reports

	methodologies and/or instruments can be identified as good practices to be shared with other partner countries	practices and good examples of methodologies, instruments, and approaches proposed. A comparative matrix of best practices in various projects will be elaborated during evaluation	b) ROM reports on Governance c) Additional information from field phase
--	----------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------

EFFECTIVENESS

EQ9: 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?

Judgement criteria		Indicators	Source of verification
JC1	The EU interventions have adequately covered the fields of economic governance according to their priorities.	1.1. Percentage of interventions for which the overall objectives and project purpose are clearly and correctly differentiated and the assumptions and risk are clearly identified	a) Interviews with national authorities and EUD b) Governance Project Reports c) ROM reports on Governance d) National Programmatic Documents e) Other EC evaluations f) Thematic Country Reports (NRP, ERP) g) Additional information from field phase h) National statistics
JC2	The EU support on Economic Governance contributed to more inclusive and equitable national and local economic development and growth	2.1. Main macroeconomic trends in the corresponding partner country	
JC3	The chosen mix of aid modalities has contributed to the strengthening of policy processes, institutional and technical capacities, and legislative framework in line with EU acquis	3.1. Degree to which the EU interventions have contributed to the improvement of policy processes as per acquis 3.2. Degree to which EU interventions have led to shaping institutions according to EU institutional framework 3.3. Degree to which EU interventions have contributed to the alignment of legislation to EU framework	

EQ 10: How did the assistance provide respond to the real needs, in terms of quality, timing and duration?

JC1	The EU interventions have been adequately designed to respond the best to the real needs of partner countries as expressed by authorities, civil society and other donors	1.1. Evidence in governmental programmes of the reform priorities 1.2. Reference in the EU cooperation strategies to the above priorities 1.3. Evidence of prior consultations with national authorities and civil Society	a) Interviews with national authorities and EUD b) Governance Project Reports c) ROM reports on Governance e) EC cooperation strategy papers f) Additional information from field phase
JC2	The EU implemented assistance projects high quality technical	2.1. Stakeholders' views on the quality of technical assistance provided	
JC3	The chosen mix of aid modalities has facilitated the timely attainment of planned results	3.1. Percentage improvement of the actual disbursements versus the planned disbursements over time 3.2. Extent of delays (if any) affecting disbursement and implementation	

EQ 11: How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?

JC1	There is a demonstrable link between the priorities of partner countries and the outcomes of the technical assistance effectively provided	1.1. Percentage of interventions which are derived from a diagnostic analysis of reform needs and priorities credible 1.2. Stakeholders' view of the degree to which the actual interventions followed the needs and priorities of the partner country	a) Interviews with national authorities and EUD b) Government programmatic documents c) EU strategic documents on cooperation d) Additional information from field phase
-----	--------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

IMPACT

EQ12: To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?

Judgement criteria		Indicators	Source of verification
--------------------	--	------------	------------------------

JC1	The EU assistance has helped to increase human and institutional capacity, which in turn has led to an increase in the absorption capacity of policy recommendations and proposed tools, methodologies and good practices	1.1. Extent to which internal governmental processes are operational and performing well 1.2. Extent to which these processes are mainstreamed and effectively Capacitated 1.3. Extent to which, in the perceptions of stakeholders, EU and other donors, the new processes had an influence on the evolution of policies and policy frameworks 1.4. Percentage of unachieved or partially achieved results by responsible factor	a) Interviews with national authorities and EUD b) Governance Project Reports c) ROM reports on Governance d) Other EC evaluations e) Additional information from field phase
EQ 13: 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?			
JC1	The legislative and institutional changes achieved with EU assistance are of permanent nature, therefore sustainable in long run.	1.1. Demonstrable contribution of EU intervention to human capacity building (trainings, et cetera) 1.2. Extent to which the EU institutional reform and capacity development support provided is strategically steered, effectively coordinated and harmonized 1.3. Number of legislative changes proposed by the intervention and Adopted 1.4. Stakeholders' view regarding the further needs for improving the sustainability of interventions' impact 1.5. Stakeholders' assessment of factors that hampered the achievement of full sustainability of results	a) Interviews with national authorities and EUD b) Governance Project Reports c) ROM reports on Governance d) Additional information from field phase
EQ 14: To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?			
JC1	The EU assistance has contributed to the modernisation of institutions and legislation in partner countries; this process has taken place according to the EU good practices, which will facilitate the enlargement process.	1.1. Degree to which the EU interventions had a net positive contribution to the advancement towards EE accession 1.2. Number of legislative initiatives that have been aligned with EU framework	a) Interviews with national authorities/EUD b) Government programmatic documents c) EU strategic documents on cooperation d) Additional information from field phase
EQ 15: Which are the appropriate SMART indicators that should be embedded in the upcoming projects?			
JC1	Based on the evaluation of past assistance, a selection of the most appropriate SMART indicators n needed in the future interventions	Experts' view, during evaluation, on the indicators to be proposed for upcoming interventions.	a) Governance Project Reports b) ROM reports on Governance
SUSTAINABILITY			
EQ16: To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?			
	Judgement criteria	Indicators	Source of verification
JC1	The transfer of know how through technical assistance led to sustainable modernisation of institutions, ready to continue the process	1.1. Extent to which the tools and methodologies implemented during the intervention are still operational after the closure of the project 1.2. Extent to which the direct beneficiaries of assistance acknowledge the benefits of interventions	a) Interviews with national authorities and EUD b) Additional information from field phase
EQ 17: How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?			

JC1	The upcoming technical assistance will further improve the impact of interventions and their sustainability, which will make the financial assistance more sustainable	1.1. Experts' view on the main factors and conditions for improving the impact and sustainability of future interventions	a) Interviews with national authorities and EUD b) Interviews with civil society organisations c) Governance Project Reports d) ROM reports on Governance e) EU strategic documents on cooperation
JC2	The design of future assistance will take place through close cooperation with national authorities, but also with civil society and – when relevant – with the business community	2.1. Intensity of consultations between EU and national authorities during the preparation of future interventions 2.1. Overall quality and intensity of the consultation and participatory processes of civil society in the preparation and formulation of assistance	

EQ 18: To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?

JC1	The coordination of interventions partner country institutions increases ownership at institutional level and improves the efficiency, effectiveness and impact of the projects	1.1. Degree of national ownership at policy and implementation level 1.2. Key stakeholders at country level confirm the role they played in the choice of aid modalities and in achieving the expected results	a) Interviews with national authorities/EUD b) Government programmatic documents c) Additional information from field phase
-----	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------

EQ 19: How much has the economic governance structures evolved thanks to IPA funding?

JC1	IPA contributes essentially to the significant improvement of economic governance because it brings legal and institutional standards that are specific to EU	1.1. Stakeholders' assessment of changes brought by IPA funding, and their long-run impact and effectiveness 1.2. Level of satisfaction at the level of national authorities regarding the implemented tools, methodologies and practices	a) Interviews with national authorities and EUD b) Project Reports and ROM Reports c) Additional information from field phase
-----	---------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------

COHERENCE

EQ20: To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other actions on the field? Is EU assistance coherent?

Judgement criteria		Indicators	Source of verification
JC1	The objectives and activities of EU assistance are complementary and therefore coherent with other similar initiatives funded by international donors	1.1. Complementarity between EU interventions and interventions financed by other donors with similar objectives	a) Interviews with national authorities and EUD b) Governance Project Reports c) Project Reports from other EU interventions d) ROM reports of EU projects
JC2	The objectives and activities of EU assistance are complementary and therefore coherent with other initiatives in the field	2.1. Complementarity between various EU interventions in the same field	e) Project Reports financed by other donors f) EU strategic documents on cooperation g) Additional information from field phase
JC3	The various EU interventions have convergent and therefore coherent objectives	3.1. Complementarity between overall EU interventions	

EQ 21: To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?

JC1	The EU assistance has contributed to the establishment of inter-institutional cooperation and partnership beyond the actual activities of the interventions.	1.1. Overall quality and extent of the proactive steering and coordination of implementing ministries and other governmental agencies 1.2. The number and nature of institutional partnership agreements initiated following the intervention's activities	a) Interviews with national authorities and EUD b) Governance Project Reports c) ROM reports on Governance d) Additional information from field phase
-----	--------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------

EQ 22: To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

JC1	Each intervention contained a significant visibility	1.1. Number of visibility events organised by each intervention and	a) Interviews with national authorities/ EUD
-----	------------------------------------------------------	---------------------------------------------------------------------	----------------------------------------------

	component that promoted the innovative principles of EU governance	human resources allocated to visibility in total resources 1.2. Extent to which stakeholders are familiarised with EU innovative approaches 1.3. Extent to which civil society is aware about the role and contribution of EU to the improvement of economic governance field	b) Interviews with civil society representatives c) Government programmatic documents d) Additional information from field phase
VALUE ADDED			
EQ23: 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?			
	Judgement criteria	Indicators	Source of verification
JC1	The EU intervention in the area of economic governance added benefits to what would have resulted from national/regional efforts alone	1.1. Extent to which EU support has created a comparative advantage in the field as compared to the pre-intervention period 1.2. Extent to which the improvements of economic governance sector at national level has contributed to better regional economic relationships	a) Interviews with national authorities/ EUD b) Project Reports and ROM reports c) Additional information from field phase
EQ 24: 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?			
JC1	In agreement with national authorities, the EU and other donors' interventions are designed according to a pre-established division of labour (areas of intervention) according to the field of specialisation of each donor.	1.1. Overall quality of government leadership in promoting and managing the actual implementation of division of labour between the developing partners and in advancing the policy/political dialogue with them 1.2. Expert identification of areas that do not need EU involvement 1.3. Stakeholders' view on area of interventions that has to be covered by other donors than EU	a) Interviews with national authorities and EUD b) Interviews with other donors present in the partner country c) Additional information from field phase
EQ 25: To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?			
JC1	Each project implemented had a significant visibility component that promoted the role of EU funding in the enlargement process	1.1. Extent to which stakeholders acknowledge the role of EU funding in speeding up the enlargement process 1.2. Extent to which the civil society is aware of the role of EU in the enlargement process	a) Interviews with national authorities/ EUD b) Interviews with civil society representatives c) Government programmatic documents d) Additional information from field phase
EQ 26: To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?			
JC1	The designs of the Commission's sector budget support interventions were adapted to the specific sectors' contexts	1.1. Evidence that the choice of disbursement instruments is based on a policy dialogue and a shared (EC/government) identification of constraints 1.2. Evidence that financing made available through budget support has contributed to closing the gap of medium term financing plan and contributed to cover the annual financing need of the sectors	a) Interviews with national authorities/ EUD b) Interviews with civil society representatives c) Government programmatic documents d) Sector policy action plans e) Budget documents f) Additional information from field phase
JC2	The EC Budget Support interventions have contributed to improving public financial management	2.1. Evidence that Budget Support funding allowed fiscal space for reform implementation 2.2. Evidence of improved budgetary performance (funding mobilisation, budget allocations and budget execution) 2.3. Evidence that budget support contributed to greater harmonisation of donor interventions, alignment on government priorities, and budgetary Procedures	

		2.4. Evidence that the sector budget support aligned to the medium term expenditure framework
JC3	The EU interventions have contributed to improve the policy preparation and implementation, including the use of the budget as a policy instrument	3.1. Evidence of improved coordination between the Ministry of Finance and line ministries in budget preparation, activity planning and budget execution
		3.2. Evidence that budget support contributed to an improved sector Policy
		3.3. Evidence of clear policy priorities within the general and sector budget

GENDER AND ENVIRONMENT

EQ27: Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

Judgement criteria	Indicators	Source of verification
The EU interventions have contributed to equal participation by women and men and gender-responsive governance	An agreed critical mass of the decision makers are women Existence and use of gender analyses actually reflected in country strategies and in programme and project design and implementation?	a) Interviews with national authorities/ EUD b) Project Reports and ROM reports c) Additional information from field phase

EQ28: To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?

Judgement criteria	Indicators	Source of verification
The EU interventions have contributed to consider the need for control and adherence to environmental standards	Evidence of environmental practices promoted on a programme level Developments in macroeconomic policies and improvements in environmental protection	a) Interviews with national authorities/ EUD b) Project Reports and ROM reports c) Additional information from field phase

Annex 3: Final List of Projects³²

Enlargement Region

Country	N°	Domain/ Year	Contract N°	Status	Title	EU Budget
Montenegro	1	IPA 2007	216715	Concluded	Technical Assistance to the Ministry of Economy	165,738.00
	2	IPA 2009	234554	Concluded	Accession to Internal Market (Components 1 and 2)	800,000.00
	3	IPA 2009	240532	Concluded	Accession to Internal Market (Component III): Strengthening the intellectual and industrial property policies in Montenegro	400,000.00
	4	IPA 2011	329367	Ongoing	Technical Assistance to the Insurance Supervision Agency of Montenegro	135,760.00
	5	IPA 2013	345947	Planned	Needs assessment programme for the Central Bank of Montenegro	300,000.00
	6	IPA 2012	280103	Ongoing	Consumer Protection and Market Surveillance – Montenegro	700,000.00
	7	IPA 2009	223932	Closed	Strengthening the regulatory and supervisory capacity of financial regulators	1,079,970.00
	8	IPA 2009	287818	Closed	Technical assistance to the Ministry of Finance of Montenegro	96,820.00
	9	IPA 2009	219968	Closed	Improving capacities for better efficiency and functionality of the Tax Administration work in accordance with European standards	794,186.00
	10	IPA 2012	284747	Closed	Strengthening of State Aid Management in Montenegro	490,000.00
Kosovo	1	IPA 2012	331541	Completed	Support to the Ministry of Finance - GIZ	1,600,000.00
	2	IPA 2013	332837	Ongoing	Support to Kosovo's Policy and Strategic Planning	2,085,000.00
Former Yugoslav Republic of Macedonia	1	IPA 2008	260616	Completed	Supporting the process of fiscal decentralization through strengthening capacities for sound financial management and internal financial control on local and central levels	1,350,000.00
	2	IPA 2009	MK2009/IB/FI/02	Completed	Strengthening the Capacity of the Ministry of Finance for Macroeconomic Analysis and Policy Formulation in order to Improve Policy Making and Meet the Criteria for EU Accession	1,217,000.00
	3	IPA 2010	132948	Contracted	Further Harmonisation with EU acquis in field of Movement of Capital and Payments and Financial Services - Securities markets and Investment services	1,170,000.00
	4	IPA 2007	234964	Contracted	Tax Reform—support the Taxation and Customs Unit in the Ministry of Finance and of the Public Revenue Office	2,000,000.00
Albania	1	IPA 2009	228225	Completed	Support to the General Directorate of Tax	1,892,913.00
	2	IPA 2008	260451	Completed	Support and expansion of Albanian treasury system	1,500,000.00
	3	IPA 2013	352597	Ongoing	Integrated planning system multi donors trust fund 2 (IPS2-MDTF)	1,100,000.00
	4	IPA 2013	AL13 IB FI 01	Contracted	Strengthening of external auditing capacities	2,000,000.00
	5	IPA 2012	346475	Ongoing	Implementation of a modern Financial Management and Control system and Public Financial Inspection in Albania	2,500,000.00
Bosnia and Herzegovina	1	IPA 2007	238102	Completed	Development and implementation of an integral BiH wide PIFC strategy	1,123,000.00
	2	IPA 2010	309118	Completed	Coordination of policy making capacities and PFM: Blueprint of development of central bodies of government	1,000,000.00
	3	IPA 2010	311051	Completed	Coordination of policy making Capacities and PFM: PFM and PIFC	2,000,000.00
	4	IPA 2011	325769	Completed	Strengthening PFM: Strengthening Public Debt Management Capacity	400,000.00

³² This list comprises the projects finally retained, i.e. including any projects added or/and taken out, after the inception phase and in agreement with DG NEAR. The additional projects are marked *in italic*

Country	N°	Domain/ Year	Contract N°	Status	Title	EU Budget
	5	IPA 2011	328130	Ongoing	Support to improvement of institutional and legal framework as well as coordination and harmonisation of private sector development related public policies: Develop the capacity of BIH Competition Council	1,380,000.00
	6	IPA 2007	223921	Completed	Building in the Capacity to promote exports and develop the export base in Bosnia and Herzegovina	1,500,000.00
Serbia	1	IPA 2011	298-506	Completed	TA to enhance data management, forecasting and monitoring and evaluation capacity of the National Employment Service	1,500,000.00
	2	IPA 2010	263-425	Completed	Support to the Ministry of Finance - Treasury administration capacity building	2,000,000.00
	3	IPA 2010	251-891	Completed	Modernisation of Tax Administration	7,600,000.00
	4	IPA 2012	337-303	Completed	Improving e-business environment	tba
Turkey	1	2003	TR0303.08	Closed	Setting up a well-equipped investment promotion agency to fulfil promotion functions	860,344.00
	2	2003	0302.04	Closed	Public internal financial control	2,691,379.00
	3	2003	0302.05	Closed	Strengthening the audit capacity of the Court of Accounts	1,349,787.00
	4	2005	315	Closed	Capacity building for compilation of accounting data in all institutions and agencies within general government sector in the context of e-government	1,854,069.00
	5	2008	TR0802.06	Closed	Decision making and performance management in public finance	2,176,000.00
	6	2011	TR2011/0136.04	Ongoing	Strengthening local investment planning capacity with participation of local actors	1,800,000.00
	7	2012	TR2012/0740.14-2/TWN/011	Completed	Capacity building concerning presentation and usage of general government financial statistics	1,058,768.00
	8	IPA 2007	TR0702.04	Closed	Introduction of Quality Management in the Revenue Administration	1,184,297.00
	9	IPA 2007	TR0702.09	Closed	Strengthening the implementation of Financial Management and Control System with an aim to develop best public internal control in turkey	1,796,092.00
	10	IPA 2008	TR0802.19	Closed	Improving data quality in public accounts	1,721,250.00
IPA Multi-beneficiary programmes and projects	1			Ongoing	Strategy SEE 2020 (RCC)	TBA
	2	MB IPA 2012	310295	Completed	Strategic Planning and Budgeting	1,000,000.00
	3	MB IPA 2014	358797	Ongoing	Strengthening EG and PFM	8,000,000.00

Neighbourhood Region

Country	N°	Domain/Year	Contract N°	Status	Title
Georgia	1	AAP 2013	ENPI/2013/024-705	Ongoing	Support to Public Finance Policy Reform (PFPR)
Jordan	1	ENPI 2014	ENI/2014/033-664	Ongoing	Support to Public Finance and Public Administration Reform (PFPA)
	2	ENPI 2010	ENPI/2010/021-932	Completed	Support to public financial management reform programme
Morocco	1	2011	22778/23532	Completed	Réussir le statut avancé (RSA) I
	2	2013	24875/37845	Ongoing	Réussir le statut avancé (RSA) II
	3				<i>Programme d'appui à la réforme de l'administration publique (PARAP) I</i>
	4		ENPI/2007/186-817		<i>Programme d'appui à la réforme de l'administration publique (PARAP) II</i>
	5		ENPI/2012/023416		<i>Hakama (Gouvernance)</i>
Egypt	2	ENPI 2011	ENPI/2011/22767	Ongoing	Trade and Domestic Market Enhancement Programme
	3	ENPI 2011	ENPI/2011/23245	Ongoing	Support to Agricultural SMEs Project
	4	ENI 2015	ENI/2015/38273	Ongoing	Inclusive Economic Growth Programme
	5	2014	353571		<i>Capacity building of PPP Units in Egypt</i>
	6	2014	EG14/ENP-AP/FI25		<i>Twinning project: enhancing Accountancy and Auditing Profession in Egypt</i>
		EU4Business: Network of Business Support Centres in Ukraine			
Ukraine		Sector Competitiveness Strategy for Ukraine Phase 3 - Sustaining Reforms (ENPI/2013)			
		Harmonisation of Public Procurement system in Ukraine with EU standards			
		Harmonisation of Competition and Public Procurement Systems in Ukraine with EU Standards			
		State Building Contract for Ukraine			
		Twinning project to Customs			

	Creation and Implementation of Public Funds Utilization Monitoring System	
	State Cost Promoting the Public Monitoring of state Budget Process	
	Twinning “Strengthening NBU potential through approximation of EU standards of central banking”	
	Technical assistance In the Financial Sector’s priority areas (FINSTAR)	
	Twinning project “Development of External Audit and Control of Public Finance in Ukraine”	
	EU Support to Ukraine to Re-launch the Economy (EU SURE)	
TUNISIA	MED/2007/019-508	Programme d’appui à la GBO (PAGBO) (30 MI Euro) Budget Support
	MED/2006/18438	Programme d’appui à la compétitivité (38 MI Euro Budget Support + 3 MI Euro Complementary Support). Modified in November 2013 to “Programme de Renforcement des capacités des autorités locales” for a value of 30. 291 MI Euro
	ENPI/2011/023-143	Programme d’appui à la relance I” (55 ML from a total of100 ml Budget Support) in a joint support with WB (loan for 500 ml USD0), BAD loan for 500 ml USD and Agence Française de Development loan for 185 ml Euro).
	ENPI/2012/024-074	Programme d’appui à la relance II” (63ML Euro Budget Support+ 5 MI Euro Complementary Support) in a joint support with WB (loan 387 MI Euro) and BAD (loan 387.5 MI Euro)
	ENPI/2013/024-469	Programme d’appui à la relance III” (65 ML Euro Budget Support) in a joint support with WB (Loan 250 MI USD).

Annex 4: Findings on Country Level

Introduction

This Annex comprises country specific project-based findings, conclusions (or lessons learnt) and recommendations, in direct relation with the UE-funded projects retained in the evaluation portfolio and as a result of the corresponding desk and field work. They are expected to be useful for the main stakeholders in the each visited country, starting from the EU Delegations and the NIPACs. These country specific findings are presented below in two separate annexes, Annex 4.1 for the countries visited in Enlargement Region, and Annex 4.2 for the sampled and visited countries in Neighbourhood Region. A one page macro-economic overview with charts briefly presents the current state of economic governance in each country.

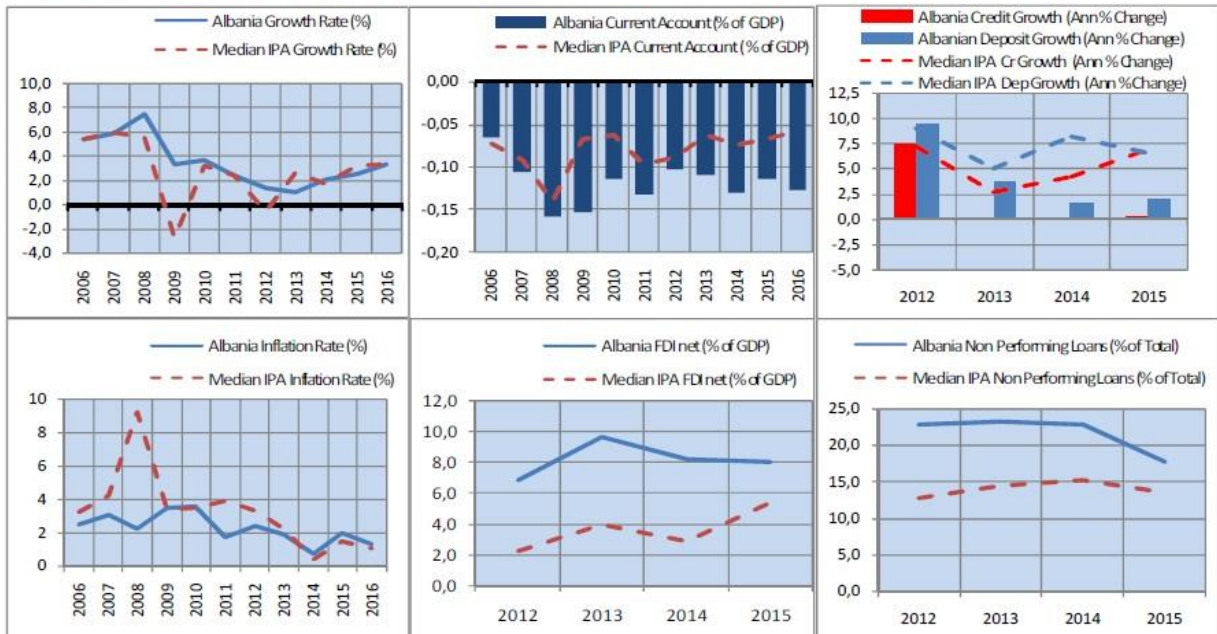
Annex 4.1 Enlargement Region

Albania

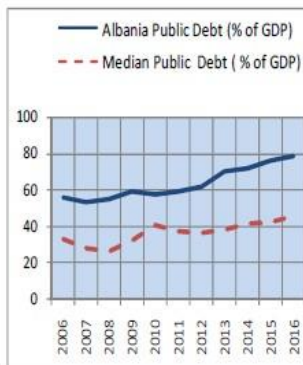


ALBANIA

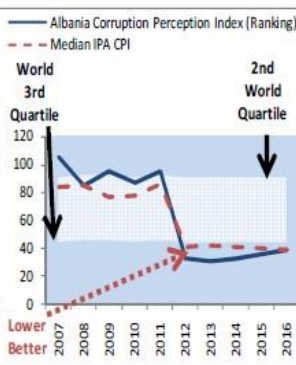
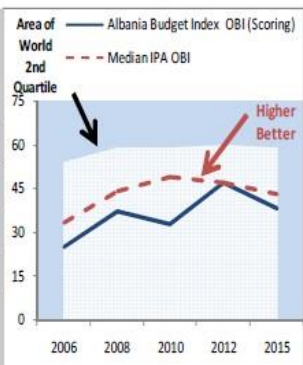
Macro Balances and Imbalances



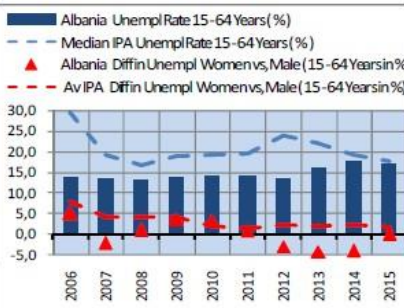
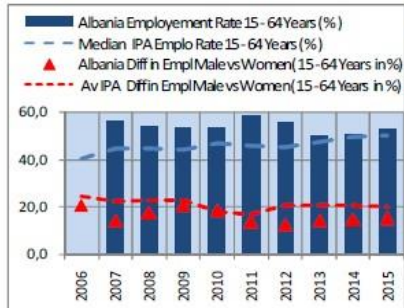
Fiscal Balances and Imbalances



Governance



Growth Outcomes



The following projects have been taken into consideration for the evaluation in Albania, where the fieldwork took place from 3 to 12 October 2016.

IPA Year	Project Title	Contract N°	Reference
2009	Support to the General Directorate of Tax	228225	P1
2008	Support and Expansion of Albanian Treasury System	260451	P2
2013	Integrated Planning System Multi Donors Trust Fund 2 (IPS2-MDTF)	352597	P3
2013	Strengthening of External Audit Capacities	AL 13 IB FI 01	P4
2012	Implementation of a Modern Financial Management and Control and Public Financial Inspections	346475	P5

RELEVANCE
EQ1: 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?
<p>All the interventions remain highly relevant; the EU interventions are in line with the national priorities and are based in the country development strategies and sector strategies.</p> <p>P1. The project targeted the General Tax Directorate (GTD) and its regional offices. The project aimed to align the legislative framework and procedures with EC standards and develop human resource and information technology goals as set out in GTD's Strategic Plan (SP) 2007- 2010. The project was originally designed to support GTD in both the excise and tax system, but the Ministry of Finance (MoF) decided to transfer the administration of excise duties from GTD to Albanian Customs Administration (ACA); this transfer happened just before the project commenced. Other functions however, planned to be supported by the project, remained within GTD's remit while needs and priorities remained the same.</p> <p>P2. The project aims at strengthening Albanian public financial management (PFM) by improving the transparency and quality of information on public finances, enhancing capacity development and training, and strengthening the cash forecasting and liquidity management. The project targets the Ministry of Finance (MoF) and its General Directorate of Treasury (GDT) in particular, but also the Treasury District Offices (TDOs), Line Ministries (LMs), related Spending Units (SU) as well as some of the larger municipalities. The project supports these institutions to optimise their financial management of public resources. The project seeks to further expand the cooperation network connecting the central and local institutions. Albania has been affected by the Eurozone crisis, particularly by the crisis in Italy and Greece, its main trading partners, bankers and investors. As a result, Albania's economic activity slowed down with its public debt increasing to around 70% of the Gross Domestic Product (GDP) at the end of 2013 and is expected to climb to 72% by the end of 2014. In addition, the payment arrears, estimated at 5.3 of the GDP, have further worsened the situation. During its tenure, the previous government failed to recognise this as an issue. This project directly tackles the prevention of building up of future arrears.</p> <p>P3. Albanian public financial management practices require significant capacity development and investment, including the integration of policy making and programming with the budget system. The first support in this area (IPS1) in 2008 highlighted that building appropriate capacities requires long term and strategic planning perspectives and sustained support. This Second Multi-Donor Trust Fund for capacity building support (IPS2) aims to reinforce the link between the National Strategy for Development and Integration (NSDI) and Medium-Term Budget Programming (MTBP). The transparency of Public Financial Management (PFM) controls is expected to be enhanced by development of the Albania Financial Management Information System (AFMIS).</p> <p>P4. The Albanian institutions are undertaking a programme of reforms in order to ensure the functioning of the free market economy. In this regard, auditing is one of main elements. The main institution responsible for this issue is the High State Control (HSC) / Supreme Audit Institution. Its activity is foreseen by the Constitution of the Republic of Albania, Articles 162-165. By Constitution, HSC is independent from the executive. It is a member of the International Organization of Supreme Audit Institutions (INTOSAI) since 1984. Its operation is based on a special law No.8270 dated 23.12.1997, amended by the law No. 8599 dated 01.06.2000. During the last decade, some efforts have been made to reform the HSC institution even though, the assistance provided from the State Budget has been limited and did not address fundamental issues in audit development. Currently, there is a need for enforcement of administrative capacities to conduct professional audits and efficiently fight and prevent fraud and corruption. This project aims to the consolidation of a modern HSC, able to inform the Albanian Parliament and the public regarding the accountability of government and other public entities for the management of State resources in an effective, economic and efficient manner and also promote awareness throughout the public sector in compliance with EU best practices and updated</p>

internationally recognized standards of INTOSAI. Through this project it is expected the increase of audit performance through strengthening of the institutional capacities of HSC, the enhancement of the audit capacities, by developing and implementing modern audit methodologies, developing and qualifying human resources and by using advanced auditing methods and techniques, improvement of the audit reports, methodology and also improvement of schemes for tracking HSC recommendations³³.

P5. Public Finance Management (PFM) is a key feature of governance. A sound PFM is a strategic priority, aiming to ensure the prudent and efficient use of public funds through stronger financial management, control and audit processes. There is a strong focus on this area, given the developments in Albania towards economic reform and the obligations emerging from the status of candidate country. The coming IPA II, providing more substantial support to the government, requires existence of a sound PFM in place. An immediate challenge for the Albanian Ministry of Finance is to develop and implement Financial Management and Control (FMC), through the operations of the Central Harmonisation Unit (CHU) General Directorate, incorporating both FMC and Internal Audit. Another priority is to enhance the role of financial inspection, an ex-post activity, in order to detect irregularities and fraud and consolidate its administrative function as a future contact point for OLAF.

EQ 2:

How relevant is the EU assistance in view of the priority needs of the countries in the region?

The EU assistance is based in the country priorities, which are underlined in different sector strategies and on the National Strategy for Development and Integration (NSDI); EU integration is one of the priorities of the NSDI and the EU assistance supports Albania to achieve this priority. The EU assistance facilitates the Albanian path towards EU, it is focused on the main EU principles (public administration reform, public financial management, justice and home affairs and economic governance).

P1. The EU assistance is very relevant for Albania because without the EU assistance the country itself can't comply with the alignment of the legislation with the acquis and build staff capacities based on best European experiences.

P2. The EU assistance is very important for Albania, because our priority is to become a member of EU and this process requires support from EU for the implementation of the EU best practices.

P3. An Integrated Planning System (IPS) is part of a planning framework to ensure coherent, efficient and integrated functioning of government's core policy and financing processes. The Government in Albania is making efforts to ensure that the processes related to future EU integration are mainstreamed into domestic policy and financial planning. The Second Multi-donor Trust Fund for Capacity Building Support to the implementation of the Integrated Planning System (IPS2), aims to consolidate and build on the results of the previous IPS support (2008-2011) and to further improve coordination and the medium-term perspective of policy planning and budget formulation. More specifically, the IPS2 is key for the development of the Management Information Systems (MIS) that would provide public sector managers with appropriate tools to track performance information at sector, programme and agency levels and integrate them with budget data.

P4. The EU assistance is very relevant for Albania in the area of public financial management because it is essential for increasing the staff capacities and fight against corruption. It also contributes to better align the legislation related to the external control with European and international standards (INTOSAI). The project also will contribute to improve the relation between the SAI in Albania and the Albanian Parliament, the project will contribute in drafting a communication strategy between SAI and the Albanian Parliament.

P5. The project is highly relevant to the identified needs in the underlying sector strategies. It provides know-how transfer to the CHU General Directorate to consolidate the public internal audit function, ensure the fundamental transition from a control to audit approach and increase the role of the Public Financial Inspection Directorate. Other target groups include staff from three-line ministries and four municipalities across the country. The intervention is politically sensitive and highly visible. There is evidence that the high-level management from the beneficiary is closely following the developments under the project.

EQ 3:

To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?

³³ Before the start of the project, some developments occurred such as: the adoption of the law No.154/ 2014 "On the Organization and Functioning of the High State Control"; Austrian SAI conducted a peer review in 2016; the 2015-2017 strategic development plan underpins ALSAI's commitment to improving the quality of audit work in line with INTOSAI standards, the updated financial and compliance audit manuals were approved in 2015 and then piloted in 2016 to align with international standards. ALSAI's recommendations include legislative, administrative, organizational and indemnification measures as well as recommendations for penal charges, and ALSAI has started to reduce the share of compliance audits determining economic damage and violations of rules.

The EU interventions are well coordinated and complementary to other donors' programmes (multilateral and bilateral donors) and the priorities of other European Financial Institutions. New donors' interventions are discussed and presented at the donors' round table meeting, in the Integrated Policy Management Groups (IPMG), and in the newly established sector working groups.

P1. The International Monetary Fund (IMF) has visited GTD several times during the course of this project, mainly assisting in strategic planning and compliance strategy. There have been several meetings between the RTA and the IMF representatives in order to avoid overlapping and contradictions with Component 2 in this Twinning project. The Swedish International Development Cooperation Agency (Sida) has as well implemented missions in GTD. The Sida project is no longer involved in the development of the Tax Investigation Directorate (TID) so there has been no risk for overlapping in this respect. One of the components in the Sida project is "Monitoring of GTD efficiency" which touches the content of this project's Component 2. The RTA has had several meetings with the Swedish expert in the area to avoid overlapping and contradictions.

There has been a fruitful cooperation between this Twinning project and the Sida project on several occasions in the attempt to create a routine for reporting tax crimes from the fiscal side to TID. This routine was approved by the Director General in GTD during 2011.

P2. Albania has to take important steps in PFM reform, following European Commission (EC), International Monetary Fund (IMF) and World Bank (WB) advice and recommendations and in this light the project remains highly relevant for its target group.

P3. The EU intervention is well coordinated, coherent and complementary to the strategies and programmes of EU Member State, European Financial Institutions (EFI), other multilateral and bilateral donors (OD). The assistance responds to the overarching needs of the government to have in place sound policy planning and budgetary processes. The desired outcomes are an essential element of the preparations for EU membership and are very important for raising the core work of the Ministry of Finance to EU standards. The need for the assistance is not in doubt, but the beneficiaries still need to act upon and to become more aware of the benefits likely to be generated by the project.

P4. The EU intervention is well coordinated, coherent and complementary to the strategies and programmes of EU Member State, European Financial Institutions (EFI), other multilateral and bilateral donors (OD). The MIPD 2011-2013 recommends that Albania has to further strengthen the application of the principles of sound financial management and implement co-ordinated and effective national policies for the prevention of corruption. Strengthened institutional capacity of HSC and increased HSC audit performance contribute to a more efficient prevention of corruption in the country. Furthermore, according to the MIPD, Albania should improve policy co-ordination and planning, better align the policy framework and multi-annual budgeting with the integration agenda, strengthen internal audit functions, inspection services and the Supreme Audit Institute. More professional HSC audit reports and recommendations will contribute to make economic and fiscal policies more accountable and strengthen financial control; as with specific regard to EU integration, the MIPD 2011-2013 confirms the need to continue support to European integration structures, contribute to strengthening financial control.

P5. The EU interventions in the field of Economic Governance are coherent with the other EU policies. This project is in line with medium term priorities of the European Partnership, specifically: (i) Develop and implement the principles of decentralized managerial accountability and functionally independent internal audit, in accordance with international standards and EU best practice, (ii) Develop procedures and administrative capacity to ensure effective protection of the EU's financial interests.

Article 90 of the Stabilization and Association Agreement (SAA) "Audit and financial control cooperation", aims to strengthen the additional reforms in the financial control. Cooperation between the Parties shall focus on priority areas related to the Community acquis in the field of public internal financial control (PIFC) and external audit. The Parties shall, in particular, cooperate with the aim of developing efficient PIFC and external audit systems in Albania, in accordance with internationally accepted standards and methodologies and EU best practices.

In the National Plan of Implementation of Stabilization and Association Agreement (under Section 3.2.) is stated as priority of Albanian Government in the field of Public Internal Financial Control to: Develop and implement a consolidated system of Public Internal Financial Control (PIFC) relying heavily on international standards and best practices of the EU. The PIFC Policy Paper and Action Plan sets out the activities to be undertaken in order to fulfil the objective as above for the period 2009 to 2014.

Findings of the Commission's 2010 Analytical Report on Albania's Application for accession The Analytical Report for Albania 2010 underlined, under section 3.32 "Chapter 32 Financial Control", the following conclusion: Whereas the legal framework and institutional arrangements for public internal financial control are largely in place, actual implementation of both financial management and control and internal audit principles still needs to be further developed. Considerable further training and awareness raising efforts are required in order to embed the new control environment and management culture.

In the final report of the fact-finding mission of DG Budget Brussels, EC, titled "PIFC- Albania: report of a mission by DG Budget B4 to Tirana (29-31 March 2011)", was underlined that: Clear progress is made in area of PIFC during 2010. The primary legislation is in place, including both the FMC Law and amendments to the internal audit law. Managerial

accountability and the subsequent development and implementation of FMC are however still at a very early stage. At the moment FMC is characterized by numerous controls rather than efficient management systems. There is no clear concept of delegation of functions. It was also stressed out under the same report that: Further support would be needed and the DG Budget encouraged the Ministry of Finance to seek support under IPA 2012 program.

EFFICIENCY

EQ4:

To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession?

The EU assistance has helped Albania to achieve its strategic objectives of EU accession; it has contributed to align the tax legislation with the acquis, to strengthen the transparency and accountability of public financial management, and strengthening the public administration staff capacities.

P1. In response to the EP and the SAA, the Government's National Plan for the Implementation of the SAA (NPISAA), as adopted in July 2006, identified short and medium term general priorities and their resultant legislative and implementation activities.

The general priorities for the short term (2006-2008) were as follows:

← -Approximate taxation legislation further with the acquis communautaire and act in accordance with the Code of Conduct on business taxation, thus guaranteeing that the new tax measures are pursuant to these principles.

← -Complete the computerisation of tax offices.

← Whilst the medium-term priorities (2006-2010) were outlined as:

← -Maintaining a continuous approximation of the Albanian tax legislation to the acquis and to increase the administrative capacity to fight corruption and fiscal evasion.

-Improving transparency and exchange of information with the EU Member States in order to facilitate the process of strengthening the measures that prevent tax evasion or sidestepping.

P2. The project contributed in strengthening the transparency and accountability of public financial management; fighting corruption by introducing the automatization of treasury payments; as the main priorities of EU accession.

P3. N/a. The project implementation has faced delays and no relevant finding on efficiency can be made.

P4. N/a. Project implementation started on 15 March 2016 only few activities are carried out.

P5. EU support contributed to regulatory approximation with EU legislation and increasing the staff capacities. The following legislation was drafted and reviewed:

i) Public finance legislation reviewed and updated - based on lessons learned from pilot exercise 2012-2013; public finance legal framework book, including legal and sub legal regulations, published;

ii) Training conducted and assistance provided to public units authorizing officers, executing officers and line managers of selected institutions on the establishment of a risk management process and on the information requirements necessary to achieve the performance objectives;

iii) Training conducted for the executing officers of selected institutions in providing the support, information and advice on Financial Management and Control to the line managers and authorising officers including CHU/FMC staff;

iv) Increased awareness on benefits of FMC introduction and on the use of public funds timely and reliable, showing the linkage between budget inputs and results achieved;

v) Financial inspection legal framework reviewed and instruction/manual on financial inspection issued; vi) Enhanced capacities of inspectors and inspection directorate staff;

vii) Study tours organized to EU partner countries on both FMC and Financial Inspection.

EQ 5:

What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

Different aid modalities were used, and are complementary to each other. However, the experience with the aid modalities varies from institution to institution. The experience of Supreme State Audit is very satisfactory with the implementation of the Twinning Contract, while there are other institutions e.g. the Department of the Public Administration which is more driven for technical assistance consulting services (the consultants prepare the specific reports/documents for which they have been contracted) while twinning provides more on job training.

Different aid modalities are selected based on the request for expertise, and the state of play in the respective area. There are some specific areas where twinning is more appropriate, because the twinning contract gives the possibility for the enlargement countries to learn how the respective institution operates in an EU Member State. The twinning institution in EU member state is more updated with the latest versions of the EU Directives, is familiar with coordinating mechanisms; forums and working groups are in place in EU countries in the respective area. However different aid modalities should be selected in case-by-case, and a number of different factors should be taken into account before taking the final decision. A light-twinning might be selected when the beneficiary institution is at its early stage of functioning and the staff capacities are weak. In case of Albania some awareness-raising efforts are made for the use of TAIEX.

P1. The twinning intervention logic, strategy and approach were adequately defined to contribute to mandatory results achievement. The workplan was significantly modified in all its components not because of the quality of design but to better adapt to the changing needs of the beneficiary. The results were well defined, with activities grouped under four components (C). Intensive on-the-job training, capacity development and workshops were incorporated in order to enable the beneficiary to perform its mandate and at the same time to ensure sustainability. GTD received its first IPA assistance through this Twinning instrument and they faced some difficulty to understand the way the instrument operates. This instrument was chosen because the assignment was acquis related and it was considered that the beneficiary organisation had the capacity to effectively co-operate with the twinning partners. Unlike other institutions, GTD did not enjoy the privilege of transition from technical assistance to twinning.

P2. N/a. The assistance is delivered through a grant contract between the European Delegation in Albania (EUD AL) and the Austrian Development Agency (ADA) via indirect centralised management (ICM).

P3. The project's intervention logic is specific for a multi donor trust fund. The design builds on previous support (IPS1). The project, comprising four components (with focus on capacity building and MIS development) is managed by the World Bank (WB) using the WB methodology for project management. Bank-executed Trust Fund (TF) activities include TF administration, project management, technical support for project preparation and supervision of project implementation. The MoF and the Department for Development Programming, Financing and Foreign Aid (DDFFA) are the main agencies responsible for project implementation. The CFCU is responsible for the fiduciary management and for the organisation of procurement in accordance with the World Bank procurement guidelines.

The type of mechanism selected to implement the IPS2 (Multi Donor Trust Fund - MDTF) has a number of limitations. The roles and responsibilities of the main beneficiaries and key stakeholders in planning and coordinating the project's components could have been better defined. Overall project management is weak with some notable defects. There is no dedicated full-time project manager assigned from the beneficiaries to track the overall project management, and the coordination and monitoring of results. This means that there is no mechanism in place to consolidate the intermediary results and ensure related follow-up.

The donors have complained that overall project coordination is not ensured.

P4. The twinning contract is implemented by a consortium, of Polish Supreme Audit Institution, and Croatian State Audit Office. The twinning is considered a good aid modality because it provides a direct exchange of experiences. Polish model in the area of external audit is closer to the Albanian model, and is expected that the cooperation will be fruitful.

P5. The twinning project (TW) is highly relevant to the identified needs in the underlying sector strategies. It provides know-how transfer to the CHU General Directorate to consolidate the public internal audit function, ensure the fundamental transition from a control to audit approach and increase the role of the Public Financial Inspection Directorate. The selected instrument to deliver the support, a twinning arrangement, is appropriate. The assistance has been extended till to November 14, 2016.

EQ 6:

How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?

The EU projects in the area of Economic Governance have increased the capacities and improved the functioning of the responsible institutions; however, this is not valid for all the projects included in the project sample because one of the projects started in March 2016, and with another project the IPSII has faced delays in implementation.

P1. The overall mandatory result of the project is substantial improvements of functioning of the tax administration and alignment of tax law with the EU standards.

P2. The EU financed project has improved the budget execution process and accountability.

P3. **Na.** The project implementation has faced delays and no relevant finding on efficiency can be made. It is difficult to assess progress in implementation versus what has been initially planned (included in the Results framework).

P4. **Na** Project implementation started on 15 March 2016 only few activities are carried out.

P5. The capacity of the Ministry of Finance is strengthened. The TW is effective in helping to initiate a positive cultural and mentality change at central level, but significant difficulties remain at local level, and in general at the level of the public administration. As long as managers of public institutions do not understand the independence feature of internal audit and financial control, improvements in public administration are lagging behind. It will take considerable effort to train all the auditors to the appropriate standard. There is determination at central level to develop internal audit and control within the public institutions. The Ministry of Finance is challenged by the process of ensuring that the key outputs from the TW are reaching other key stakeholders (public spending institutions et cetera), due to its limited capacity. It will take considerable effort to create awareness on the content of

FMC and to train the executing officers of all levels of government and local units.

EQ 7:

How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?

The programming of the EU interventions is based upon many sector strategies and documents, and the EU seeks the government advice when setting the priorities. There is a close collaboration between the EUD and the NIPAC, but in order to enhance the programming of the economic governance projects the cooperation between NIPAC and different line ministries should be strengthened. The experience of the Integrated Policy Management Groups (IPMG) in 4 four pilot sectors (public administration reform, competitiveness and innovation, water management, and labour and social affairs) is positive and gives more opportunities for consultations and discussions, it strengthens also the cooperation between different institutions.

The sector approach is a good planning tool, it moves from individual project planning to sector program planning and more issues interlink with each other. The consultation process might be time consuming, but the sector approach is better compared to individual project approach.

P1. From this ex-post perspective, the overall lessons learned are: i) Beneficiary's input in design phase, that takes into account previous and other donor support allows for successful implementation, ownership and sustainability;

P2. The EU financed project needs to take into account the country priorities. The project is in line with the Law on Public Internal Financial Control (PIFC), the Internal Audit Law as well as the National Strategy for Development and Integration (NSDI). It is aligned with the Integrated Planning System (IPS) as well as the Public Finance Sector Strategy 2009-2013. The project's interventions comply with the Policy Paper on PIFC and its Action Plan (AP), prepared through an EU funded project and endorsed by the Government of Albania (GoA). The Public Finance Strategy 2007-2013 outlines as a priority that Albanian Government Financial Information System (AGFIS - used to be known as AMOFTS)

should be expanded to cover all budgetary institutions in a 10-year period, enabling the Treasury to focus on its main functions: monitoring, managing government liquidities, financial control before the payment and preparation of the consolidated financial reports for the government.

P3. More attention should be made during the design phase on the poor staff capacities to deal with difficult bidding process, as two stage bidding and challenging contracts such as the IT contracts.

P4. The project has been prepared in close collaboration between the Albanian SAI and the staff of EU delegation. The project priorities are based in the strategic development plan of Albanian SAI and in the Needs Assessment prepared by SAI.

P5. Prior analysis is needed in order to better suit the financing instrument with the existing human e institutional capacities of the benefiting country. The limitations in the project design translate into an absence of outcome targets at sector level, making it difficult to assess the changes in Financial Management and Control and the extent to which the intervention consolidates the Public Finance Management. There is no proper focus in the project related reporting on the outputs produced and on progress towards achieving the mandatory results.

The TW design is both wide and intense compared to the existing capacity of the beneficiaries and target groups. An open issue is the availability of staff to participate in the proposed activities. The support appears to have underestimated the complexity of delivering a high number of activities. The level of understanding of the topics delivered under the training varies. At local level (municipalities) this is more challenging. In the design phase, the budget allocation (2.5 M€) was overestimated. To reconcile this, an assessment of the TW was made by the twinning partners in early 2015. It was agreed to introduce new activities to provide additional training in the field of Internal Audit.

EQ 8:

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?

Several methodologies have been used in the past. Projects have been prepared in close collaboration between the EU and the beneficiary institution.

Functioning of the sector working groups is a good example. The use of sector planning documents is a good methodology because it gives the possibility to have an assessment of the sector, to take stock on the main sector issues, gaps, weaknesses, needs, and priorities, what are the other donors programs and financing plans for the future. Sector planning documents are living documents, and they introduce performance - based assistance.

P1. The methodology used for this project was efficient. The project fiche has been prepared in close collaboration with the Ministry of Finance and different department of the GDT and based on the priorities presented by each department were selected the project priorities. In our experience it was successful. We have not used other methodologies for the project preparation and the comparison is not possible in our case.

P2. The intervention was initiated per MoF request and its design and implementation are based on a Memorandum of Understanding (MoU) signed between ADA and the MoF which clearly defines tasks and responsibilities of the signing parties. The beneficiary was closely involved in the design phase, clearly defining the needs and areas to be included in the project. Both the institutional set up and implementation arrangements are sound, with adequate staffing appointed by MoF management. The involvement of staff has been satisfactory and uninterrupted. Coordination and management aspects are clearly defined in the MoU and other project documents. The initial duration foreseen for the implementation proved to be insufficient, mainly due to the complexity of the intervention. As a result, the project duration was extended by 12 months.

P3. Efficiency is impaired by several adverse factors. Roles and responsibilities of local partners have not been clearly defined in the project's design. Absence of local leadership on the Albanian side has implications on the overall project coordination and management, which is weak. The procurement activities are adding to implementation delays which are leading to loss of remaining implementation time. (In July 2016, two senior projects manager have been appointed).

P4. The project priorities are based in the Strategic Development Plan of Albanian SAI and in the Needs Assessment prepared by SAI.

P5. The Directorate General CHU is fully aware of the benefits generated by the TW and is closely involved in the planning and implementation of the TW.

EFFECTIVENESS

EQ9:

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?

The EU assistance in the area of economic governance has contributed to increase capacities of public administration; concrete cooperation of different consultants under technical assistance projects has significantly improved the staff capacities in different sectors, which have contributed to increase the absorption capacities of the funds. The public administration structure is solid; however despite opening competitions to external candidates and allowing more flexibility in establishing experience-related requirements, a high proportion of vacancies remain unfilled

The EU assistance has improved the legislative process and aligned it with the EU legislation, but the implementation of the legislation remains a challenge (e.g. in the area of public procurement the legislation is fine but it is not implemented). However the public administration staff capacities remain weak, staff changes and merit-based recruitments are also problems.

P1. The formulated draft laws have reduced the administrative barriers encountered by the private and public sector, in the meaning of the enforceability of tax-related laws, draft laws aiming to reduce the chances for corruption and strengthen the dialogue between the public and the private sector. The Excise law of the Republic of Albania is a result of well-informed decisions taken by the BC experts after having obtained very good knowledge in EU regulations and experience in MS practice. ACA is now capable to correctly implement the whole set of EU regulations related to excise duties. The number and the quality of referrals for criminal acts in the taxation area has increased and the procedural actions are carried out by those tax investigation inspectors who make these referrals. The regulations on reporting between certain functions within the tax administration has made possible for some referrals to be originated by the fiscal side of this administration. The ability of the IT Directorate to manage an increasing workload has amplified through improved work processes, enhanced documentation and better ability to manage projects. The command over increasing technical complexity in the systems has also augmented substantially.

P2. The assistance was very effective in addressing the priorities of the Albanian government. The project tackled the prevention of building up of future arrears, by adapting the treasury system. Prevention of future arrears was one of the most important priorities of the government in order to improve the public financial management. Initially the project included the installation of two other systems AFMIS and IPSIS, but since the prevention of future arrears was deemed a priority the Ministry of Finance requested to the EU delegation to revise the project and proceed with the prevention of building up of future arrears. It was decided that the IPS II Trust Fund would finance the other two systems. Since 2016 in the treasury system are registered also the Medium-Term Budgeting data.

P3. Na the project implementation has faced delays and no relevant finding on effectiveness can be made.

P4. Na Project implementation started on 15 March 2016.

P5. The project implementation is advanced and an important number of outputs, of good quality, has been produced, mainly under component 1. Most of the planned legislation is now in place or at an advanced stage of adoption. The training appears to be well organised and efficiently managed by the contractor. Training provided so far has had a very practical nature. The feedback from the participants is very good. Consideration has been given to practical and implementable solutions rather than a theoretical approach. All employees and managers from CHU (FMC and IA) have been trained on-the-job in improving the Annual Report. The annual questionnaire on PIFC has been also improved. The most valuable input from the twinning has been to provide the main beneficiaries with a better understanding of the internal audit concepts and principles, thus giving the Ministry of Finance an impetus to improve the related procedures and methodological norms and introduce the concept of risk management.

EQ 10:

How did the assistance provide respond to the real needs, in terms of quality, timing and duration?

At the beginning, inconsistencies were noticed between the project preparation phase and the project implementation. Sometimes delays were observed due to the shortfall in meeting the project preconditions; this was caused by frequent changes in the public administration and the long time that passed between the project preparation /approval phase and implementation phase. Since 2011 some improvements have been made; the Financial Agreement is being approved within the same year with IPA Committee approval.

However in IPA 2015, Albania is still late with the approval of the Financial Agreement; this is linked with the public administration weak capacities in managing IPA funds under the decentralized system.

P1. The project design was good, allowing successful adaptation to the new circumstances already in the first implementation phase, but causing some delays. This project was the first twinning experience for the GTD, which is now seeking further support to improve the level of human resource capacities and its practices.

P2. The outputs are of good quality and accessible to the beneficiary departments that were involved in the project.

The timeframe was extended once already and currently another extension is being considered to enable all planned outputs to be delivered by project end. Currently, the delivery of outputs is delayed. Outputs already delivered are of good quality and are the following: Five Budgetary Institutions (BIs) were linked to the Treasury System (TS); ii) 21 national trainers to help introduce AGFIS to other BIs are certified; iii) on-the-job training and more than 20 workshops on soft skills and change management, on effective budget implementation, cash forecasting and management were conducted; iv) 4 study visits (Kazakhstan, October 2011; Austria, May 2012; Croatia, November 2012; and the United Kingdom, November 2013) were organised; v) Supported the MoF in developing cash management/forecasting reports and Treasury reserve instructions, and reviewing the organisational structure and job description. The project hired experts to prepare a technical paper, recommendations and TOR requirements for tenders and supported the MoF on foreign funds flow through treasury accounts. Terms of References (TORs) for 2014 adjustment were finalised in collaboration with the MoF, IMF and World Bank in a workshop on March 2014.

P3. N/a. The project implementation has faced delays. The project is a Trust Fund managed by the World Bank and according to the World Bank procedure. There are important delays to date, which have cumulated from the first year of implementation (2013). The elections were a disturbing factor, putting on hold progress in implementation. The year 2014 has been very slow in implementation, as the procurement plan was under revision. The project is already two years in implementation and the outputs to date are modest. For the largest component (MIS) the intermediary outputs are the technical specifications and design documentation in place for the IT systems. The usefulness of some of the specifically requested outputs is less evident. A number of activities have come from ad-hoc requests from the PM's Office, for specific training or for consultancy work to support the staff in the DDFFA in their daily work. In some of these cases, the support is perceived more as a "basket of money" rather than a coherent support aiming to optimize IPS processes. The signature of the two IT contracts is expected to be finalized and start implementation by the end of the year 2016. (Update October 2016).

P4. Na Project implementation started on 15 March 2016.

P5. The collaboration of the authorities with the experts involved in the project implementation and the EU delegation has been very fruitful and the authorities are of the opinion that has been implemented a high quality technical assistance project.

EQ 11:

How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?

The direct link between the priorities of Albania and the provision of the assistance in the area of economic governance is the improvement of public finance management (PFM) and the alignment of Albanian legislation with the acquis. The improvement of the public finance management (PFM) has not come only from the EU assistance, a good complementarity is ensured between the EU assistance and the government priority in this area.

P1. The achievements in this project can be summarized as follows:

← The legislation in the tax area has been approximated to EU standards; Procedures are more in line with EU standards; Excise systems have been approximated to EU standards:

← The main output, the draft Excise law, has been sent to the Ministry of Finance (MoF) in July 2011 and has been approved by the Council of Ministers in February 2012. Implementing provisions have been sent to MoF in March 2012. The Excise law has been approved by the Albanian parliament on 24 May, 2012.

← A manual of Internal Audit has been elaborated in accordance with international standards. It was approved by the Director General on 28 February, 2012 and sent to MoF.

← An Internal Audit chart has also been developed.

← Concerning the management control, the installation of two Deputy Director Generals in charge of the regions has already produced benefits through professional dialogue with the regional directors. In line with the fiscal blueprints, this is an important element in improving the performance of collection.

The Strategic plan for 2012-2015 has been approved early 2012. The Director General of GTD will circulate a note to its services on the main directions of tax audits. New indicators of quality are being studied with targets for 2014.

← A Code of Ethics has been developed and given to each employee in 2011. Training modules have been designed and the trainings have been followed by all the officers of GTD.

← The Tax Investigation structure is now a consolidated structure with the main focus on fighting tax evasion. Tax Investigation employees now act as Judicial Police Officers, which has increased the cooperation between the Joint Investigation Units (JIU) and the regional Prosecution Offices.

Regulation on cooperation between special functions in the Albanian Tax Administration and referral of potential cases with elements of criminal actions in the field of taxes.

Enhanced capacity of investigators and methodology; o Intelligence work; Training in crime investigation techniques; Training strategy.

← Improved cooperation internally (between auditors et cetera) and externally (with prosecutors, police et cetera)

← The IT Directorate has been strengthened to be able to support GTD development;

← The activities have focused on two important aspects, one to strengthen the managerial structure to be able to cope with the increased workload of the IT Directorate, the other to transfer experience and knowledge in a number of specialised technical areas within the IT-sphere. The activities as regards project management through use of elementary, project management models have resulted in new methods and processes being implemented and plans for future work established.

← The tax revenue and the number of registered tax payers have increased:

The image of the Tax Administration in public and private sector has improved. The sustainability of this project now rests entirely upon GTD and the Government of Albania as a whole in the fostering of a professional, merit based public administration.

P2. The direct link between the project and the priorities of Albania is the prevention of future arrears, better management of public finance.

P3. N/a. The direct link so far is that the project has contributed in preparing the National Strategy for Development and Integration (NSDI), in strengthening the planning capacities and identification of sector priorities.

P4. N/a. P project implementation started on 15 March 2016.

P5. The type of expertise provided - for legal framework improvements, training and hands-on assistance - is clearly responding to the current priorities of the beneficiary. A strength of the project is the good expertise in place. The involvement of the experts assigned is good. The team has a good understanding of the sector and of the country context.

IMPACT

EQ12:

To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?

The assistance has been effective in achieving the desired results in the cases of the completed projects of the projects sample. There have been delays caused by difficult tender procedures, lack of staff capacities, or low ownership and leadership demonstrated from the benefiting institutions.

P1. It is highly likely that the image of tax administration in the private and public sector in the years to come will be further improved, having consolidated laws and simple to be understood and implemented and Albania will be a still more attractive country to appeal to foreign investors.

P2. The SETS also faced few challenges such as the setting up of the most suitable licenses metric and connectivity to the central Treasury. Another challenge was the delay in hardware procurement of the MoF, which postponed some important actions, such as the introduction of commitment controls and multi-year expenditure ceilings, or the extension of the Treasury System to additional 8 BIs. The amount of Euro 367,271.-- (IPA 2008 funds) became ineligible.

However after the finalization of the hardware procurement process the system is in place and actually there are 15 institutions that are using the system (11 line ministries, 3 independent institutions and 1 local government institution).

P3. Local ownership of the programme aims and leadership on IPS was significantly weakened after 2013. The new Government does not display the required level of support for the need for the IPS2. As a result, the related processes and developments remain fragmented, preventing achievement of the IPS key objectives, namely introduction of a performance orientation in policy planning and budgetary processes

P4. Na Project implementation started on 15 March 2016.

P5. The project implementation is advanced and an important number of outputs, of good quality, has been produced, mainly under component 1. Most of the planned legislation is now in place or at an advanced stage of adoption. The training appears to be well organised and efficiently managed by the contractor. Training provided so far has had a very practical nature. The feedback from the participants is very good. Consideration has been given to practical and implementable solutions rather than a theoretical approach. All employees and managers from CHU (FMC and IA) have been trained on-the-job in improving the Annual Report. The annual questionnaire on PIFC has been also improved. The most valuable input from the twinning has been to provide the main beneficiaries with a better understanding of the internal audit concepts and principles, thus giving the Ministry of Finance an impetus to improve the related procedures and methodological norms and introduce the concept of risk management.

Outputs under component 2 (PFI) remain problematic. Due to delays in enforcing of the new law, the work plan had to be revised. The bulk of the activities have been moved to early 2016. Achieving all the outputs under this component remains a risk. Recent elections have led to reorganisation of local government (municipalities). Now some municipalities are considerable larger. This is a development that is challenging the TW in relation to the pilot institutions, as it has to deal with new structures. The opportunity to maximise the benefits of the know-how transfer under the TW is diminished by the still unclear organisational structure and role of the PFI Directorate and limited availability of staff from the pilot institutions.

The TW is effective in helping to initiate a positive cultural and mentality change at central level, but significant difficulties remain at local level, and in general at the level of the public administration. As long as managers of public institutions do not understand the independence feature of internal audit and financial control, improvements in public administration are lagging behind. It will take considerable effort to train all the auditors to the appropriate standard. There is determination at central level to develop internal audit and control within the public institutions. The Ministry of Finance is challenged by the process of ensuring that the key outputs from the TW are reaching other key stakeholders (public spending institutions, et cetera), due to its limited capacity. It will take considerable effort to create awareness on the content of FMC and to train the executing officers of all levels of government and local units.

EQ 13:

**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?**

The legislative and institutional changes achieved with the EU assistance are not permanent and sustainable in the long run; the legislation approved in Albania is frequently changing. There is no concern when a law is being changed because it is being updated with the acquis with a normal frequency, and when/where there is an analytical base for changes of the law. The laws in Albania continue to change on ad-hoc basis and without having an impact assessment on the implementation of the law.

P1. Systems are in place and human resource capacities were enhanced thanks to a heavy focus on their development in the GTD which has led to increased long term sustainability prospects. Staff retention is at the desired level and is necessary to ensure long term positive effects of the twinning project. Improved practices were put in place with the support of the project. However, both capacities and practices are not yet at the desired level. GTD goals and performance measures as defined by the latest Strategic Plan, such as: compliance with the acquis; total net revenue collected; income reporting compliance; were not achieved. According to the GTD reports to Intra-European Organisation Administrations (IEOA) the revenue collection in 2012 was lower than in 2011 while the total expenditure of the tax administration as a percentage of revenue collected increased slightly in 2012 when compared to 2011.

P2. The system is in place and is used by 15 institutions, according to the PFM strategy by 2020 the number of the institutions that will use the system is planned at 100 institutions.

P3. Na please refer to EQ 10.

P4. Na Project implementation started on 15 March 2016.

P5. The legislative and institutional changes are of permanent nature and sustainable in the long run. The project has contributed in revising and drafting three important laws, i) law on financial management and control, ii) law on internal audit in the public sector and the iii) law on public financial inspection. In addition secondary legislation for the implementation of these laws has been prepared, in the framework of the projected has been prepared the Code of Ethic for internal auditors and the methodology for monitoring the performance of public units.

EQ 14:

To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?

The EU assistance had positive effects on the facilitation of the enlargement process; it has strengthened the public finance management (PFM) and has contributed in the progress made in different SAA chapters.

P1. After this Twinning project, experts from GTD have deep and extensive knowledge about the EU legislation. They have prepared drafts in line with EU standards taking into account the specific feature of their country. Dedication, professionalism and technical knowledge of the BC experts have been highlighted and reported in the mission reports prepared by the MS experts. All the essential results stated in the Twinning contract are considered achieved. The drafting of the Excise law, a context unknown to most Albanian experts in 2009, within a very brief period is a splendid proof of the zeal and the ambition among the BC experts. TID has taken the step from being a unit with the main assignment to perform road checks to become a real Crime Investigation Unit. The ability of the IT Directorate to meet the challenges of increasing workload and more complex environment has been substantially strengthened.

P2. The project has contributed to the modernization of the institution. The project is focusing on budget execution, and in particular on how to expand the current functionalities of the information system (adjust software so that new reports can be created which include new levels of control) and improve its coverage (link budget institutions on-line so that the quality of information can be improved). In this regard it is closely aligned with the budget formulation process and is part of many multi-stakeholder initiatives in the PFM domain.

P3. N/a, the project faced delays.

P4. Na Project implementation started on 15 March 2016. However the project fiche underlines that "The project will contribute to the implementation of Article 90 of the Association and Stabilization Agreement of Albania with the EU, which provides that "the Cooperation between the Parties with focus in priority areas concerning the EU Acquis in the field of public internal financial control (PIFC) and external audit. The Parties cooperate especially to develop an efficient system of PIFC and external audit systems in Albania, in compliance with standards and methodologies accepted by the international community as well as the best EU practices". Improving and enhancing HSC audit capacities contribute directly to efficient external audit systems in the country".

P5. The project has contributed to the changing of the mentality in the area of financial management and internal audit, it has contributed to the modernization of the institution and new legislation in line with the EU Acquis has been approved. The latest developments in these areas have been reflected in chapter 32 of the EU progress report. The progress in this chapter over the last years has been significant.

EQ 15:

Which are the appropriate SMART indicators that should be embedded in the upcoming projects?

P1. Na –no comment was made on SMART indicators
P2. The intervention logic is clear, detailed and correctly reflects the needs and priorities of the beneficiary. Activities are directly linked to the Overall Objective (OO), Project Purpose (PP), and Results (Rs), presented in a Gantt chart format. The logframe is being used as a management tool for implementation. Indicators as presented in the logframe comply with the SMART criteria and are being used for measuring achievements and for reporting purposes.
P3. N/a, the project faced delays.
P4. Na Project implementation started on 15 March 2016.
P5. The standard twinning project fiche follows the logical approach to programming used under IPA I. The Overall Objective and the Specific Objective are clear but there are no sector based outcome targets defined. The results are defined as quantitative outputs and do not reflect the desired changes at the level of the area targeted by the intervention.

SUSTAINABILITY

EQ16:

To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

The EU assistance will continue to produce effects after the end of EU funding; the legislation aligned with the EU is being implemented; the transfer of know –how has modernized the institutions, but its extent is threatened by the staff capacities to implement the legislation and to continue the modernization of the institution.

P1. The outcomes of the EU assistance continue to be implemented after the end of the EU funding. The new VAT legislation, Code of Ethics, Changes in the competences of the tax investigators and the improved IT system are being used and implemented in our daily activities.
P2. The outcomes of the EU technical are continuing to produce effects after the finalization of the EU assistance, the transfer of the know-how has modernised the financial management system and the authorities will continue to expand the number of the institutions that use the system.
P3. N/a, the project faced delays.
P4. N/a. Project implementation started on 15 March 2016.
P5. The transfer of know how through technical assistance led to sustainable modernisation of institution, ready to continue the process. The experience obtained during the implementation of the project in 5 pilot institutions will be transferred to other institutions. During the training process provided in the framework of the project have been selected the “best individuals” that will provide trainings to other public administration staff.

EQ 17:

How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?

The EU assistance programming has been improved over the years especially during the centralized management. The Albanian authorities should ensure the institutional memory and avoid frequent changes of staff that are in charge with the project preparation. In order to improve the impact and sustainability of EU financial support, the linkage between the programming and monitoring of EU assistance should be strengthened; to ensure this the monitoring indicators of the EU financed projects must be included in the list of monitoring indicators of the specific sector strategy (some efforts are being made to address this issue with the functioning of the IPMG). In order to improve the impact, more attention should be given during the preparation phase to the lack of staff capacities to deal with difficult bidding procedures (especially when the bidding procedure is developed in two stages), and in the cases of challenging contracts such as IT contracts that needs extensive staff knowledge and time.

P1. Beneficiary's input in design phase, that takes into account previous and other donor support allows for successful implementation, ownership and sustainability; ii) Good coordination with the Ministry of Finance allowed for a smooth transfer of competences from one institution to another (GTD to ACA); iii) Future support should be conditioned on the beneficiary's demonstration of commitment to sustain results of the current support; iv) Lessons learned from previous projects should be taken into account while agreeing future IPA programmes.
P2. The implementation of the IT contracts is very difficult, and this should be taken into consideration while preparing the project, but in the case of this project we did not have problems with the IPA funds, delays were caused with the procurement of hard ware that were not financed from IPA.
P3. N/a, the project faced delays.
P4. There is discrepancy between the preparation phase of the project and the starting of the implementation phase. The project was supposed to start in November 2014, due to the long procedures it started in March 2016.
P5. The TW design is both wide and intense compared to the existing capacity of the beneficiaries and target groups. An open issue is the availability of staff to participate in the proposed activities. The support appears to have underestimated the complexity of delivering a high number of activities. The level of understanding of the topics delivered under the training varies. At local level (municipalities) this is more challenging. In the design phase, the budget allocation (2.5 M€) was overestimated. To reconcile this, an assessment of the TW was made by the twinning partners in early 2015. It was agreed to introduce new activities to provide additional training in the field of Internal Audit.

EQ 18:
To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?
<p>The authorities continue to demonstrate ownership of the results; the legislation aligned with the acquis is implemented, and the IT system is being used.</p> <p>P1. The beneficiaries are implementing the project outcomes and the ownership continued after the VAT law approval. The authorities drafted the secondary legislation on VAT after the law approval and the code of ethics and the IT system are still implemented and in use.</p> <p>P2. The system is in use and the institutions that are using the system are demonstrating ownership in using the system.</p> <p>P3. N/a, the project faced delays.</p> <p>P4. Na Project implementation started on 15 March 2016.</p> <p>P5. The ownership of the Ministry of Finance as the main beneficiary of the projects has been increased.</p>
EQ 19:
How much has the economic governance structures evolved thanks to IPA funding?
<p>The economic governance structure in Albania has evolved; thanks to the EU assistance the public financial management has improved, it has aligned the legislation with the acquis, it has increased the public administration capacities, transparency and accountability, and has contributed in fighting corruption.</p> <p>P1. This project brought Albanian tax legislation a step closer to adherence to EU standards. The Law on Excise introduced novelties that contribute to a business enabling environment. With the new law, businesses no longer need to make an excise tax per-payment. Instead it can be paid once the product reaches the market. An efficient change to tax legislation entered into force on January 2012 when payrolls began to be declared online. In addition to insurance contributions and income tax online collection, a taxpayer database has been established. The new control methodologies, procedures, investigation methods as developed with the support of the project are expected to contribute to an increased collection of excise duties. EC Fiscal Blueprints were taken into account when internal control tools were defined and performance indicators introduced for the first time in the GTD SP. The Tax and Customs Academy (TCA) is operational and this will contribute to an improved performance of both Albanian tax and customs administration. Some of the training developed by the project is now being delivered at TCA. The GTD reports that the number and the quality of tax related criminal act referrals increased by 10% compared to the previous year.</p> <p>P2. The IPA funds have contributed in improving the public finance management, in fighting corruption and in increasing the accountability.</p> <p>P3. The structures targeted by the IPS2 intervention in the MoF and the DDFFA are currently operating with low staff levels. The units involved in the MIS development are understaffed. The MoF is aware of the constraints and is trying to organise expert teams and working groups to handle the new processes and systems which are being developed (MTBP, Public Investment Management, programme budgeting, accounting and financial reporting). The MoF management is trying to recruit staff to ensure the sustainability of systems to be developed in the next two years.</p> <p>The World Bank is supporting a Functional Review of the MoF, with emphasis on new Albania Financial Management Information System (AFMIS) unit and the IT Department, which are key in securing AFMIS functions and future sustainability. It is expected that the AFMIS unit will become part of the MoF structure, after changes in the MoF organisational structure will be formalised.</p> <p>With IPS2 support, the Department of Public Administration (DoPA) is implementing a three-phase roll-out plan to support the HRMIS/Payroll functions for the PM's Office and 13 line ministries. The process is spread over several years (2015-2017). DoPA is exploring now different options to provide secure remote access to authorized users from budget institutions (using secure ID tokens or other options) and to use AFMIS countrywide ICT infrastructure for providing a cost-effective platform for the budget institutions access to HRMIS/Payroll modules. The system will incur further costs, for security and maintenance, which are already anticipated by DoPA.</p> <p>The institutional capacity to draft sound sectoral strategies and to monitor both implementation and results at the level of sectoral strategies and NSDI is below optimal. PFM skills have to be enhanced through specific training for budget institutions staff and ideally, the availability of a small cadre of professionally qualified experts in public financial management, medium terms programme budgeting and financial reporting.</p> <p>There is a reform fatigue in place, at the level of middle management, which is expected to be further amplified by the pressure arising from the higher expectations that will come when the new systems are installed and are functioning.</p> <p>P4. N/a. Project implementation started on 15 March 2016.</p> <p>P5. The project has contributed to change the mentality regarding the financial management and control, the legal and institutional standards are closer to EU standards.</p>
COHERENCE
EQ20:
To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other actions on the field? Is EU assistance coherent?

The EU assistance is coherent with other interventions that have similar objectives; the sector strategies and the functioning of sector working groups ensure such coherence. Also coherence is ensured because in some areas the EU is making a long-term engagement (e.g. statistics, public administration, public financial control and inspection et cetera).

P1. The various EU assistances are coherent. The EU assistance objectives were coherent also with other donors' projects objectives e.g. SIDA project and the IFC project on transfer price.

P2. The EU assistance in the area of the public financial management is coherent and different EU assistances are complementary to each other. The IPS II is financing the installation of two other systems AFMIS and IPSIS.

P3. The project is linked to another international donor project and EU project and the interventions are coherent:

-The first IPS Multi Donor Trust Fund. The first IPS project (January 2008-September 2011) had the development objective of ensuring that the Government of Albania's core policy and financial processes functioned in a coherent, efficient and integrated manner. This project was implemented by the World Bank, and financed by several bilateral donors and EU under CARDS 2004 funds.

-Support to the Expansion of the Treasury System (SETS). The IPA 2008 project implemented by the Austrian Development Agency is financing the expansion of the automated Treasury System. Main purpose is to substantially strengthen the capacities of the Ministry of Finance (MoF), Line Ministries, Spending Units and large Municipalities to assure an optimal financial management of government resources and the expansion of the network between the MoF, Treasury District Offices, Line Ministries, Spending Units and large Municipalities.

P4. This project is complementary with the assistance given so far by the PHARE Programme (focused in technical assistance and support for the auditing process in the areas of strategic planning, human resources and information technology), by the CARDS 2003 (assistance in human resource management) and CARDS 2004 twinning (Support to the Albanian Audit Institution). The project will build especially on the experience gained from the last- mentioned CARDS 2004 twinning project. It is also complementary with the IPA 2012 twinning project "Implementation of a modern Financial Management and Control System and Public Financial Inspection in Albania". In order to foster the collaboration for the implementation of this project a Cooperation Agreement between HSC and Ministry of Finance, based on the INTOSAI Standard ISSAI 9150: "On the Coordination and cooperation between Supreme Audit Institutions and the Internal Auditors in the Public Sector" has been signed (8th May 2012). The activities anticipated in the Agreement for 2013 will increase the synergy created between the two institutions in public audit area.

An important support for the audit sector comes from SIGMA with its yearly progress assessment missions for HSC and the implementation of a "bridging activities" program in the second half of 2012 and during 2013 until HSC starts benefiting from IPA 2013 project. In 2012 SIGMA experts trained over 100 auditors from HSC (75% of HSC audit staff) in performance audit, financial audit, compliance audit and IT audit. In 2013 over 100 people has been trained in performance audit, IT audit, procurement audit, auditing donor funding including EU funds.

P5. The twinning project "PIFC 2" funded by CARDS 2005 started in September 2008 and was implemented by the British National Audit Office and the Polish Ministry of Finance. It's primarily focus was financial management and control; the setting up of the CHU and, internal audit. During the second half of 2010, the CHU/FMC staff of the Ministry of Finance prepared in cooperation with SIGMA experts the "5 Years Implementation Plan of a modern FMC System in Albania" (2011-2016), which has been approved by the MoF Order No.11841, dated June 10, 2011. PIFC 2 assisted in creating the EU-conform legal framework for FMC. The project proposed by this fiche intends to implement that legislation. The PIFC 2 Project created the legal framework and the basis for FMC introduction, and the new project we apply for, represents a logical continuance of the same focused on the practical implementation of the new concepts.

During 2011-2013 the CHU/FMC will be supported by SIGMA for implementation of FMC in one pilot institution as an experiment before roll out gradually in other public institution starting from year 2014. Probable assistance of SIDA will be assured for the above-mentioned period.

The present project under IPA 2012 is in line with broader term reform on public finances and more precisely with SETS (Support for the Extension of the Treasury System) Project funded under IPA 2008; The SETS consists of the transfer of some treasury functionalities in public entities in order to assure the strengthening of managerial accountability and internal control in the management of public finances. The selected institutions for implementation of FMC concept will also use online the accounting Treasury system under SETS project.

EQ 21:

To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?

The EU assistance has promoted at a certain extent an effective cooperation and coordination between Albanian stakeholders.

P1. No particular coordination between stakeholders has been promoted in the case of our project. Inter institutional cooperation has been coordinated by the Ministry of Finance with the functioning of joint working groups.

P2. The project established good cooperation with key players in the PFM domain (i.e. Support for Improvement in Governance and Management (SIGMA), Swedish International Development Agency (SIDA), IMF, World Bank and with the USAID funded Treasury Adviser in the MoF Debt Department).

The Deputy Minister of the MoF chairs the Project Steering Committee (PSC) which is composed of high officials of the MoF, the Ministry of Innovation, Communication and Technology (MoICT), Department for Strategy and Donor Coordination (DSDC) in the Council of Ministers, the Bank of Albania (BoA), the EUD and ADA. PSC convenes bi-annually, with the last meeting held in December 2013. PSC endorses bi-annual implementation reports. A SETS Coordination Core Group (CCG) was established in November 2011 but after the first implementation year the CCG did not prove fruitful. The CCG was replaced by thematic working groups (i) tax and customs; (ii) treasury operations and administration; (iii) IT and TS administration; (iv) accounting; (v) cash forecasting and management. Following the adaption of this new approach a number of meetings took place (on treasury operations and administration, IT and TS administration, accounting and cash forecasting and management).

P3. Local ownership of the programme aims and leadership on IPS was significantly weakened after 2013. The new Government does not display the required level of support for the need for the IPS2. As a result, the related processes and developments remain fragmented, preventing achievement of the IPS key objectives, namely introduction of a performance orientation in policy planning and budgetary processes.

There is some progress with the appointment of two projects managers in July 2016.

P4. Na Project implementation started on 15 March 2016.

P5. The projects implementation has promoted a closer collaboration between the Ministry of Finance and the other 5 pilot institutions involved with the project implementation.

EQ 22:

To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

The EU Directive on visibility requirements has been implemented; EU assistance contributed to an enhanced visibility of EU funding.

P1. During June and July 2012 the National Project Team in ACA organized six visibility events to introduce the new law and implementing provisions requirement to excise operators. The meetings took place in Vlora, Fier, Pogradec, Shkoder and Tirana. Booklets and CDs with detailed information were provided to the participants. A new headline "Excise" is functional from 15 June, 2012 on the official website of ACA (<http://www.dogana.gov.al/index.php?mid=217>).

The new law and implementing provisions in the Albanian and the English language are published on this website. There is also a list of specific training modules of business operators published on the website.

P2. The visibility of EU assistance has been promoted with the project implementation, activities have been organised at the opening and closure of the project.

P3. Na no mentioning of the visibility component.

P4. Project implementation started on 15 March 2016. The main event of the reporting period was the Kick-off Conference held on 6 May 2016. Through the Kick-off Conference a broader public was informed about the Twinning project and useful links between the ALSAI and the MSs Partners were established. The Press Release, published on the EUD social media, website, in press reports and the TV reports broadcasted by the major TV channels of Albania, raised awareness about the project and established transparency of multilateral cooperation and the ongoing changes within the institution.

P5. During the implementation of the project the EC directive on visibility requirement has been taken into account. Brochures and leaflets, as well as all official publications hold the EU logo and the Ministry of Finance logo. Also some official events have taken place such as Project Opening event and Project closing event planned in November 14, 2016.

VALUE ADDED

EQ23:

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?

The value added of the EU assistance is the strengthening of public administration capacities, modernization of the institutions, and the alignment of legislation with the acquis. It has improved Albanian public financial management system (PFM) and policy planning capacities. It has contributed to the Albanians' progress in the path to the enlargement process; it has helped to build a partnership between Albania and the EU and a culture of working together. It has contributed in making progress with different SA chapters.

P1. The value added of the project is a new law on VAT harmonized with the EU legislation and best practices (France is one of the EU countries that has the best legislation on VAT), a new IT system, new functioning of the investigation department, new competences for the tax investigator officers for which changes in the Albanian Penal Code were made.

P2. The value added of the project is that it has contributed in the prevention of building up of future arrears, it has diminished the time spent by staff in processing the payments, it has increased the access to treasury data, and it has contributed in the implementation of the rules on financial control.

P3. The value added of the project so far is the contribution in drafting the National Strategy for Development and Integration.

P4. Na Project implementation started on 15 March 2016.

P5. The added benefits of the projects are: preparation of three laws in the area of public financial inspection and internal audit, preparation of the Planning Financial Report Tool, strengthening of staff capacities, major efforts were concentrated in the area of internal audit and financial inspection.

EQ 24:

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?

The EU involvement is relevant in all the areas, taking into account the large degree of harmonisation that Albanian legislation has to align with the EU legislation. The donor coordination is functioning well at the sector level, while at the high level the coordination between donors is lacking. There are no donor coordination high level meetings organized in the last two – three years. The IPMGs are good experiences in the functioning of the donor coordination at the sector level, as it increases the beneficiary's ownership and provide a tool to have a mapping on different donors' projects and programmes in the respective sector.

The World Bank will continue to support the economic governance area in the coming year with the Citizen – Centric Service Delivery project. The objective of the project is to improve the efficiency of delivery and access to selected administrative services in Albania. Specifically, the project will support: i) enhancing back-end systems, including business process re-engineering and automation; ii) enhancing citizen interface, including improving front offices, creation of one-stop shops, and access to information; and iii) improving government's capacity to deliver. A national PEFA is also planned in the next years.

The Swiss Cooperation is planning to support the public financial management area in the future.

The main intervention lines should contribute to: (i) an improved macro-economic environment through strengthening public financial management capacities, the monetary policy environment and financial sector regulation and supervision (ii) enabling the private sector, through an improved business environment, to offer more jobs, including through enhanced entrepreneurial skills, improved corporate governance practices and increased transparency and accountability in corporate financial reporting as well as through facilitated access to finance and enhanced competitiveness of SMEs internationally, and (iii) more adequately trained young women and men for available jobs, whereby employers, notably from the private sector participate in the establishment and the operation of a labour market oriented education and training system. Effective labour market mediation services to meet the needs of young job seekers and the private sector.

The German government/GiZ are implementing some projects in the area of competitiveness /private sector and business development (Pro Growth, Pro SME);

However the EU support is still relevant in increasing the staff capacities to implement the laws, and in drafting the strategy on cash management.

P1. The GDT does have other donors' support except the IFC project on transfer pricing mainly focused in training, study visits and seminars. We are expecting to receive funding in IPA II to cover the entry ticket expenses for the project Fiscalis. The EU assistance is needed especially in the area of strengthening the staff capacities. The new legislation that has been prepared is of good quality but the staff capacities to implement the laws are lacking.

P2. The EU assistance is essential in the area of public financial management, there is no other donor supporting the PFM. In the future the EU assistance would be essential in increasing the staff capacities of budgetary institutions that use the system (which is operational since the beginning of 2016). Another area where technical support would be necessary is for drafting the strategy on cash management.

P3. The Swiss cooperation is planning to support the public financial management area in the future it is expected to start in 2018.

P4. RTA was informed that Switzerland is considering providing assistance to Albania in the years to come (from 2018 on) in the PFM area, including public external auditing, thus potentially covering also the ALSAI. RTA informed the Embassy briefly on the contents and time framework of the Project. RTA stressed the ALSAI's great involvement in the project, openness and commitment to change. The Embassy stressed their interest to be in touch also in the future to get updated on the progress of our project to ensure better coordination.

P5. There is no other donors' support in the area of financial management and control. Still a higher degree of top-level public administration involvement on issues of financial management and control remains a challenge.

EQ 25:

To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?

EU assistance contributed to an enhanced visibility of EU funding.

P1. A Visibility event took place 31 March 2011 and a Closing event took place on the 24 May 2012.

Information about the project has been published on GTD website together with the Code of Ethics. The code of Ethics has also been printed with funding provided by the European Union within the framework of this Twinning project and forwarded to all employees in the Albanian tax administration.

P2. The visibility concept of the SETS has followed the guidelines for the visibility of the Austrian Development Agency and of the European Commission.

ADA has published information on awarded contracts, information in general and articles related to the implementation at its website <http://www.entwicklung.at>. The MoF on its web page maintained a link to information about the SETS to enhance its visibility: <http://www.financa.gov.al/al/program/projekte-te-be>. On 17 April 2013, a certificate award ceremony was held to mark a successful completion of the ToT program, which was completed by 25 MoF officials. These officials have qualified as trainers of the AGFIS in order to support further expansion and extension of the AGFIS. The ToT program was implemented in cooperation with the Training Institute of the Public Administration (TIPA, / now ASPA). Representatives of the EUD in Tirana, MoF, TIPA and ADA participated at the event. The SETS visibility has in addition been ensured through workshops organized jointly by the MoF and the SETS on specific PFM issues, such as open budget data in Estonia, managing external funds (2). The SETS also organized back-to-back awareness raising events to present the Treasury/SETS plans and expected outcomes, one in Tirana and one in Korça in November 2014. The main objective of the events was to bring together people involved in the Treasury modernization (five pilot BIs, MoF and other stakeholders).

P3. No mentioning of the visibility component.

P4. No Project implementation started on 15 March 2016. The Press Release, published on the EUD social media, website, in press reports and the TV reports broadcasted by the major TV channels of Albania, raised awareness about the project and established transparency of multilateral cooperation and the ongoing changes within the institution.

P5. During the implementation of the project the EC directive on visibility requirement has been taken into account. Brochures and leaflets, as well as all official publications hold the EU logo and the Ministry of Finance logo. Also some official events have taken place such as Project Opening event. The Project closing event was in November 14, 2016.

EQ 26:**To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?**

N.a. there is no budgetary support in the project sample for Albania.

GENDER AND ENVIRONMENT**EQ27:****Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?**

The projects that were completed, have equally affected both genders; the fundamental principles of promoting equality and combating discrimination has been guaranteed.

P1. The single crosscutting issue referred to in the project fiche, the principle of equal opportunity, has been integrated into all stages of the project implementation, which is also in conformity with the Albanian Constitution which provides for equal opportunity for men and women to be treated equally despite of their race, nationality, gender, origin, religious and political beliefs.

P2. The relevant cross cutting issues were addressed at the level of the Project Fiche. The Inception Report (IR) considers that cross cutting issues such as human rights and gender are not of great relevance for the given action. The intervention itself is a good governance project, focusing on sound and transparent public financial management. Donor coordination adequately features in the project design.

P3. The beneficiary institutions are equal opportunity employers. In all human resource development measures, equal access will be ensured for men and women.

P4. Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. (as planned in the project fiche).

P5. Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability and age.

EQ28:**To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?**

The projects in the in area of economic governance have made an indirect contribution on environment.

P1. Na- no indication was made related to environment protection and adaptation to climate change challenges.

P2. The project makes an indirect contribution to the environment by reducing printing needs.

P3. The project has no discernible effect on the environment. At the same time, the IPS significantly contributes to the development and implementation of strategic environmental policies and the efficient use of resources available for the sector.

P4. The project has no discernible effect on the environment. Yet, improvement of audit methodology will result in more qualitative HSC performance audits related to environmental issue and in more direct and efficient recommendations (as planned in the project fiche).

P5. Na-no indication was made related to environment protection and adaptation to climate change challenges.

CONCLUSIONS

- EU financed interventions remain highly relevant; EU assistance has been based in the country priorities, which were underlined in different sector strategies and on the National Strategy for Development and Integration (NSDI). The EU assistance facilitated the Albanian path towards EU, focused on the main EU principles (public administration reform, public financial management, justice and home affairs and economic governance). The EU interventions were well coordinated and complementary to other donors' programmes (multilateral and bilateral donors) and the priorities of other European Financial Institutions.
- The EU assistance in the area of economic governance helped Albania to achieve its strategic objectives of EU accession; it has contributed to align the tax legislation with the *acquis*, to strengthen the transparency and accountability of public financial management, and to the strengthening the public administration staff capacities. The EU projects in the area of Economic Governance have increased the staff capacities and improved the functioning of the responsible institutions; however, this is not valid for all the projects included in the project sample because one of the projects started in March 2016, and another project the IPSII has faced delays in implementation.
- The EU assistance has improved the legislative process and aligned it with the EU legislation, but the implementation of the legislation remains a challenge. The public administration staff capacities remain weak, staff changes and merit-based recruitments are also problematic. The legislative and institutional changes achieved with the EU assistance are not permanent and sustainable in the long run; the legislation approved in Albania is frequently changing. The laws in Albania continue to change on ad-hoc basis and without having an impact assessment on the implementation of the law.
- The EU assistance has been effective in achieving the desired results in the cases of the completed projects of the projects sample. There have been delays caused by difficult tender procedures, lack of staff capacities, or low ownership and leadership demonstrated from the benefiting institutions.
- The EU assistance continued to produce effects after the end of EU funding; the legislation aligned with the EU is being implemented; the transfer of know-how has modernized the institutions, but its extent is threatened by the staff capacities to implement the legislation and to continue the modernization of the institution.
- The EU assistance is coherent with other interventions that have similar objectives; the sector strategies and the functioning of sector working groups ensure such coherence. Also coherence is ensured because in some areas the EU is making a long-term engagement (e.g. statistics, public administration, public financial control and inspection et cetera).
- The EU involvement is relevant in all the areas, taking into account the large degree of harmonisation that Albanian legislation has to align with the EU legislation. The donor coordination functions well at the sector level, while it lacks at the high policy level.

RECOMMENDATIONS

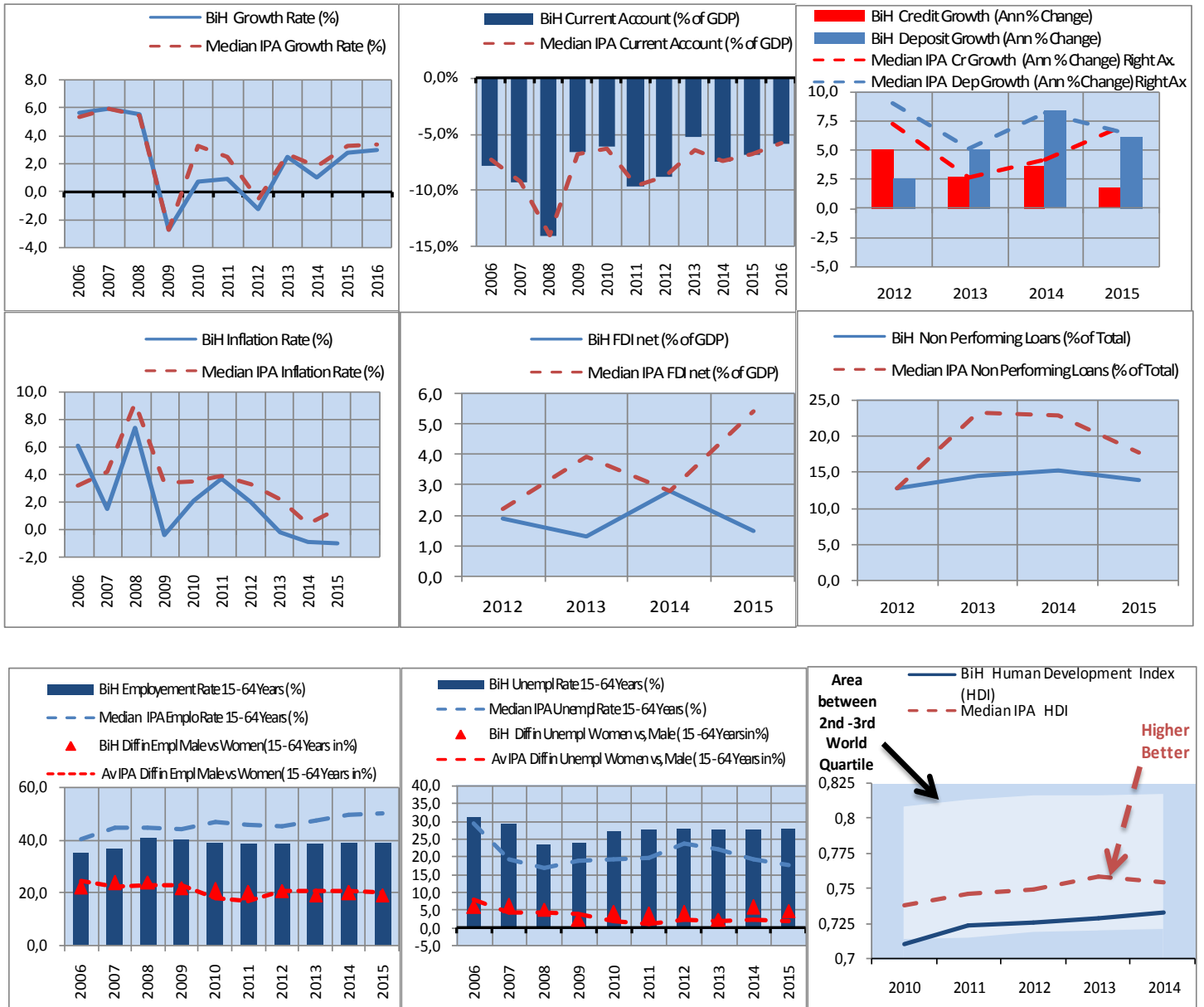
- To improve programming of the EU financed projects in the future, the cooperation between NIPAC and different line ministries should be strengthened. The experience of the Integrated Policy Management Groups (IPMG) in 4 four pilot sectors (public administration reform, competitiveness and innovation, water management, and labour and social affairs) should be encouraged, as it is good planning tool; it moves from individual project planning to sector program planning, and provides more opportunities for consultations and discussions, it strengthen also the cooperation between different institutions.
- In order to improve the impact and sustainability of EU financial support, the linkage between the programming and monitoring of EU assistance should be strengthened; to ensure this, the monitoring indicators of the EU financed projects must be included in the list of monitoring indicators of the specific sector strategy. In addition more attention should be given during the project preparation phase to the lack of staff capacities to deal with difficult bidding procedures (especially when the bidding procedure is developed in two stages), and in the cases of challenging contracts such as IT contracts that needs extensive staff knowledge and time.

Bosnia and Herzegovina

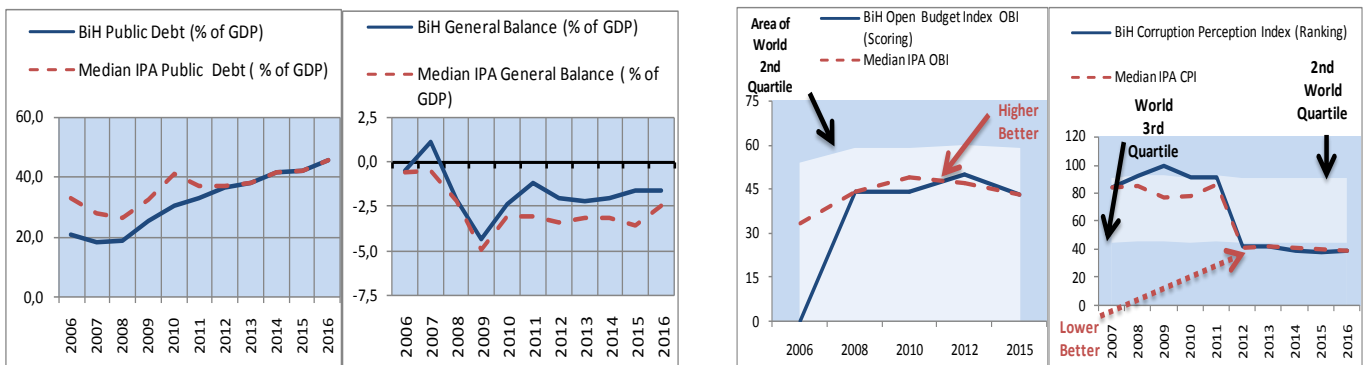
Macro Balances and Imbalances



fiscal balances and



Imbalances



The following projects have been taken into consideration for the evaluation in BiH, where the fieldwork took place between May 26 and June 24 2016.

IPA Year	Project Title	Contract N°	Reference
2007	Development and Implementation of an Integral BiH Wide PIFC Strategy	238012	P1
2010	IPA 2010 Coordination of policy making capacities and PFM: Blueprint of development of central bodies of government	308118	P2
2010	IPA 2010 Coordination of policy making Capacities and PFM: PFM and PIFC	311051	P3
2011	IPA 2011 Strengthening PFM: Strengthening Public Debt Management Capacity	325769	P4
2011	Support to improvement of institutional and legal framework as well as coordination and harmonisation of private sector development related public policies: Develop the capacity of BiH Competition Council;	328130	P5
2007	Building in the Capacity to promote exports and develop the export base in Bosnia and Herzegovina	223921	P6

RELEVANCE
EQ1:
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?
<p>Six evaluated interventions remain relevant as they tackled a harmonised, effective, transparent and service oriented public administration, strengthened PFM and internal control environment capable of leading the country through the Stabilisation and Association process and on to EU accession. The original objectives were in line with the national policy and development objectives, priorities of authorities in the BiH (State level Ministry of Finance and Treasury (MoFT), Entity and Brcko District levels Ministries' of Finance (MoFs), BiH Ministry of Foreign Trade and Economic Relations (MoFTER), Competition Council (CC), State Aid, Line Ministries (LMs), BiH Export Promotion Agency (BHEPA) et cetera) as well as aligned with the overall framework of regional and national EU cooperation with partner countries.</p> <p>The PIFC implementation is one of the European Partnership priorities and one of the priorities of European Integration, as defined in the PAR strategy, i.e. "in order to promote a public administration that is open, efficient, effective and accountable, it would be necessary to consolidate and further existing efforts in the public finance (PF) sector; establish an efficient financial management system; and strengthen the control environment within which the administration operates". PIFC belongs to one of priority sectors as defined in Medium Term Development Strategy (Poverty Reduction Strategy paper – PRSP) and Strategy of Integration of BiH into the EU.</p> <p>More specifically, in terms of project 1, all BiH government levels adopted their own Public Internal Finance Control (PIFC) Policy Paper (Strategies) in 2009/2010 (BiH and Entity levels) with the Central Harmonisation Units (CHU) operational as well and primary legislation adopted. Project 2 tackled planning, monitoring and policy-making capacities of the beneficiaries and developed further cooperation mechanisms to enable the administrations to develop and implement policy measures in a complementary manner, all directly linked to the PAR Strategy for BiH and measures outlined in its updated Action Plan. Project 3 strengthened both in public budgetary management and public internal financial control (PIFC), all directly linked to the PAR strategy and closely fitting the EU priorities related to BiH's accession process, as outlined in the Multi-annual Indicative Planning Document (MIPDs), i.e. the adoption of measures in line with Acquis requirements in the area of Financial Control. Project 4 aimed improved efficiency, effectiveness and transparency in the expenditure of public funds through improved public debt management and therefore the capacity of public financial management as a whole; and, to build sustainable capacities in the debt management administration for: financial planning; budget accounting; reporting; and, public debt management per PAR and EU Integration Strategies. In terms of project 5, the support to the CC, the State Aid Council and its Secretariat reflected BiH National Development Plan 2008-2013 priorities regarding the EU acquis on competition and state aid matters thus tackling improved functionality of institutions in BiH to set and manage effective competition and state aid policy per Stabilisation and Association Agreement. Project 6 tackled the export growth being one of the priority policies to decrease the trade deficit that will lead to the decrease of the current account deficit. The project also reflected the EC development strategy for the Western Balkans including BiH.</p>
EQ 2:
How relevant is the EU assistance in view of the priority needs of the countries in the region?

The majority of EU support was extremely relevant as the country would not be able to approximate to EU without this assistance, due to the lacking financial resources but also missing technical expertise. Besides policy and legislative support, the capacities and skills of national stakeholders were significantly improved through capacity building and active (on the job) support. In such a way the beneficiaries were exposed to EU good practices, experience exchange that enabled beneficiaries to make solid decisions in terms of PFM, PIFC and debt management. Assistance remained relevant as it promoted competitiveness and export development with the purpose of improving the economic situation in the country.

Some projects faced challenges however: **Project 3** design was ambitious as IPA 2010 sector fiche for PAR included two distinct components of PFM and PIFC that would be implemented smoother if designed as separate projects (as commented by BiH stakeholders). The project aimed to support BiH stakeholders at four different administrative levels (State, two Entities and Brcko District), which made the implementation cumbersome having in mind both PFM and PIFC. The contractor did not use the opportunity to make relevant improvements of the design during the inception phase, which has weakened both the project's relevance and complicated its implementation. The central assumption, i.e. willingness of different governments to cooperate and harmonize their activities in the target areas, did not prove realistic. In addition, the pool of experts was not properly aiming the needs of beneficiaries, which has generated significant beneficiary dissatisfaction. The timeframe of 27 implementation months proved to be insufficient to mitigate all the risks mentioned above.

EQ 3:

To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?

The majority of interventions were coherent and complementary to the strategies and programmes of EU Member State, European Financial Institutions (EFI), other multilateral and bilateral donors. During the programming stages the EUD has coordination meetings with WB, IMF, USAID, et cetera to ensure consistency and complementarity in the programming as well as that the programmes are mutually reinforcing. Level of coherence of EU interventions in economic governance with the other main sectoral/thematic interventions, such as PAR, Economic Competitiveness, especially increased with IPA II sectoral approach (2014-2020) as all stakeholders are now a part of the programming process. Also, the majority of the projects evaluated ensured synergy with past and on-going assistances in the field, mainly with similar EU interventions, the Swedish National Audit Office (SNAO), DfID, the World Bank and the USAID. **Projects 2 and 3** however, missed to ensure good synergy with parallel IPA intervention focusing on PFM, despite evident potential synergies. According to stakeholders, the Steering Committee instructed the contractor of project 3 on several occasions to create synergies, but it did not happen, despite evident linkages with the other IPA PAR initiatives running concurrently.

Beneficiaries confirm good synchronisation in the programming of assistance, especially now when all beneficiaries are included in IPA II programming. Good practice from IPA I programmes that involved all stakeholders in the programming was the best lesson learned for IPA II. Also DFID laid foundation for the PFM through legal framework, which was further strengthened by EUD via **projects 1, 2, 3 and 4**.

EFFICIENCY

EQ4:

To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession?

In terms of SAA, BiH committed to cooperate at all levels and with the development of legal framework further develop PFM and PIFC in accordance with EU standards. Another obligation for the country was the building of capacities for the staff and institutions involved in PIFC and also strengthening the CHUs. Having in mind SAA and EU programmes, beneficiaries at all levels confirmed that so far 30% of beneficiaries have been trained in PFM and PIFC and this is the extent to which regulatory framework is getting aligned with EU as a result of the transfer and sharing of know-how, skills, tools, systems and procedures. Partial achievement of strategic objectives was due to various reasons: **Project 1** for instance had less than satisfactory communication and cooperation between the project, CHUs and EUD (project expertise in some cases did not respond adequately to beneficiary needs)). Due to this strong focus of beneficiaries on the smallest implementation details prolonged the approval of progress reports, meeting minutes, delivery of outputs, appointment of experts (several KE replacements) or implementation of activities. **Project 2** managed to establish a differentiated implementation approach for each of the four governments, which was accepted by the beneficiaries. **Project 3** faced significant problems due to several KE replacements (TL replaced twice), whilst the quality and structure of expertise remained a problem in some areas (e.g. programme budgeting not successfully implemented at all levels) with the information technology for the BS still to be implemented. E U support contributed to regulatory approximation to EU legislation as the foundation for the introduction and implementation of PIFC in FBiH was seen in the strategy development for PIFC and the action plan from 2010. The new PIFC strategy 2015-18 was approved in August 2015. **Project 4** delivered outputs, but the local ownership of numerous beneficiaries is required to turn outputs into results (i.e. methodologies for planning, monitoring and reporting, for regulatory impact assessment; and how to report on planning, monitoring, training and regulatory impact assessment). **Project 5** was successful in terms of activities related to State Aid, but the working relationships between the beneficiary (CC) and contractor were deteriorating from the very beginning. The qualifications of KE and STE were also disputed by the beneficiary. Thus, the Competition Law remained at the level of output as it was never adopted. Additional issue for the project was the rotating members of CC changing at the position of President each year, which challenged continuity. MoFTER confirmed project 5 was extremely relevant for BiH as it prepared legal framework on competition as well as the analysis of Acquis and what remains to be done in the process of aligning BiH legislation with those of the EU. However MoFTER and CC had less than optimal cooperation and communication as CC was reporting directly to Council of Minister (CoM) instead of MoFTER (coordination, communicating and reporting mechanisms still not fully established). **Project 6** also drafted an Export

Promotion Strategy that was never approved, as beneficiaries from Republika Srpska did not participate in the Working Group meetings and strategy elaboration. The Export Promotion fund was very successful but not sustainable.

EQ 5:

What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

All evaluated programmes were implemented via TA instrument so different advantages and disadvantages cannot be discussed here. During IPA I there was no evidence that alternative options of support were studied jointly with national stakeholders or that the criteria for preference and eligibility was defined. Although the justification of the chosen modality was integrated in strategic and programming documents, different aid modalities were not fully discussed with key institutional stakeholders concerned. The beneficiaries were part of the programming process; the interviewed beneficiaries confirmed that EC and EUD decided in the end which aid modality is going to be used under each of the projects evaluated. Beneficiaries confirmed that any of the instruments (i.e. TA, TAIEX, twinning and grant) could be a good choice having their comparative advantages, if administered via strong and strong quality KE. TAIEX instrument is preferred as experts can be hired ad hoc as well as study tours enable experience exchange. Beneficiaries objected the contribution agreement instrument, as real partnership is not supported between the implementing agency and beneficiary, and beneficiaries do not fully steer the implementation or choose and replace experts. Grants were also mentioned as one of the most efficient implementation modalities. The highest added value is seen in the combination of EU grants (TA) combined with loans and national funds. In such a way, besides the obvious most effective use of funds (that results in increased value of beneficiaries' assets) the beneficiaries are taught EU standards and their implementation in practice, be it project management, tendering procedures according to EU standards, contracting and reporting according to PRAG, FIDIC and guidelines of public procurement.

EQ 6:

How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?

EU programmes supported policy development and political dialogue as the TA to CHUs created coordination mechanisms among 3 CHUs with the coordination board to continue dialogue. Federal level is currently finalising AP for implementing programme budgeting as well as steps required to implement mid-term budgeting. The legal framework for programme budgeting was established, there is a CoM decision on annual and mid-term planning and reporting (as of 2014) and State law on financing the public institutions needs to undergo amendments to enable annual and mid-term budget planning. Thus, thanks to EU programmes, significant legislation has been adopted and capacities strengthened in PIFC, including the law on financial management and control with accompanying bylaws, but also practical advice received from experiences of consultants from the countries recently joining EU (Croatia and Bulgaria). Further efforts are needed to increase capacities of PIFC staff but more importantly of the PIFC management to be aware and conscious of the importance of high standards in the implementation of internal financial control. Further steps include adjusting all bylaws with primary legislation, and also drafting legislation on fiscal responsibility (and how to report and act on irregularities), which is, along with the improvement of organisational and resource capacities, one of the priorities from the Action Plan from the Federal PIFC Strategy 2015-2018. Good cooperation was established between MoFs at all levels and newly established CHUs. **Project 2** managed to establish a differentiated implementation approach used for each of the four governments proving to be a success. Currently the next phase is being designed so there is a good sign that projects effects continue to enhance working together in the economic governance to reach EU policy objectives. A tangible effect under **project 6** were the ones for the provision of a small grant scheme to enterprises. Despite the wide representation of stakeholders in the preparation of the Export Growth Strategy, there was no common understanding on its priorities and implementation modalities. The outputs, as initially planned, remained too ambitious for the beneficiaries in terms of their capacities to establish a long-term cooperation and viable export promotion institutional structure and strategic documents. Communication between responsible actors and their involvement in project activities was unsatisfactory.

EQ 7:

How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?

The EU interventions indeed show responsiveness in trying to adapt to the evolving national, regional, and global contexts and remain responsive to initiatives in partner countries (from both Government and civil society), however none of the projects evaluated were fully successful in tackling numerous issues appearing during implementation. In order to achieve strategic objectives more effectively and efficiently, the programming of economic governance projects needs to take into account the following:

- 1) Ensure ex-ante but also ex-post analyses of the sector is performed to incorporate lessons learned from previous interventions;
- 2) Include the analysis of the possible synergy into the programming, between different aid/cooperation modalities and financing instruments to better suit the existing human and institutional capacities of the beneficiary country;
- 3) Ensure beneficiaries are involved in every step of the way, from programming through procurement and contracting of the assistance;
- 4) The only way a project can be successful in BiH, from programming through implementation, is to have a political support by the all governments in BiH as well as firm willingness to implement the EU agenda. If this is not obtained, the programme achievements will be partial.

EQ 8:

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?

The most efficient methodology with different objectives, purposes and results of individual projects and programmes in mind, is the one that combines TA with practical workshops on any PIFC and PFM topics (planning and assessing and managing risks) that help employees exchange experiences and see how different topics can be used in practice, with the technical guidance by the experts. ToT concept is extremely successful as it enables developing further practical skills and exchanging experiences with colleagues. Having in mind a peculiar admin set up of the country, **project 2** tackled planning, monitoring and policy-making capacities of the beneficiaries through developing cooperation mechanisms to enable the administrations develop and implement policy measures in a complementary manner, working with the General Secretariats (GS) of each of the 4 central governments as a vehicle for wider PAR. Strengthening cooperation and coordination mechanisms remains the prerequisite for the country.

EFFECTIVENESS

EQ9:

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?

As confirmed by EUD to BiH, the assistance was not very much effective in targeting economic governance as most of the programmes tackled public finance, financial management and internal control. The gap between the beneficiary and the acquis decreased to some extent, as follows: **Project 1** was quite ambitious in the scope of legal acts to be amended/introduced as this still largely depends on political will. They are still not implemented due to their novelty and low institutional capacities. PIFC projects have been extremely effective in terms of capacity building of internal auditors, as project consultants transferred EU skills and knowledge and employees remained in obligation to implement PIFC legislation. **Project2** results covered legislation, strategic planning, policy development and impact assessment. However, the key outcome of coordination among 4 governments is an ongoing process. The Community of Practice model offered greater opportunities for civil servants from the governments to consult with each other on issues of common interest, with the potential that this could be a step towards collaboration at a more systemic level. **Project 3** made only modest progress in achieving its planned outcomes. One result related to synergy with the national Budget Management Information System has been achieved although this is largely thanks to another intervention that set up the system. The other two results relating to programme-based budgeting have not been delivered due to slippage in the implementation due to poor experts and they are still not in place. The legal framework on financial management and control has been improved, but dependent on individual government support for the proposed measures. A number of pilot audits being carried out in the beneficiary institutions indeed improved capacity in PIFC. The main body, CB, was supposed to contribute to the harmonisation of PIFC approaches has only recently started with coordination meeting. **Project 4** delivered capacity building for the public debt departments as well as provided gap analysis. **Project 5**: questionable KE and poor communication between the main beneficiary and the project (6 CC members rotating each year at the position of president) doomed the project. Market analysis were poorly done, instead of 7 planned only 1 was done in satisfactory manner for the telecommunication sector. Beneficiaries complained for not being involved in the STE selection. Equipment was also received amounting 0.1 MEUR (server and computers in the CC) but the process of preparing technical specifications was also cumbersome. The new law was also prepared but CC considers the draft unsatisfactory. Outcomes aiming State Aid were all achieved. Partial effects can also be noted with **project 6**, as Export Growth Strategy, although elaborated, was neither endorsed by the Council of Ministers nor was it recognised by the partners from RS. The most successful component was the pilot grant scheme for enterprises which was successfully implemented (amounting to 100,000 EUR). MoFTER's capacity to carry out its responsibilities with regard to the Export Promotion Strategy and policy development was not fully achieved though BHEPA strengthened its role as a recognized national export promoter. The small and medium-sized enterprises (SMEs) that actively participated in the small-scale grant scheme improved their export capacity. The overall implementation would have benefited from better partner communication and cooperation and more structured approach from the project team.

EQ 10:

How did the assistance provided respond to the real needs, in terms of quality, timing and duration?

As mentioned under previous evaluation questions, although programmes were adequately designed to respond to the real needs of beneficiary countries, **projects 1, 3 and 5** did not respond adequately to beneficiary needs in terms of quality of expertise, timing or duration (**project 5** due to difficulties with implementation had to be extended 8 months), which affected disbursement and implementation. A peculiar political and operational environment of BiH was partly to blame but also less than optimal quality of expertise as well as missing partnership relation with numerous beneficiaries. See EQ 4 and 9. In terms of timeframe due to various reasons it was adjusted to ensure results achievement due to changed project circumstances. In terms of TA used, beneficiaries have different experiences, from excellent teams who understand the complex BIH set up and are ready to adapt to the perceived beneficiary needs to poor quality experts, who come to country unprepared, are not interested and lack adequate expertise to reach the results achievement.

EQ 11:

How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?

There is a demonstrable link between the priorities of partner countries as seen in strategic papers mentioned under EQ1 and the provisions of actual assistance. However, the very implementation of EU assistance depended not only on country priorities and beneficiary needs but also on various circumstances during implementation. More specifically, having in mind time elapsed from project planning to implementation it was realistic to expect changes in environment and the need for redefinition of project's objectives (change of government, legal framework and so forth). Earlier projects were not involving all beneficiaries in the design but later on situation improved and especially under sector approach all relevant beneficiaries are involved in the planning and programming. Thanks to EU programmes, BiH now has joint macro fiscal framework, fiscal coordination at State level, budget planning, budget harmonisation at all levels. Budgeting in the programming format is a bit problematic even for EU countries, including France and Greece, and BiH still needs to implement the programme budgeting.

IMPACT

EQ 12:

To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?

The evaluated programmes were partially successful in achieving desired results, due to several factors hampering the programme impact, including low involvement of some beneficiaries due to political issues (RS), inadequate project expertise, et cetera. More specifically, still prevailing risks hampering the achievements under **project 1** relate to the ability of the administrations to recruit and retain skilled staff (internal auditors) with the CHU Coordination Board (CB) still not perceived as authority (the CB was not functional during 2015, the coordination meetings started to be organised in 2016 as IPA 2015 project for CHUs was about to start implementation). As for cooperation between the three governments, there exist different legal basis for CB functioning (at State and Federal levels, the CB is part of the Internal Audit Laws which also include provisions on the CB's responsibilities, in the RS, the legal basis for the CB is a government Decision on the establishment of the CB, without mentioning specific responsibilities, and the RS PIFC Strategy which contains provisions on the cooperation at the level of CHU CB), which leads to different interpretation of the CB's responsibilities. Impact from project is seen in setting up the legal framework for PIFC, impact on the work of the internal auditors by providing guidance to their work. In the long-term, it will have a direct impact on performance standards of the public administration through efficient and effective use of resources.

Project 2 helped beneficiaries to develop better policy environment as it provided an improved policy framework among the beneficiary central bodies. Technical and human capacities have been to some extent enhanced already and will be strengthened further now that phase II (PARCO via the national PAR Fund implements 2nd phase, see EQ 20) started with implementation in July 2016. Any more meaningful policy coordination is hampered by the resistance at political level. Another factor influencing likely impact is the different government structures, with RS's unitary structure better placed to effectively implement project outcomes. By contrast, FBiH with its cantonal structure faces a greater challenge to roll out results, especially as the cantons have not been involved in the project directly. Observable indirect impacts include closer relations at a working level between the GSs, which may counterbalance the official reticence among the governments towards harmonisation of their administrations. Lack of political support for PAR issues and over-complex administrative structures hampered impacts of **project 3**. The project's poor initial performance has had noticeable negative impact on both the project itself and also potentially on IPA assistance in this area. Despite project's general relevance to the sector poor initial implementation has undermined its prospects for delivering the planned outcomes. Impact from **project 4** is reflected through capacity building (see EQ 14). Also, Debt Management Strategy was adopted by the Council of ministers (supported by WB).

Project 5 satisfactorily completed in all Components, there are good prospects that the institutional and legal framework as well as the coordination and harmonisation of private sector development related public policies ζ particularly in the area of competition and state aid ζ can be effectively improved. This in turn would also support BA in adhering to its obligations under the Stabilisation and Association Agreement. The potential to positively impact on an improved private sector development and to align the sector with the requirements of the EU is obvious. If completed properly, the project has some potential to enforce the regulative frameworks that would ensure predictable investment environment, allow economic operators to interact freely and effectively and facilitate sustainable economic growth. There are some positive impacts from **project 6**, as small-scale grant scheme for SMEs contributed to increasing awareness on export promotion activities among enterprises and encouraging a pro-active approach to participating in similar interventions in the future. MoFTER and BHEPA developed their capacity to manage and implement grant schemes. Both institutions demonstrated sound ownership and a strong commitment in the delivery of project results. Although not officially endorsed, the Export Promotion Strategy was perceived by the beneficiaries as good exercise for strategic planning at national level.

EQ 13:

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?

Project 1 and 3 provided significant capacity building but programme budgeting still did not take off – State, Entity and District levels remain on more or less similar level of development (30% done as confirmed by the interviewed beneficiaries, with each admin level confirming they are more advanced than the others). **Project 3** described next steps in a Road Map which outlines the need for legislation and IT systems, at all levels of government, in order to support the full introduction of programme budgeting. IPA 2015 is already planned to support Central Harmonisation Units continue with the tasks. Impact is sustainable in the sense that further support is provided by EU to ensure PFM and PIFC are continued as well as the support to CHU. There is also the PAR fund that will be aiming the establishing the information system that will support budget programming reports. Information system is the key for successful programme impact. BD adopted the package of laws on fiscal systems (fiscal registers and accounts, foreign exchange, audit and payments) in June 2016, currently the by-laws are prepared and new law on budget for which preparation TA is needed. In terms of PIFC the BD is preparing the law; the State has the law however it needs to be implemented still and to create the mechanism and processes. CHU is necessary to coordinate the process, hire auditors at all levels of admin set up and to ensure the CB meets on the monthly basis. Sustainability and improvements depend on good needs assessment and strategic plans that needs to be adequately monitored. Human resources needs to be continuously strengthened not only operational staff but also management in the public institutions to be able to recognise individual project purposes and goals. Impact from projects is already present as auditors already practice newly acquired knowledge in the workplace, CHU staff was educated to be able to do their work, management was able to understand developments in PIFC through various workshops and conferences, which enables more favourable operational environments for the auditors. Impeding factors still remain unfavourable political and economic situation in the country and government suspending further recruitment of staff. Political obstacles and lack of interest from partners are the major hampering factors for a full programme impact.

It needs to be mentioned that during implementation of most of the evaluated programmes, the long-running political stalemate in 2010 had a negative impact on the country's economic and fiscal policy. Not all partners were fully involved in the decision making process of overall project management. The representatives of Republika Srpska (RS) did not take part in the Steering Committees. Although the institutions appeared quite supportive of project interventions at the beginning, later on a lack of cooperation was felt. This should not be considered as a flaw of the design, but as the result of a lack of common understanding and cooperation among the beneficiaries' institutions.

EQ 14:

To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?

The EU assistance has contributed to the modernisation of institutions and legislation in partner countries; this process has taken place according to the EU good practices, which already strongly facilitate the enlargement process. The results of project 1, 2 and 3 will further be continued by GIZ and WB projects and PARCO fund (see EQ 20). **Projects 2 and 3** introduced programme budgeting for all levels, BiH, entity, district with COM decisions enabling the implementation of outputs, mid-term budgeting was prepared for 2016-17 and currently budget for 2017-18 is prepared. The first concrete result will be the reporting for 2017 – which will be done for the first time in the programming format. PFM projects supported MoFs in the country to be more transparent and efficient in public expenditure. EU support was extremely effective on the facilitation of EU enlargement process as it enabled consolidated reporting on PIFC for years 2011-2014 and currently the report for 2015 is finalised in Entities.

In more detail, **project 1** provided institution building in the area of PIFC, established three CHUs (at State level and Entities levels) each having a director and 2 staff members with CB operational based on need. In terms of policy development, a Framework Internal Audit Methodology was developed based on which the CHUs of State and both Entities have prepared their internal audit methodologies and enacted them in late 2011. The other significant achievement was the development of framework legislation for FMC, based on which the State level has developed an amendment to the Law on Financing of the Institutions of BiH, which addresses FMC topics, whereas the Federation BiH and Republika Srpska have drafted specific FMC Laws. The State level amendment is in has already been submitted to the legal procedure and the Entities' draft laws are under consideration the respective Ministers of Finance. An extensive on-the-job training programme included 11 pilot audits, two pilot IT audits with a core group of over 100 internal auditors trained. In order to achieve sustainability, internal audit training at beginner and intermediate level was delivered to 21 newly appointed auditors in a train -the-trainers scheme where 12 experienced auditors from State and Entities were trained as trainers, based on the new methodology on internal audit. Some results coming from the **project 2** included the preparation of methodology for planning, monitoring and reporting at all admin levels in BiH and this was the only project that has succeeded to align methodologies for planning between Entity and State levels. Unfortunately this was a time consuming process which did not come to the end. The preparation of legal framework for annual, midterm and long term planning was also tackled, but due to political impediments it was divided in pieces. Workshops were also organised on the above output preparation involving all national stakeholders that promoted local ownership and better cooperation among admin structures. Additionally, legal framework for the regulatory impact assessment (RIA) was prepared based on comparative experiences from EU member states, countries from the region and adapted to the beneficiary country context. Also, many officials took part in the workshops, from all governmental levels, which supported better preparation of legal framework.

Capacity building in the area of programme budgeting under **project 3** included on-the-job training for 32 pilot budget users of all levels of government and a methodology in form of a Manual on programme budgeting with a strong focus on practical examples from all levels of government. Considerable progress has been made with regard to the development of legislation in the area of PIFC at State level: Based on Financial Management and Control (FMC) provisions in primary legislation, all main elements of secondary legislation on FMC have been developed and adopted in 2014-2015. As regards internal audit, a training and certification scheme for public sector internal auditors has been enacted in 2015. The Draft FMC Law in Federation was finalised in 2013, and adopted in 2015. All related secondary legislation has been developed. Secondary legislation for training and certification of internal auditors has been adopted in 2013, but needs revision. In Republika Srpska, the situation is similar, with a Draft FMC Law finalized in 2011. It was however concluded that this law needs revision, considering the changes that occurred over time. In terms of PIFC policy, Federation developed a new PIFC Strategy 2015-2018 was developed, which was

adopted in 2015. In Brcko District, a PIFC Strategy 2014-2017 was developed and approved by the BD Government in 2014. A comprehensive training plan for Internal Audit and FMC at all levels of government was implemented, including 14 pilot audits, one pilot IT audits and three performance audits with over 170 internal auditors trained (all levels of government) and 17 auditors trained as trainers.

Project 4 created excellent partnership relations with beneficiaries but since it was a pilot, it had only limited resources and timeframe. It detected that there is a long way to go before the respective debt management departments reach the point of providing high-quality debt management advice to the various layers of the governmental structure of BiH. There are still many issues including: i) long-term staff capacity building; ii) debt management departments' structure streamlined (front-, middle-, and back-office functions); iii) development of domestic securities market and cash management; and, iv) operational risk management. There was some improvement as debt management strategy (2014-2016) was prepared with the help of WB. Nevertheless, the project improved knowledge of public debt management in all three finance ministries.

Project 5 transposed significant EU regulations and implementing acts in the field of competition and reported on having completed 5 economic analyses (banking sector, telecommunications, retail sector, electricity energy sector and communal heating services) while CC confirmed only one market analysis was properly done (in the telecommunications sector). Outputs for State Aid were delivered until October 2014, when the new EU funded project, providing support to the BiH State Aid Council, started (i.e. guidelines on State Aid). The CC law was never adopted. Similar situation faced **project 6**, see EQ 9 and 12.

EQ 15:

Which are the appropriate SMART indicators that should be embedded in the upcoming projects?

Clear obligations of each beneficiary and conditionality need to be included as SMART indicators to support reaching project goals.

The general remark on behalf of RS beneficiaries relating to all programmes selected for financing from IPA funds is non-existence of clear procedures in the country but also ex-ante evaluations of projects, as well as ranking (priority) lists per priorities of all admin levels (BiH, Entities and District). If there would exist 3 lists of priority projects it would be easy to identify common denominators and apply for funds with IPA. With this in mind the level of programming synergy and consistency still has not reached the optimal level due to these lacking mechanisms within the country and for this reason implementation of programmes suffers.

SUSTAINABILITY

EQ 16:

To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

The transfer of know how through technical assistance led to sustainable modernisation of institutions, ready to continue the process. Beneficiaries from entities confirmed that now they have the vision, but that technical assistance and experience from the EU Member States (especially those recently joining) is necessary as well as consultants to help them implement future budget support (BS), PFM and PIFC but also all newly adopted strategies and legislation. There is still no legal obligation to prepare budget in the programming format (budget still prepared in linear format). Procedural manuals were also prepared thanks to the project but it is not an obligatory doc, at least the methodology is prepared to make them ready for programme budgeting. Significant capacity building was beneficial for the beneficiary institutions and this segment was mostly well accepted by all beneficiary institutions. Project 1-3 created based for the PFM and PIFC and now other project can continue further advancement but ensure coordination of activities to prevent overlap. CHUs are aware that their involvement need to be more proactive and they are doing their best having in mind low resource capacities. The exact extent of effects continuation cannot be precisely measured, but increased capacities of internal auditors are already present thanks to pilot audits implemented in practice. Generally, there is support for PIFC (outcomes of **project 1**) but less so for the harmonisation the systems between the three governments. Financial sustainability is ensured since all three CHUs are part of the governmental structures with appropriate budgetary support and clear plans to continue the benefits. Benefits of **project 2** are secured due to the presence of substantial external donor funds to support their further roll-out (e.g. National PAR Fund). Sustainability of horizontal reform efforts is at greater risk due to weak political support for it. In terms of **project 3**, the risk to the wider benefits comes from a lack of internal funds to roll-out project results in pilot institutions across the whole administration. However abundant donor funds are likely to compensate for this. Although each government has committed itself to continue with project benefits, and policy framework via the PAR Strategy exists, the absence of political consensus on collaboration, especially in PIFC, and general political reticence to push forward legal and procedural changes proposed in the project suggest that the policy environment is not especially conducive to sustainability. In terms of **project 5**, the functioning of CC is not a problem, which is still not the case with the State Aid, as the budget of the Secretariat of the State Aid Council is suffering since the previously agreed co-financing between State and Entities is not fulfilled yet by all Entities. In terms of **project 6**, MoFTER shows ownership as it continues to monitor the implementation of the Export Promotion Strategy on a 6-monthly basis (even though it has not been officially endorsed and did not include any identification of potential financial resources for its implementation). The project was well embedded into BHEPA, the state-level export-promoting structures. But the local structures at entity level continue to show a low level of ownership. The MoFTER continues to have budgetary constraints and thus has difficulty in recruiting suitable qualified staff. Unfortunately the Export Promotion fund was not sustainable as funding was not ensured (100,000 EUR for business programmes).

EQ 17:

How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?

Suggestions for improving the programming of the assistance are mentioned under EQ7. The upcoming technical assistance will further improve the impact of interventions and their sustainability, which will make the financial assistance more sustainable (IPA 2015 of 2.0 MEUR for CHU Coordination board but also continuation of project 2, Strengthening capacities for strategic planning (SPPD2), with all admin levels already participating in phase II. The design of future assistance will take place through close cooperation with national authorities, as this is the main precondition of IPA II, but also with civil society and – when relevant – with the business community.

EQ 18:

To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?

The cooperation, in terms of equal understanding of the PFM and PIFC concepts, among the three levels of government is crucial for policy development. The main challenge for the future consists in enacting the primary and further developing secondary legislation on FMC at all three levels of government on a common basis harmonized by the CB. It is necessary that the CB resumes its activities and adopts framework training and certification standards, but having in mind it was not operational in 2015 this will be challenge to achieve. In a Joint Statement of the European Commission and Bosnia and Herzegovina in 2012, the Commission welcomed that some progress was made in adopting secondary legislation for PIFC and emphasised that the CB providing for a single platform for PIFC in BiH needs to increase its activities but this is still not the case.

Linking strategic planning, programme budgeting, performance monitoring and capital budgeting is a multi-year process, which cannot be easily achieved, but can be done having a thorough foundation within the PAR strategy and supporting legislation. Also, the coordination role of the Budget Sectors needs to be strengthened, and political support for adopting PIFC legislation is needed in RS. Sustainability for the further development of internal audit at all levels of BiH has been largely achieved, but significant efforts still need to be vested on the practical implementation of FMC.

Ownership remains strong especially at the State level, as MoFT confirmed the programme budgeting still needs to be implemented at all levels and remains highly committed to implement it under all levels (State/Entity/District). BiH MoFT is currently working on the changes of the Law on Financing the BiH institutions and hoping the law will be adopted in 2018 hoping that 2017 will be the year when budget is prepared in the programming format. CHUs are also aware of the current state of the affairs in the PFM and PIFC and know exactly what they need to achieve EU goals. This is a good indication of the ownership over the results. As confirmed by FBiH CHU, the level of ownership over PIFC results is still not on satisfactory level as the very PIFC strategy is missing the component of risk assessment and adequate risk management so even the strategy can be considered an arbitrary assessment. In May 2016 the adoption of the law on financial management and control in public sector in May 2016 aims improving management functions but also the risk assessment and management at the level of senior officials. Brcko district for instance was willing to improve the process of strategic planning and requested additional funds from government to be able to establish the department for strategic planning, which was not approved by the government as it was necessary to acquire 0.1 MKM for 1 head and 2 staff members. But the beneficiaries are not giving up even though there is no understanding from the political level this concept. MoFTER demonstrated willingness to continue implementing the Export Growth Strategy despite the lack of its official endorsement so project outputs did create a basis for future developments in the export promotion sector. Support from Entity organisations needs to be improved for this to function properly.

EQ 19:

How much has the economic governance structures evolved thanks to IPA funding?

The economic governance structures evolved significantly thanks to IPA funding, see EQ 14 and 16.

COHERENCE

EQ 20:

To what extent is the EU assistance coherent with other interventions which have similar objectives?

To what extent is EU assistance coherent with other actions on the field?

Is EU assistance coherent?

EU assistance is increasingly well coordinated with both joint interventions but also other donors. IPA remains the main tool to get the country to EU. Before, other donors provided significant support, such as DFID supported BiH MoFT (during 2007-2008) aiming the budget sector to build capacities in the area of public finance management so the projects 2 and 3 built on this foundation. Currently however, donors acknowledge the EU is the main donor, and they only provide bridging assistance.

EU projects are coherent with other assistance and there were no overlaps, CHU for instance did not have any support in 2016 but WB provided a grant ending in Dec 2016 aiming to strengthen financial management and control which will be an excellent bridge and support until IPA 2015 CHU project is implemented in 2017. In terms of bridging, WB ensured 180,000 \$ for 3 STE for LMs – this is only for FBiH as RS missed the deadline for the CfP. There is also WB Debt Strengthening Facility supporting all admin levels in BiH dealing with debt assessment and fiscal sustainability, i.e. SAFE – strengthening financial accountability facility (250-300,000 \$) involved in strengthening cyclic budgeting. There is also regional SAFE programme for all Balkan countries and Turkey for 240,000\$ to strengthen capacities in PFM which is partly funded by IPA, showing good coherence between interventions. WB finances USD 250,000 project to support capacity building in medium-term macro-fiscal projections and institutional strengthening for the medium-term fiscal planning and forecasting (by developing medium-term macro-fiscal projection models for the Ministries of Finance of BH and for the two Entities). The WB's P IFC for FBiH MoF amounts USD 150,600 and seeks to improve capacity for the preparation of fiscal forecasts and to strengthen institutional arrangements for a Medium-Term Fiscal Framework (MTFF).

GIZ and EUD have extremely good cooperation, but also UNDP (currently both implement contribution agreement with EUD amounting 10.0 EUR); GIZ is doing ex-ante evaluations prior to prepping for the projects. There is a sector working group for PAR to coordinate projects. Also coordination is excellent with the WB, as prior to programming donors have coordination meetings to ensure overlap is avoided. There is also GIZ project funded by EUD "Local self-government and economic development" with Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina (MoFTER) as main beneficiary implemented during 2013-2018. It aims to improve the economic efficiency and competitiveness of three pilot regions in Bosnia and Herzegovina, where methods and strategies in the fields of promoting local economic development and value chain development are gradually being implemented. It supports municipalities in cooperating with each other and engaging in dialogue with local companies, enabling them to participate jointly in planning and implementing strategic measures.

PAR fund finances the next phase of **project 2**, i.e. Strengthening the capacities of strategic planning and policy development – phase II (SPPDII) in the amount of 2.5 MKM (1.3 MEUR). The implementation started in July 2016 when the contract was signed.

EQ 21:

To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?

Despite severe challenges, all projects further improved cooperation and communication among national stakeholders. These communication channels sustained even beyond projects. This is one of the most important effects of the programmes. Although staff is acutely needed (RS CHU for instance has 4 employees and they still need more people) but the EU assistance has improved the cooperation among CHUs and budget users (especially those obliged to establish internal audit control) via training for officials working in PIFC and conferences organised for the purpose of introducing the importance of PIFC system establishment for the budget users. However, due to limited human resources, CHU is not able to intensify cooperation with the cantonal ministries of finance and municipalities that still have not initiated the process of establishing PIFC nor is there a more frequent and regular cooperation and communication with the Audit office for audit of institutions which is necessary in order to fulfil requirements of the PFM process. DEP involvement would have been more proactive if more staff other than Director (retired in Dec 2015) were included in programmes implementation. This is the problems of all centrally managed institutions.

EQ 22:

To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

Apart from respecting the EU Visibility Guidelines and aid coherence, the programmes supported newly created institutions that are not burdened by old practices like BiH State Aid that was established 3 years ago. Coherence and visibility of EU aid is promoted especially since EU assistance tackles certain priorities for the first time, such as public debt management via project 4 (especially for RS). EU visibility was increased through communication between projects and all beneficiaries during events (where EU logo and results have been publicised) mentioning EU contributions, funds and project names in the consolidated report on the work of internal audit that the Minister of finances send to the government for adoption. Media was also present during public conferences introducing the importance of PIFC to budget users. Awareness on PIFC and PFM was raised through conferences organised Sarajevo and in Banja Luka under the auspices the highest political level with presence of EC's DG Budget representatives, and attended by a total of 200 senior civil servants from over 100 public institutions and by the media at each of the event (At least 2 conferences per each project). Close cooperation was also carried out with SIGMA in co-organising roundtables to discuss FMC legislation for BiH.

VALUE ADDED

EQ23:

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?

The EU, as well as other donor interventions, present the only assistance targeting the PFM and PIFC (see EQ 20) as, without financial assistance, the beneficiary country could not possibly do it itself.
EQ 24:
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?
Having in mind that establishing PFM and PIFC is a long term process, it still remains in need of further support. Further assistance is currently being implemented (see EQ 20). Other donors can cover certain aspects of it but EU remains the major donor.
EQ 25:
To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?
EU assistance contributes to enhanced visibility of EU funding, see EQ 20 and 22. Also further assistance is provided by EU for the PAR, from IPA 2015 in the amount of 10.0 MEUR to support the reform of public administration via budget support (BS). New PAR strategy prepared 2016-2020.
EQ 26:
To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?
BS is still not implemented in BiH. In terms of budget planning and reporting, FBiH is preparing to assess the influence of legislation and it also prepared new decisions on planning and reporting of budget as of January 2015. RS also adopted decision but implementation is a bit problematic – beneficiaries need support an institution needs to be named to be the leader in the process. Cantons need to be included in the process. TA instrument and grants are preferred to Twinning. The mix of instruments can lead to increasing awareness on the reform process of EU integration, strengthening PFM, PIFC, more efficient public spending, more effective management of public institutions, and higher quality of public work per good practices of EU.
GENDER AND ENVIRONMENT
EQ 27:
Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?
All programmes contributed to equal participation by women and men and also to gender-responsive governance. Both genders equally participated in programme planning, implementation and producing lessons learned from projects. The sector is heavily populated by women, as over 60% of employees are women, including also the critical mass of decision makers or senior management. Out of 13 ministers in BiH government, 3 are women. In terms of direct projects' outputs, the gender code was created in the programme budgeting, only as M and F, but the plan is for all the reporting to include this differentiation. Pre-conditions were also met in RS to enable budget reporting in the gender sensitive format. Data needs to be inserted this way, and that still remains to be done. In terms of RS MoF structure, there are 11 departments with 11 assistant ministers out of which 7 are female and 4 male. Minister is male, while there are women in senior management as well – prime minister and deputy are female. In Federation, both genders are equally included in project activities with no discrimination detected on any level.
EQ 28:
To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?
The evaluated programmes are expected to eventually contribute to greater control and adherence to environmental standards, as the mentioned developments of macroeconomic policies and improvement will eventually lead to improved environmental protection. Although programme activities were not connected in any way to environmental or climate change factors, they did not cause damage to any achievements.
LESSONS LEARNT

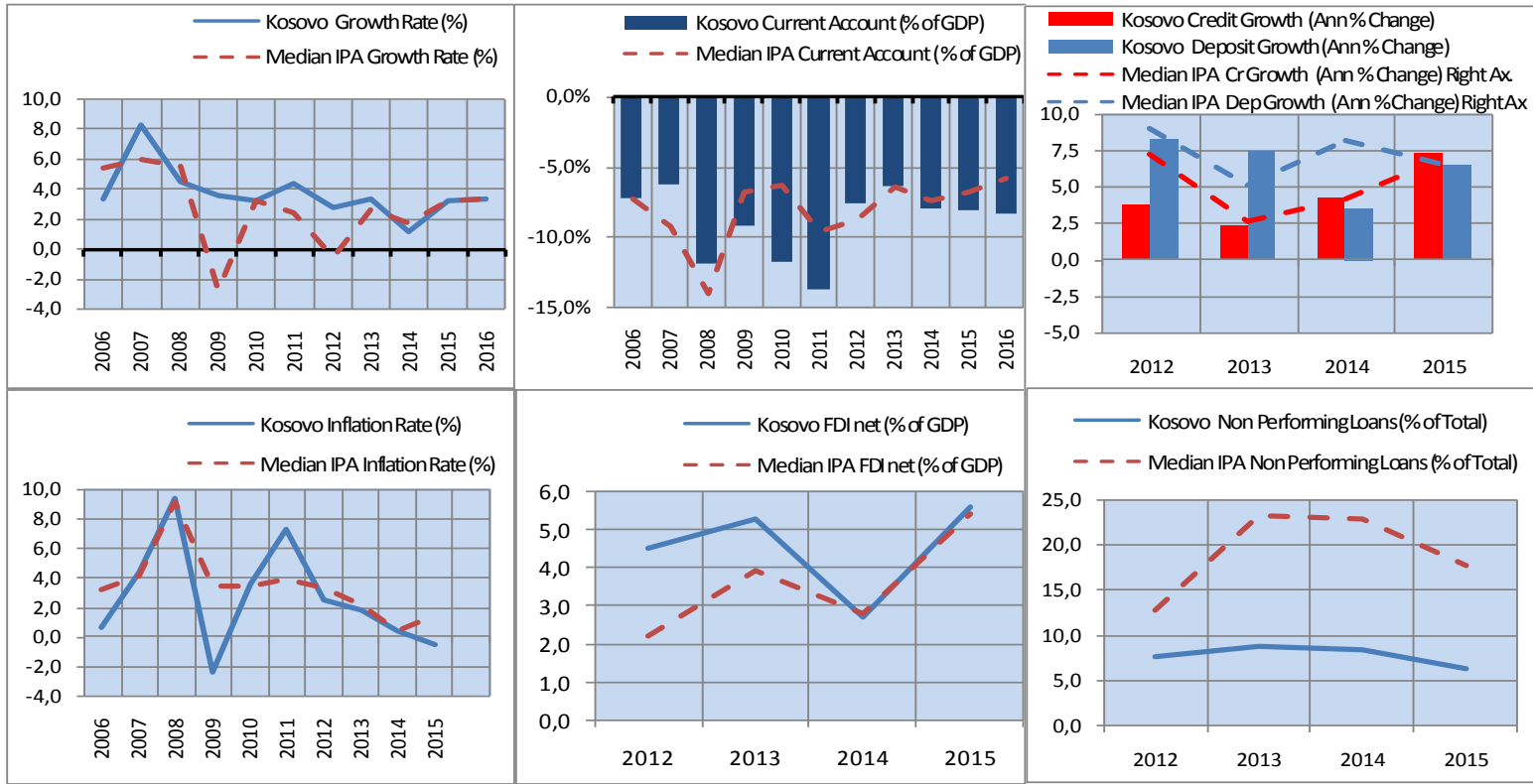
1. IPA II improved the coordination mechanisms and now all admin levels are involved in programing, implementation and steering of the actions. IPA II uses lessons learned and now includes all beneficiaries in the design.
2. With KE problems on mostly all projects evaluated, it is an absolute must that KEs are experienced in the development assistance but also possess the necessary expertise, flexibility, respect for beneficiaries and culture, negotiation and diplomacyskills.
3. Roles of coordinating institutions (such as MoFTER in case of project 5) need to be understood by beneficiaries (CC) as MoFTER (and similar institutions) is necessary to steer and coordinate the process (yes, CC needs to be independent in the technical and expert sense, but in the admin sense it needs to have a leading institution whom it is reporting to. CoM cannot be the only address to each and every beneficiary).
4. Contribution agreements are not a preferred aid instrument by beneficiaries, as they do not empower beneficiaries to make decisions in terms of project steering and selection/replacement of KE and STE. This way the partnerships are not supported and nor is the local ownership.
5. Experts on projects (TA and KE) needs to be aware of the peculiar admin set up of the country, but also need to possess great diplomacy and negotiation skills to deal with numerous stakeholders. Understanding of the political background is also important.
6. Experiences of countries in the region as well as recent EU member are the most useful for the beneficiaries.
7. If political issues are not tackled EU projects will have minor impact. Future projects should strengthen the capacities of MoFT to coordinate the process. Also, there could be a project (TA) to strengthen the institution to be able to coordinate the process of PFM and PIFC.
8. Lessons learned from project 2 should be used in supporting reform efforts within the 4 governments by providing high quality expertise based on the specific needs of each government in a flexible and effective manner. Ensuring harmonisation between the governments has so far proved too great a hurdle for any project to overcome and need to continuously be addressed.
9. Beneficiaries need to take a more proactive role in coordinating IPA and other donor support in the PAR but also PIFC, PFM and economic governance sectors. The same goes for projects, which need to establish, from the implementation onset, effective coordination and communication mechanisms among the projects implemented in the above sectors, to ensure synergy and coherence of EU funded assistance.
10. Projects should conduct a thorough risk assessment of all future PAR/Public Finance projects during the inception phases. Assumptions and risks should be based on the prevailing realities. Where it is evident that assumptions are not founded on realistic scenarios (e.g. intergovernmental collaboration) the project design should reflect this e.g. downscale the planned objectives of projects or explicitly target the political level to address this issue head on.
11. Any further assistance in the field of export promotion in BA should be based on a very detailed analysis and with the active inclusion of all the policy decision bodies (to ensure the institutional and political support) as companies require a planned approach to export development, focus on adding value through investment and innovation, and better access to finance and support from relevant BiH institutions.
12. Risk management arrangements need to be in place to prevent negative project impact. The sustainability (exit) strategy has to be conceptualized and should be developed by each contractor well before the end of project interventions to prevent adaptation of the project design or lack of result achievement.
13. It was noted that some institutions, such as CC or DEP, had only highest management levels involved in programme implementation. This resulted in other staff members being ignorant on goings on the project. These staff members showed great proactivity and their involvement would have been more effective (and results achievement under projects secured) if duties in project implementation were delegated by directors.
14. The general remark on behalf of RS beneficiaries relating to all programmes selected for financing from IPA funds is non-existence of clear procedures in the country but also ex-ante evaluations of projects, as well as ranking (priority) lists per priorities of all admin levels (BiH, Entities and District). The process of project selection needs to be streamlined by selecting 3 priority list of projects it would be easy to identify common denominators and apply for funds with IPA. With this in mind the level of programming synergy and consistency still has not reached the optimal level due to these lacking mechanisms within the country and for this reason implementation of programmes suffers.

RECOMMENDATIONS

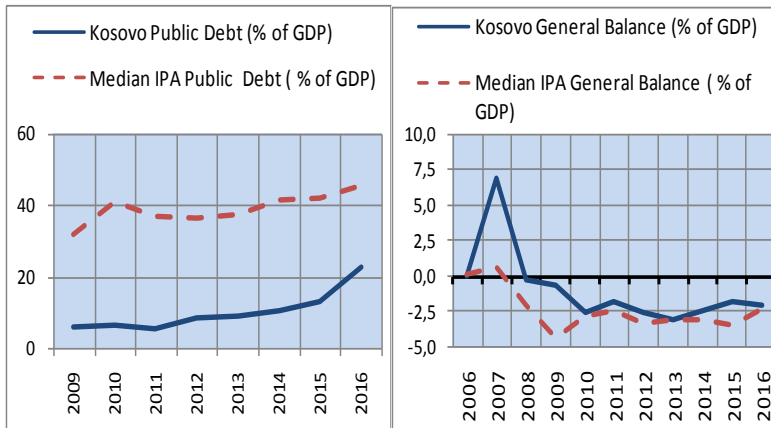
1. DEI and LMs prefer evaluators from the region as they can allocate more time for the interviews and already possess knowledge of the situation in the country.
2. Further support in terms of PFM, PIFC and Public Debt is needed for strategies to be implemented and practical implementation to be supported (to further expand to municipalities in RS and cantons and municipalities in FBiH).
3. Design needs to be carefully prepared and all actors and direct beneficiaries in BiH to be part of the planning and designing process (State, Entity and District levels and for some projects selected LMs and municipalities). Beneficiaries to be involved in the selection process for the TL and consultants (not to have the situation of projects 1, 3, 5 and 6) to prevent poor implementation and poor relationship with the beneficiary.
4. Information flow and communication is still problematic, as for instance, the interviewed RS and FBiH officials were not familiar with the next PARCO project.
5. PFM and PIFC still extremely relevant as beneficiaries' project 10 years in required for PIFC to be part of everyday operations. Also programme budgeting still needs to be implemented (currently done in linear mode). Cantons were unfortunately not included in the design and implementation of PFM and PIFC projects, which now needs to be corrected and training and capacity building organised for them too so practical implementation can start – budget reporting in programming format needs to be implemented.
6. Contractors need to be aware of the peculiar administrative set up and political situation in BiH and ready for challenges but also for the stakeholders to be demanding concrete results. Excuses such as difficult environment need to be overcome, this is a well-known fact for BiH. Although a positive sign of ownership by beneficiary was noted (especially project 5), any new demands in project orientation should be highly constructive. Frequent communication, issue resolution and cooperation need to be at the core of each project being key to its success. All stakeholders need to be involved and, if required, the future projects need to set up satellite offices in Banja Luka or Brcko LMs to ensure local ownership, which is the key for successful implementation.

Kosovo

Macro Balances and Imbalances

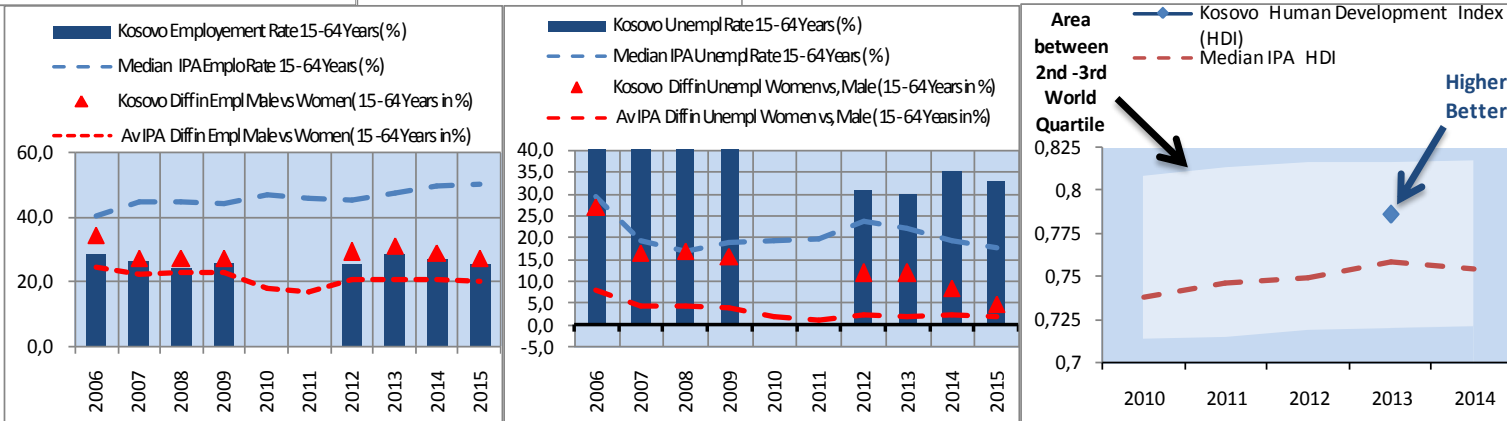


Fiscal Balances and Imbalances



Governance

Growth Outcomes



The following projects have been taken into consideration for the evaluation in Kosovo, where the fieldwork took place in October 2016.

IPA Year	Project Title	Contract N°	Reference
2012	Support to the Ministry of Finance	331541	P1
2013	Support to Kosovo's Policy and Strategic Planning	332837	P2

RELEVANCE
EQ1: 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?
<p>The objectives of EU interventions in Kosovo are relevant and in line with the objectives of national action plans and development documents.</p> <p>P1. The project provides relevant support to two important areas of the public finance sector in Kosovo. The component focusing on economic and fiscal surveillance (Component 1) has adapted well to the evolving needs of its main stakeholders, with the project focus moving towards ERP preparations, rather than that of the SAA as stated in the ToRs. The support provided to the Ministry of Finance (MoF) and members of the ERP working group has closely matched their absorption capacities. Also, the close alignment of this component with the technical needs of its main beneficiary, (the DEPF) the institutional objectives of the MoF (and other key institutional stakeholders in the ERP working group) and the Kosovo government's policy goals in this sector has ensured their strong ownership. Overall, relevance of this component is very good.</p> <p>The FD component (Component 2) meets a wider need for more efficient and effective funding arrangements for municipalities. However, views on how this should be achieved differ significantly between the main stakeholders. The MoF is formally committed to the support given to FD by the project. This was reinforced by its senior management during the ROM review. Operationally, this commitment is not so evident, especially within the MBD, which feels the project does not meet its actual needs. Other stakeholders, particularly the municipalities and AKM, are far more supportive of the intervention's aims. The project has attempted to meet these competing needs, but this has proven a challenge. Thus relevance of this component is much less clear-cut.</p> <p>P2. The project is pertinent to the requirements deriving from the Action Plan on Negotiation of the SAA which envisaged that the Government of Kosovo should develop and coordinate strategic planning, and harmonize the annual budget with the statement of the GoK priorities. From a sector perspective the project contributes to address the objectives of the action Plan for Public Administration reform (PAR) strategy 2012-2014, and more specifically the one requiring regulation to the system for Integrated policy planning for coherent interaction of strategic priorities with the budget. The project is well harmonized with the legal framework regulating the main beneficiary the Office of the Prime Minister. The project is pertinent to the OECD SiGMA report "Policy Making and Coordination review in Kosovo" which recommends that the OPM, the ministry of finance and the Ministry of European Integration should integrate the key planning documents of GoK and develop the capacities for multi-annual planning and policy formulation in the line ministries. No major contextual changes occurred so far that would trigger substantial amendments of the intervention logic. During the Inception phase the project team assessed the relevance and the feasibility of some activities and adapted them accordingly. This is the case with the IPS IT system. The team and key stakeholders agreed to build on the existing IT system and link them to the new system in a shared and practical platform.</p>
EQ 2: How relevant is the EU assistance in view of the priority needs of the countries in the region?
<p>The EU assistance is very relevant for Kosovo in two ways, first it supports the political dialogue with Kosovo in the framework of the SAA and second it supports the sector policy dialogue by providing direct support to the SME-s or other sectors with direct grants, for the development of the country. The Kosovo's government political priorities are translated into the EU assistance priorities. The EU support in the area of public administration and support provided to young generation are very relevant for Kosovo. The EU assistance is very relevant to move forward with the SAA process.</p> <p>P1. N/A.</p> <p>P2. The EU assistance is relevant for Kosovo, in the past has been focused in the public administration and has contributed in establishing many institutions in Kosovo and has trained the public administration staff. It has contributed in preparing the Economic Reform program (a very good document) and in increasing the staff capacities involved with its preparation. EU assistance is relevant in increasing the ownership of the Kosovo authorities in the preparation of the ERP document, it is true that the document has been prepared with the assistance of the EU experts but the decision-making process is led by the Kosovo authorities.</p>

EQ 3:
To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?
<p>The EU assistance in Kosovo complement and coordinate with the other donors' programmes.</p> <p>P1. A number of donor initiatives have supported the MoF. Both components of the project will build on the EU assistance already provided.</p> <p><u>EU</u> <i>-Improving the quality of public investments in Kosovo and preparing the grounds for EU funds</i> <i>-Further EU support to the Office of the Auditor General of Kosovo to reach EU good practice standards.</i> <i>Strengthening the Human Resources and the Institutional Capacity of the Kosovo Local Public Administration</i></p> <p><u>World Bank</u> <i>Public Sector Modernisation Project</i></p> <p><u>DFID</u> <i>DIFID Project support for developing strategic planning</i> <i>DFID Support for Social Services Decentralization Project</i> <i>USAID Municipal Support Project</i></p> <p><i>Swiss Cooperation Office LOGOS Project</i> <i>OSCE Municipal Support Program</i></p> <p>P2. The most closely related project to the present contract is the recently ended support provided by DFID through the project Development of the Policy and Planning System and the Office of the Prime Minister (OPM). Under IPA 2013, support will also be provided to the Kosovo Institute for Public Administration (KIPA). The project will facilitate training coordination by enabling KIPA to become the central training institution for capacity-building for public administration, with the additional goal of attracting training events conducted by third parties. Support will also be provided to implementing a Roadmap to a Decentralised Implementation System (DIS) for IPA – a process intended to eventually lead to the full introduction of DIS in Kosovo. Under DIS, the responsibility for programme preparation and implementation lies primarily with the institutions of the beneficiary (country). The project will assist the Kosovo government in preparing the legislative and organisational set up necessary to effectively manage IPA funds according to the IPA regulations. Under IPA, support will also be provided to the Economic and Public Policy Department (“Macroeconomic Unit”) in the Ministry of Finance for the preparation of the Economic and Fiscal Programme (EFP). European Union Office in Kosovo is now planning a Twinning Light project to carry out an Assessment of the capacities and strengthening of the Departments of European Integration and Policy Coordination (DEIPC) in the Ministries. The German Gesellschaft für Internationale Zusammenarbeit (GIZ) is providing support to the Ministry of European Integration (MEI). The main focus of the GIZ project is the preparation of a “National Strategy for EU Integration”. The World Bank has been a major provider of support to Public Administration Reform (PAR) in the past few years through its Public Administration Modernisation Project. The UNDP is supporting Public Administration Reform (PAR) by providing expert advice to the Ministry of Public Administration (MPA).</p>
EFFICIENCY
EQ4:
To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession?
<p>The EU assistance in Kosovo is an adequate instrument which has helped to achieve the strategic objectives of EU accession by establishing better integrated policy planning functions.</p> <p>P1. The project provided relevant support to two important areas of the public finance sector in Kosovo, it has supported the economic and fiscal surveillance, and the need for a more efficient and effective funding arrangements for municipalities. These two priority areas are strategically aligned with the overall strategic objectives and priorities of EU accession.</p> <p>P2. The EU technical assistance is an adequate instrument for achieving the objectives of EU accession. The project contributes to assist Kosovo in developing its capacities and systems for a better integrated policy planning. The project is extremely relevant after the signing of the SAA.</p>
EQ 5:
What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

The technical assistance is very important for Kosovo's public administration, but its receipt is not smooth. In the past, there have been cases when the EU experts have replaced the work of the public administration staff - this is not a good example how the TA should be provided. After the finalization of the TA very little has been left with the beneficiary institution. The TA has been scattered and not well focused.

The TA should be focused to increase the staff capacities, and should be balanced between the expert's work and the public administration work. SIGMA assistance is a very good example in this case, because they do not replace the staff work, SIGMA provides recommendations on how the work should be done and the public administration follows their recommendations.

Twinning has been used in Kosovo and the decision on its use was based on: i) state of play of the specific sector, ii) and the beneficiary institution capacity and maturity. Sometimes language is a problem in the twinning contracts in the case of Kosovo, cooperation is hampered by the lack of language knowledge, and substantial time and efforts are spent in translation. Twinning is not a good aid modality when the beneficiary institution is new.

P1. There are cases when the technical assistance is the most suitable instrument, there are other cases when the Twinning instrument might be appropriate, however the selection of the most appropriate aid modality must be selected in close cooperation between the beneficiary and the donor.

P2. The project is implemented by a team of experts with extensive expertise in guiding similar processes in former candidate countries as well as with country specific expertise. Given the current capacities of the beneficiaries, the fact that the SPO is a relatively new institution and the high importance that the project has for sector development, the modalities of implementing this project through a TA mechanism proved to be correct choice.

Framework contracts are good aid modalities in the areas of economic governance, policy planning and budgeting. There are experts that work closely with the public administration staff, a good cooperation is built and the transfer of know how is made quite normally. Framework contracts are good aid modalities that help to create in house expertise. TAEX is used when the assistance is needed, but due to the fact that it is short and quick it does not contribute to increase the capacities of the public administration, it is used when the capacities of the public administration are totally lacking.

EQ 6:

How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?

The EU interventions in Kosovo on economic governance gained strength and depth in bringing about reform through strengthened coordination and institutionalized dialogue mechanisms.

P1. Component 1 has performed particularly well in this respect. Its main output to date has been the 2015-2017 ERP submission, which was a joint effort of the project, the DEPF, and the ERP working group. This was prepared in time for the assessment by the EC in January 2015. According to DG ECFIN, the ERP submission for 2015-17 was at least as good and in many respects better than those from other accession countries. This meets a key OVI one year ahead of schedule. What has also emerged is strong capacity within the DEPF and other bodies involved in the ERP working group on how to plan and prepare the ERP. Central to this success has been the high quality expertise of the project team and its approach to delivering the assistance (combining technical support with mentoring and policy advice) combined with capable and motivated Kosovo counterparts. The ERP working group has been confirmed as a permanent fixture in the administrative landscape of the government, with the Minister of Finance as its chair to coordinate future ERP submissions.

P2. The capacity of the responsible institution is sustainable strengthened. The project contributes to assist Kosovo in developing its capacities and systems for a better integrated policy planning. The project is extremely relevant after the signing of the SAA. The project has contributed in increasing the staff capacities of the Ministry of Finance involved in ERP preparation. The project has assisted to the Ministry of finance for two years preparing the ERP methodology, as such the staff capacities of the MoF were strengthened.

EQ 7:

How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?

There is always room for improvement in the EU programming; the work performed under the sector approach and the functioning of the sector groups is a good example. Different public institutions are involved in project planning; there is more discussion and consultations. Consultations have been held during the preparation of projects in 2007-2013 but the EU role at that time was bigger because the staff capacities in the public administration were totally missing.

However the work with the sector approach has just started, and in the area of Public Administration Reform is functioning, always taking into consideration the state of play in Kosovo and the capacities of the public administration.

P1. The EU interventions show responsiveness in flexibly adapting and proactively adjusting to the evolving national, regional, and global contexts, however the preparation of a preliminary needs assessment document will ensure a more efficient and effective project. A better coordination between two projects activities as has happened in case of Kosovo between the two projects of the project sample not only has avoided the duplications but also has contributed to improve the projects efficiency.

P2. The EU interventions show responsiveness in flexibly adapting and proactively adjusting to the evolving national, regional, and global contexts

During the implementation the team and stakeholders were flexible to adapt the project to the beneficiaries' needs and to unforeseen circumstances such as the delays in forming the new GoK. This ensured that the project continue to assist in a timely manner the newly formed GoK.

In March 2015 the first Addendum enabled the project to provide intensive assistance to MEI. This concerns harmonising the IPA and WBIF funds with the NDS and IPS.

EQ 8:
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?
<p>There is no specific methodology used for programming of EU funded interventions; the project priorities have been set in close collaboration with the government authorities. The project priority may have been proposed by the government, or the EU itself have brought as a priority from its country reports, but always its financing has been decided in close collaboration with the authorities. Due to the very low staff capacities the beneficiaries' role in programming was limited. However in order to address the staff limited capacities in Kosovo for the programming during the period 2007-2013 a couple of precondition have been set prior to the project financing such as: i) existence of the institutional structure that will implement the project; ii) existence of the legal framework; and iii) adequate staff that will be involved in project implementation.</p> <p>P1.No specific methodology has been used for the project preparation.</p> <p>P2. The project conducted a needs assessment, which highlighted the main weaknesses and set for the key interventions measures. As confirmed during the implementation this approach combined with a clear commitment of the beneficiaries to absorb the outputs proved to be a successful strategy for filling the staff gaps.</p>
EFFECTIVENESS
EQ9:
<p>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?</p>
<p>The EU assistance in Kosovo has contributed in drafting and implementing new legislation in line with EU, and increasing public administration capacities; it has created better life conditions for the marginalized groups, and better employment opportunities for the citizens.</p> <p>P1. Effectiveness is, on balance, positive. Component 1 has performed particularly well in this respect. Its main output to date has been the 2015-2017 ERP submission, which was a joint effort of the project, the DEPF, and the ERP working group. This was prepared in time for the assessment by the EC in January 2015. According to DG ECFIN, the ERP submission for 2015-17 was at least as good and in many respects better than those from other accession countries. This meets a key OVI one year ahead of schedule. What has also emerged is strong capacity within the DEPF and other bodies involved in the ERP working group on how to plan and prepare the ERP. Central to this success has been the high quality expertise of the project team and its approach to delivering the assistance (combining technical support with mentoring and policy advice) combined with capable and motivated Kosovo counterparts. It is safe to assume that the 2016 ERP will maintain this standard, due to the project's involvement in its preparation and the capacity within the beneficiaries built by the 2015 ERP experience. Furthermore, this component has already directly influenced national practice and policy. The ERP working group has been confirmed as a permanent fixture in the administrative landscape of the government, with the Minister of Finance as its chair to coordinate future ERP submissions. The onus is on the MoF to ensure that the momentum developed by the project is sustained once the project finishes in January 2016. Given the political profile of the ERP and its importance to both accession- and national development priorities, this should be straightforward. The main risk to this is the decline in staff numbers in the DEPF, which has a direct relation to ERP quality and whose significance cannot be under-estimated.</p> <p>Component 2 has been less successful, due to delays in the working group and the uncertain position of the MoF towards the adoption of two key outputs - the comprehensive FD strategy and the realignment of the Grants Commission. The quality of the outputs delivered for by the project has been recognised as high, and should the MoF decide to move forward on FD in line with the project proposals, significant changes can be expected. The ongoing restructuring of the MoF and the merger of the MBD within the Budget Directorate potentially resolves the Ministry's hitherto ambiguous position on FD, as the MoF's senior management has openly stated its support for the adoption of both measures. Whether this will in fact result in more or less fiscal decentralisation remains an open question.</p> <p>The absence of a strategy for rolling out results of the OSR component to all Kosovo municipalities and the failure to tap the potential offered by the project to the preparation of SBS in Kosovo also represent weaknesses. Nevertheless, in the context of the overall project performance, these do not represent serious shortcomings and the project is well placed to contribute to its overall objective.</p> <p>P2. The chosen mix of aid modalities has contributed to the strengthening of policy processes, institutional and technical capacities, and legislative framework in line with EU acquis. The project contributes to assist Kosovo in developing its capacities and systems for a better integrated policy planning. The project is extremely relevant after the signing of the SAA.</p>
EQ 10:
How did the assistance provide respond to the real needs, in terms of quality, timing and duration?

The EU interventions have lengthy procedures. It takes almost three years from the start of the project planning process till to the initiation of project implementation; sometimes during this time-period the project purpose is lost.

P1. The project experienced a 4 month delay in start-up at the request of the MoF. This did not cause any problems - instead, it allowed for the synchronisation of inputs from component 1 with the commencement of preparations for the first submission of the ERP (2015-17). However the project was better designed than implemented; more support was needed for the increase of staff capacities in other institutions (line ministries). However these needs are being addressed by other ongoing projects. The project might have been more flexible in addressing the requests from the local institutions. The utilization of project funds might have been better to address some of the needs of the beneficiary institutions.

P2. The EU interventions have been adequately designed to respond the best to the real needs of partner countries as expressed by authorities, civil society and other donors. The project logic is well tailored to the SPO and other beneficiaries needs. There are three main areas of interventions corresponding to the specific components: 1) elaboration of the National Development Strategy (NDS) to fill the gap of overreaching medium term (5 years) priority setting framework 2) establishment of an Integrated Planning system (IPS) for OPM to provide coherent strategic directions and avoid disconnection between the policy and financial planning, duplication and over-prioritization and 3) strengthening capacity of SPO in its role of steward of the strategic planning system, as well as the DEIPC and other OPM key units responsible for policy management system.

EQ 11:

How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?

The direct link between the EU assistance outcome and the country priorities in case of Kosovo is that it has resulted in the preparation of the National Development Strategy and the Economic Reform Program³⁴. Another direct link is the establishment of new institutions and increase of staff capacities.

P1. The preparation of ERP 2015-2017 is demonstrable link between the priorities of partner countries and the outcomes of the technical assistance effectively provided.

P2. The current progress is the driving mechanism in GoK efforts to demonstrate concrete improvements in PAR. There is a direct-linkage and concretization of political goals with administrative priorities as AGWP monitoring now includes reports on performance indicators related to government objectives.

IMPACT

EQ12:

To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?

The EU assistance has helped to increase human and institutional capacity, and has led to an increase in the absorption capacity of policy recommendations and proposed methodologies and good practices. Political instability has hampered its achievement.

P1. The delivery of assistance for component 1 supporting the ERP has gone very well and serves as an example of good practice, both in terms of engagement of the beneficiary and the flexible and supportive approach of the contractor. The Implementation of this component was also aided by the prompt creation of the government's ERP working group. It served as a forum where the main institutional stakeholders could constructively collaborate on ERP preparations. It also provided a vehicle through which the project could efficiently and effectively provide its expertise to these stakeholders.

Although the implementation of the FD component has proved more challenging, there has been sufficiently good collaboration between the expert team and its Kosovan counterparts to ensure that this has not seriously compromised its efficiency. The MBD as the lead partner for this component has not fully engaged with the project, primarily due to its perception of the project as not meeting its needs. Although it did put its staff at the project's disposal for most project activities related to it, it did not participate in the successful study tour and overall, its relationship with the project has not been optimal.

The other elements of component 2 involving the MLGA, AKM and municipalities were implemented without notable difficulty. This component was also hampered by the late convening of the FD working group, which took place 13 months after the project started. This was linked to the change of government and subsequent lack of consensus over its mandate and composition. This was a factor wholly out of the project's control and the contractor had to adapt its activities to this unforeseen circumstance as best possible. This it has managed well, although it has limited the time available to FD working group members to discuss key project outputs such as the Comprehensive FD Strategy and reduced the opportunities of the project to work with the working group towards reaching consensus on them. Coordination of the project's implementation has been satisfactory.

P2. The project contributes to assist Kosovo in developing its capacities and systems for a better integrated policy planning. Being directly related to key political institutions such as the PMO and Ministries, the project was noticeably affected by the political crisis and delays in forming the new government that occurred in early 2015.

EQ 13:

**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?**

³⁴ The ERP document in Kosovo has been prepared with the assistance of project Support to Kosovo's Policy and Strategic Planning contract number 332837 which is included in the sample in this evaluation.

The impacts of the EU assistance are sustainable at a certain extent; there are two important documents drafted with the EU assistance that will be implemented during the next years: i) National Development Strategy; and ii) the Economic Reform Program. Horizontally, the staff capacities in monitoring and evaluation are very weak and may hamper their sustainability. Other factors that have hampered the sustainability of the EU assistance are lack of trained staff; replacement of the institutions work, with the work performed by the EU experts, in some cases the approach taken has not been appropriate (on job training is not appropriate for the new institutions).

The EU assistance will enter now into another phase into embedding the results in the administrative regulations. The EU assistance will support the increase of staff capacities in M&E, not only in the Strategic Planning Office but also in the line ministries where the staff capacities are very limited and there is no cooperation between different institutions. Political will is also a very important factor that determines the sustainability of EU assistance; currently there is no Minister of Integration in Kosovo, and it will be decided in the next weeks how the EU agenda will be coordinated within the Kosovo administration.

P1. There are some concerns over the sustainability of the benefits from both components.

For Component 1, this relates mainly to the potential loss of specialised human resources within the DEPF. At the start of the project, the department had 6 staff, which has now declined to 3, which is generally considered insufficient. There was an imminent risk that further staff would leave. This would seriously hamper the DEPF's ability to work on the 2017 ERP. Also, no training or mentoring programme has been developed for staff involved in ERP-related work. Although there is reportedly a training function within the MoF this has not been involved in the project. The MoF has indicated that it is aware of this problem and intends to address the lack of staff. This is positive, but requires swift action as the staff hired need to have the necessary professional profile to carry out this work. It is also likely that the MoF would need some additional small-scale guidance on the preparation of the 2017 ERP, albeit more targeted and of a mentoring character.

Under component 2, the imminent merger of the MBD with the Budget Department of the MoF is likely to consolidate capacity to implement FD and should unify the MoF's policy towards it. This should also increase the likelihood of the main project outputs - a comprehensive FD strategy and the realignment of the Grants Commission - being adopted. It is unclear who will roll-out the know-how generated by the FD component's work with pilot municipalities. One possibility is the AKM, but it is unlikely to have the capacity to do this. Another is via the Swiss DEMOS project. In any case, this issue is in need of immediate attention by the contractor and its Kosovo interlocutors.

More generally, the risk of highly trained staff departing key institutions has been increased by the discontinuation of the government's 'Brain Fund'. This fund was reportedly effective in helping retain those well-trained staff that bodies such as the MoF, as well as MoEI and Prime Ministry needed, so logically cancelling this fund is likely to increase the brain drain it was set up to prevent. Given its potential impact on the preparations for the ERP, as well as national development strategy and also potentially the introduction of SBS for IPA2, this decision seems at odds with the government's declared intentions of increasing the pace of its efforts towards accession.

P2. The legislative and institutional changes achieved with EU assistance are of permanent nature, therefore sustainable in long run. The project contributes to assist Kosovo in developing its capacities and systems for a better integrated policy planning.

EQ 14:

To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?

The EU assistance has increased the pace of Kosovo efforts towards EU accession and in developing its capacities and systems for a better integrated policy planning.

P1. The ERP preparation has increased the pace of Kosovo efforts towards EU accession. It has contributed to receive the invitation for Kosovo authorities to participate in the ERP process.

P2. The project contributes to assist Kosovo in developing its capacities and systems for a better integrated policy planning. Being directly related to key political institutions such as the PMO and Ministries, the project was noticeably affected by the political crisis and delays in forming the new government that occurred in early 2015.

EQ 15:

Which are the appropriate SMART indicators that should be embedded in the upcoming projects?

The indicators are SMART and adequate to capture possible sector improvements.

P1. The quality of indicators is adequate at best. For component 1, they facilitate the partial assessment of the project's success. Those for the FD component are of limited use, while baselines are for the most part absent. These, in combination with the mixed relevance of the FD component are the reasons for the less than positive grading for this criterion.

P2. The indicators are well developed, SMART and adequate to capture possible sector improvements. They are designed to measure changes in the procedure, the responsiveness and commitment level for beneficiaries toward the output, and in general to assess the extent to which the entire prioritization and planning process is moving forward.

SUSTAINABILITY

EQ16:

To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

The direct outcomes of the EU assistance in Kosovo; are two important documents that will be implemented and continue to produce effects during the next years: i) National Development Strategy; and ii) the Economic Reform Program. The transfer of Know how through the technical assistance has increased the institutional and staff capacity in policy formulation.

P1. For Component 1, this relates mainly to the potential loss of specialized human resources within the DEPF. At the start of the project, the department had 6 staff, which has now declined to 3, which is generally considered insufficient. There was an imminent risk that further staff would leave. This would seriously hamper the DEPF's ability to work on the 2017 ERP. Also, no training or mentoring programme has been developed for staff involved in ERP-related work. Although there is reportedly a training function within the MoF this has not been involved in the project. The MoF has indicated that it is aware of this problem and intends to address the lack of staff. This is positive, but requires swift action as the staff hired need to have the necessary professional profile to carry out this work. It is also likely that the MoF would need some additional small-scale guidance on the preparation of the 2017 ERP, albeit more targeted and of a mentoring character.

Under component 2, the imminent merger of the MBD with the Budget Department of the MoF is likely to consolidate capacity to implement FD and should unify the MoF's policy towards it. This should also increase the likelihood of the main project outputs - a comprehensive FD strategy and the realignment of the Grants Commission - being adopted. It is unclear who will roll-out the know-how generated by the FD component's work with pilot municipalities. One possibility is the AKM, but it is unlikely to have the capacity to do this. Another is via the Swiss DEMOS project. In any case, this issue is in need of immediate attention by the contractor and its Kosovo interlocutors.

More generally, the risk of highly trained staff departing key institutions has been increased by the discontinuation of the government's 'Brain Fund'. This fund was reportedly effective in helping retain those well-trained staff that bodies such as the MoF, as well as MoEI and Prime Ministry needed, so logically cancelling this fund is likely to increase the brain drain it was set up to prevent. Given its potential impact on the preparations for the ERP, as well as national development strategy and also potentially the introduction of SBS for IPA2, this decision seems at odds with the government's declared intentions of increasing the pace of its efforts towards accession.

P2. The beneficiaries have taken some of the necessary steps to continue delivering the results after the projects ends. There are several indicators that the results are embedded in administrative and procedures and regulations such as the approval of the Ministries on most of the NDS priorities and the GoK decision of approving the "Strategy for improving Policy Planning and coordination " the legal basis for implementing the IPS. The NDS has been approved. What triggered this level of support is that all proposed reforms and strategic documents were developed in close consultations with their final receipts. The assistance, on the job training and mentoring provided is parallel with the outputs drafting process contributed to increase the sense of local ownership. The project prepared capacity assessment of line ministries in policy planning and it developed the concept of the training program on "Better policy Management". The documents were handed over to the Kosovo Institute for Public Administration (KIPA) with the aim of being incorporated in core curricula.

EQ 17:

How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?

To make the EU assistance more sustainable in the future it is important to have political will, stronger public administration, and institutions in place that will implement the EU financed project. NIPAC role has to be strengthened. Existence of stronger public administration institutions is essential for the implementation of the projects; the projects cannot be implemented without government institutions in place. The government ownership and participation should be ensured in order to increase the impact of the EU assistance.

P1. In order to improve the impact and the sustainability of the assistance, first it should be based in real needs and second a close collaboration with the beneficiary institution ensures it sustainability.

P2. The EU assistance must be focused in the country priorities. In the past there was no country strategy for Kosovo. Now in order to improve the impact and the sustainability the IPA priorities should be based in three main documents Economic Reform Programme, Economic Reform Agenda and National Development Strategy.

A better cooperation should be established between the Office for Strategic Planning and NIPAC in order that the NDS priorities to be translated in IPA priorities. A better cooperation will contribute in the harmonisation of NDS priorities and IPA priorities.

EQ 18:

To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?

The EU interventions in Kosovo have increased the strategic and policy management capacities of different institutions. The authorities are demonstrating ownership of the results achieved at a certain extent, however the sustainability of the interventions is hampered by the political situation and the decline of staff.

P1. The ERP working group has been confirmed as a permanent fixture in the administrative landscape of the government, with the Minister of Finance as its chair to coordinate future ERP submissions. The onus is on the MoF to ensure that the momentum developed by the project is sustained once the project finishes in January 2016. Given the political profile of the ERP and its importance to both accession- and national development priorities, this should be straightforward. The main risk to this is the decline in staff numbers in the DEPF, which has a direct relation to ERP quality and whose significance cannot be under-estimated.

P2. The MoF role in providing the necessary allocations will be a key factor in determining the concretization of priorities at a later stage of reforms after 2016. In fact, no particular issues are expected to arise at the very concept of agreed priorities requires the MoF approval at the drafting stage. The MoF is reported to have moved towards a programme base structure of MTEF at least in relations to NDS/ sector strategies related programmes, so to allow the actual matching of ceiling and appropriations to specific NDS/sector strategies objective.

There are several external challenges which have the potential to slow down the reforms implementation. Firstly, the capacities of some secondary stakeholders such as the KIPA are not at the requested level. Secondly, the insufficient SPO and DEIPC staff capacity. Thirdly, the tense political situation in the country may impede PA reforms and consequently the project results.

EQ 19:

How much has the economic governance structures evolved thanks to IPA funding?

The economic governance structure in Kosovo has improved, IPA funds played a key role in establishing the policy planning and management functions in Kosovo, and in introducing new knowledges to the public administration.

P1. IPA has supported the economic and fiscal surveillance, and the need for a more efficient and effective funding arrangements for municipalities. It has increased the staff capacities in the area of economic governance. This project is a good example with regard to the increase of staff capacities involved in ERP preparation.

P2. IPA has contributed in increasing the staff capacities, which are still low in Kosovo, and it has introduced new knowledge's and new ways how to approach some specific issues that were missing in the public administration.

COHERENCE

EQ20:

To what extent is the EU assistance coherent with other interventions which have similar objectives?

To what extent is EU assistance coherent with other actions on the field?

Is EU assistance coherent?

The objectives and activities of EU assistance are complementary and therefore coherent with other similar initiatives funded by international donors. In the area of the Public Financial Management the EU interventions have been complementary with the World Bank on Public Sector Modernisation Project (PSMP). The World Bank has supported the policy planning and budgeting with its operation in 4 sectors (Education, Health, Agriculture and Justice), while the EU has supported two other sectors (Infrastructure and Transport). Good complementarity of EU and WB support has been ensured also in the area of procurement. The WB has assisted the Kosovo government with launching of e-procurement, while all the necessary legal changes related to the procurement law are made in close consultation with the EU experts because Kosovo's priority is the European Integration. In the area of Taxation, the EU support has been complementary with the USAID support. **In order to improve the coherence of the EU financed projects it should be ensured a better link between the country priorities and the EU project priorities; the EU financed project priorities should be have a stronger and clear link with priorities of the National Development Strategy and sector strategies.**

P1. Both components of the project will build on the EU assistance already provided.

Improving the quality of public investments in Kosovo and preparing the grounds for EU funds

This project supported a PFM reform program to: integrate planning and budgeting systems with a focus on capital budgeting; introduce modern costing, project planning and management techniques in core ministries and municipalities; improve the link of planning and budgeting with the sectoral and overall policy process. This project has worked on the consolidation of the BDMS and PIP system.

Further EU support to the Office of the Auditor General of Kosovo to reach EU good practice standards.

This is a twinning project, which is expected to be awarded during 2012. It will support the Office of the Auditor General to continue building up a fully functional Audit Office and further develop its capacities for sustainable delivery of its mission's objectives.

The project has not linked to any of the ongoing preparations for IPA SBS in Kosovo. This is understandable given the timing of both interventions but still represents a missed opportunity. It would be logical for the project stakeholders to put their expertise at the disposal of those staff working on SBS, within existing capacity constraints.

P2. The various EU interventions have convergent and therefore coherent objectives. Under IPA 2013, support will also be provided to the **Kosovo Institute for Public Administration (KIPA)**. The project will facilitate training coordination by enabling KIPA to become the central training institution for capacity-building for public administration, with

the additional goal of attracting training events conducted by third parties. Support will also be provided to **implementing a Roadmap to a Decentralised Implementation System (DIS) for IPA** – a process intended to eventually lead to the full introduction of DIS in Kosovo. Under DIS, the responsibility for programme preparation and implementation lies primarily with the institutions of the beneficiary (country). The project will assist the Kosovo government in preparing the legislative and organisational set up necessary to effectively manage IPA funds according to the IPA regulations.

Under IPA, support will also be provided to the Economic and Public Policy Department (“Macroeconomic Unit”) in the Ministry of Finance for **the preparation of the Economic and Fiscal Programme (EFP)**. The project is planned to start at about the same time as the current contract, and will support the Macroeconomic Unit in the preparation of Chapter 2 “Macro Economic Outlook” and Chapter 3 “Public Finances”. The preparation of Chapter 4 of the EFP “Structural Reforms” will be led by the Strategic Planning Office (SPO) in the OPM, in cooperation with the Ministry of Finance, and will be assisted by the current contract.

European Union Office in Kosovo is now planning a Twinning Light project to carry out an **Assessment of the capacities and strengthening of the Departments of European Integration and Policy Coordination (DEIPC) in the Ministries**. A Fiche has been prepared for this project, and it is expected to be implemented soon and last six months, ending toward the end of 2013. The findings and recommendations of this Twinning Light will need to be taken into account by the current contract in implementing training and capacity building activities for the DEIPC’s.

EQ 21:

To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?

The EU assistance in Kosovo has contributed to the establishment of the government’s ERP working group and it has promoted the inter-institutional cooperation and partnership between different stakeholders.

P1. The Implementation of the ERP component was also aided by the prompt creation. It served as a forum where the main institutional stakeholders could constructively collaborate on ERP preparations. It also provided a vehicle through which the project could efficiently and effectively provide its expertise to these stakeholders. Without such coordination mechanism the drafting of ERP document would have not been possible.

P2. Coordination at the high level of administration has been improved significantly throughout all the stages of the annual decision-making cycle, as indicated by the joint participation of SPO, MEI, and MoF in the budget negotiations and IPA programming.

EQ 22:

To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

The EU Directive on visibility requirements has been implemented; EU assistance contributed to an enhanced visibility of EU funding.

P1. From the June 2014 onwards the project has maintained and publicized a dedicated internet website on which major events such as the Minister of Finance launching the project, signing of Memorandum of Understanding with champion municipality mayors and finalization of the Economic Reform Programme submission to the European Commission were displayed.

P2. The project visibility is fully in line with the EU communication and Visibility manual ensuring the best promotion of European Union.

VALUE ADDED

EQ23:

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?

The value added of the EU interventions is that the citizens’ knowledge on the EU values has been increased; it has contributed to establish the institutions and increase the staff capacities. EU assistance has contributed to prepare Kosovo to access and benefit from the structural funds in the future.

The EU interventions in Kosovo are fundamental. The EU serves as a reference point for all the donors support to Kosovo. The value added of the EU interventions is the final goal to be EU member. The value added of EU interventions is that EU has supported productive sectors in Kosovo and has contributed to increase the productivity of Kosovo economy. For the IMF the value added of EU support in Kosovo is the preparation of the Economic Reform Program. Economic Reform Program document is of a very good quality and without the EU support in this area the preparation of such document was not possible. The Value added of EU interventions was the increase of staff capacities in Kosovo, creating better chances for economic growth.

P1. The value added of this project has been the preparation of ERP, without the EU assistance the ERP document could not be prepared. The project has increased the staff capacities for a sustainable implementation of macro-fiscal policies.

P2. If there was no IPA assistance in these areas would not have been possible to prepare the Economic Reform Program, Economic Reform Agenda, and National Development Strategy, as such IPA planning would have not been possible.

EQ 24:

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?

The donor coordination in Kosovo is not functional and effective. The donors share their priorities among themselves, but from the government side there is no coordination. In Kosovo the link between the country strategic objectives and the donors' priorities is missing. A better coordination of donors' support by the authorities would be very helpful for the EU itself, and other donors as well in streamlining their assistance to Kosovo. There is still a large presence of both international and bilateral donors in Kosovo.

World Bank is currently in the preparation phase of the Country Partnership Framework (WB country strategy). There are discussions between the WB and the government regarding the WB support in the area of Energy. The support for other sectors will depend on WB support for the Energy sector. However, the WB will continue the support in the area of e-procurement through the Public-Sector Modernisation Project (PSMP) and maybe will prepare a budgetary support focused in the area of taxation and fiscal rules. A Public Financial Review will be prepared as well.

IMF is of the opinion that one of the areas that the EU support should continue in Kosovo is the follow up assistance for the ERP preparation. This is extremely important in order to keep up the momentum that was built with the preparation of ERP document.

Kosovo will continue to benefit from the IMF technical assistance in the following areas:

- Support for the unification of the Custom and Tax administration in one unique authority (currently the law has been drafted and pending approval);
- Support to the Central Bank of Kosovo in areas of macro prudence regulation and risk -based supervision,
- Support in the area of insurance a diagnosis will be drafted by the IMF;
- Implementation of GFS;
- Preparation of Public Expenditure Management Assessment Report
- IMF may be involved in drafting the social protection legislation in Kosovo.

USAID is active in the following areas:

- Support the Ministry of Finance on the implementation of the Stand-by Agreement with the IMF;
- Support the process of budget planning and institutionalization of functional classification;
- Improve accountability and effectiveness in managing public funds;
- Improving Business Environment
- Increase the SME-s competitiveness;
- Improve property right and contract enforcement.

P1. As regards other donor activities, no overlaps were noted - indeed, there is significant potential for project outputs to feed into the ongoing Swiss-funded DEMOS project supporting financial management of municipalities. The project has made no connections to the ongoing IPA SBS preparations, despite the relevance of component 1 to certain elements of this. This could be easily addressed by linking the relevant MoF and MoEI staff together.

P2. There is no donor's mapping in Kosovo, there is no clear information who is doing what. The donors share their priorities among themselves, but from the government side there is no coordination. In Kosovo, the link between the country strategic objectives and the donors' priorities is missing.

EQ 25:

To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?

The EU Directive on visibility requirements has been implemented; EU assistance contributed to an enhanced visibility of EU funding.

P1. The project has at all times conformed to the EUO visibility requirements in the organisation of seminars, workshops and other presentations.

P2. The project visibility is fully in line with the EU communication and Visibility manual ensuring the best promotion of European Union.

EQ 26:

To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?

There is no budgetary support project included in the project sample for Kosovo.

GENDER AND ENVIRONMENT

EQ27:

Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

Both genders are equally affected by EU projects in the area of economic governance.

P1. Cross-cutting issues (gender, minority, the inclusion of the persons with disabilities, environment) are an important part of the concept of this project and our work has consistently recognized the need for gender and minority inclusions.

Specific activities throughout the life of the project which reflect its commitment to these ideals are:

-The Fiscal Decentralisation Working Group has recognised and included minority Municipality representation (see b) below for details). For its part, the Government has addressed the needs of all Municipalities, irrespective of ethnicity, through the policies developed and implemented by the Budget and Municipal Budget Departments of the Ministry of Finance. At the project's outset, this issue was addressed during selection of working group members when meeting the requirements of components 2 and 3 (ERP and FD Policy) and choosing "champion municipalities" under component 4 (OSR).

-The project participated in 2014 in the launching event of a national campaign to improve gender equality in property registration – an important element of OSR improvement, then being tested in the Municipality of Shterpce as the recording of unregistered properties for inclusion in the property tax database.

P2. The project assists SPO and other relevant stakeholders to ensure that the gender equality aspects and inclusion of socially and spatially disadvantaged groups, and environmental and social cohesion concerns are sufficiently covered in the National development strategy. According to the OECD gender policy Marker, the project can be classified as G-1.

EQ28:

To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?

There are no direct environmental issues in the projects evaluated, however an active environmental approach is taken toward minimising unnecessary resources and encouraging recycling and re-use of material inputs.

P1. Cross-cutting issues (gender, minority, the inclusion of the persons with disabilities, environment) are an important part of the concept of this project and our work has consistently recognised the need for gender and minority inclusions.

P2. There are no direct environmental issues in the project however an active environmental approach is taken toward minimising unnecessary resources and encouraging recycling and re-use of material inputs.

CONCLUSIONS

The EU assistance has been very relevant for Kosovo in two ways: first it has supported the political dialogue with Kosovo in the framework of the SAA, and second it has supported the sector policy dialogue for the development of the country. All the interventions in the area of economic governance are still relevant; the EU assistance has contributed in preparing the Economic Reform Program (ERP) and the National Strategy for Development, and in introducing new knowledge to the public administration. EU assistance played a key role in establishing the policy planning and management functions in Kosovo, and in increasing the ownership of the Kosovo authorities.

The authorities are demonstrating ownership of the results achieved at a certain extent, however the sustainability of the interventions is hampered by the political situation and the staff decline.

The EU assistance in Kosovo has been effective in drafting and implementing new legislation in line with EU, and increasing public administration capacities; it has created better life conditions for the marginalized groups, and better employment opportunities for the citizens.

The technical assistance is a very important aid modality for Kosovo's public administration, but its receipt is not smooth. In the past, there have been cases when the EU experts have replaced the work of the public administration' staff - this is not a good example how the TA should be provided. After the finalization of the TA, very little has been left with the beneficiary institution. The TA has been scattered and not well focused. The TA should be focused to increase the staff capacities, and should be balanced between the expert's work and the public administration work.

The donor coordination in Kosovo is not functional and effective. The donors share their priorities among themselves, but from the government side there is no coordination. In Kosovo the link between the country strategic developments' objectives and the donors' programmes is poor. The objectives and activities of EU assistance are complementary and therefore coherent with other similar initiatives funded by international donors.

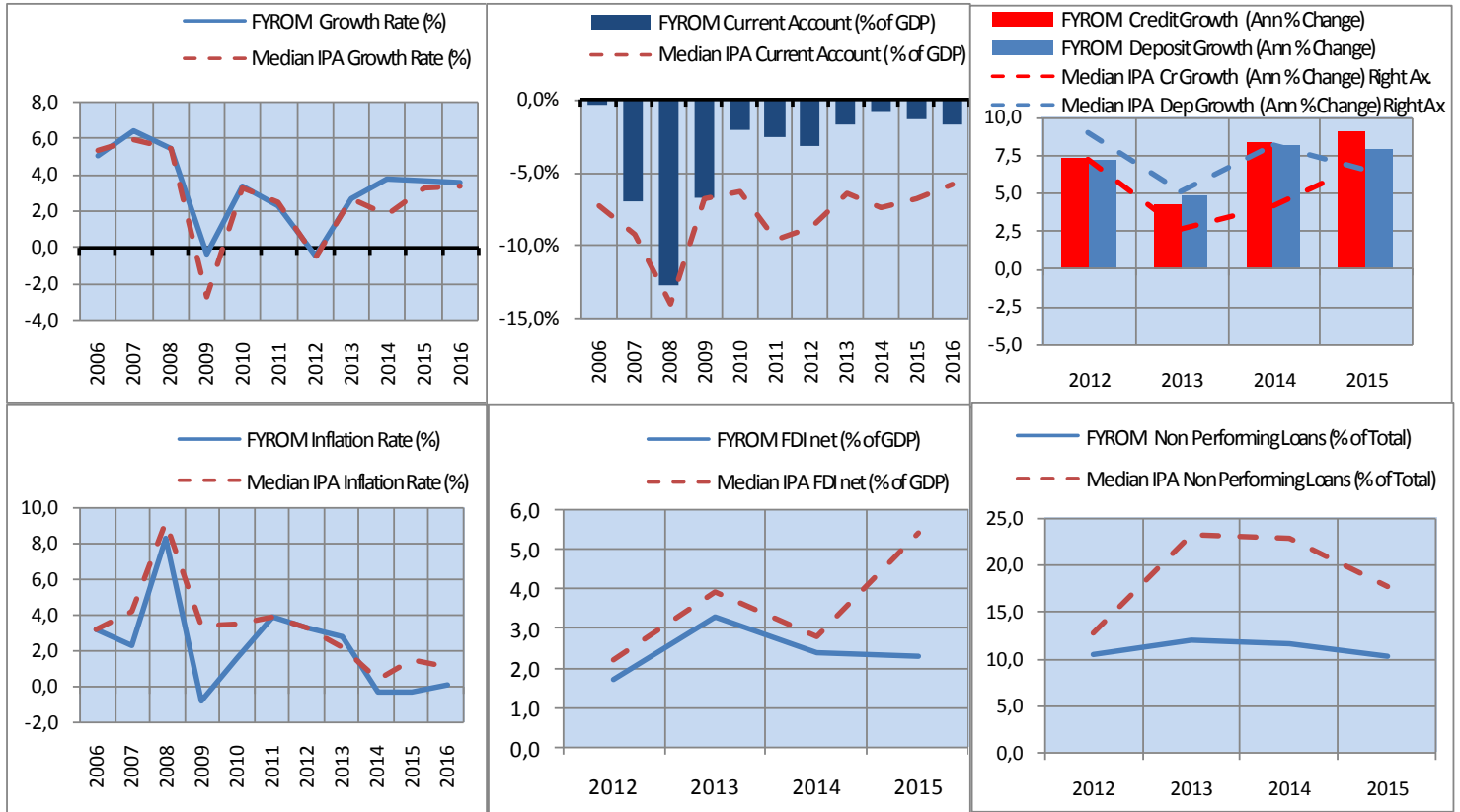
RECOMMENDATIONS

- To make the EU assistance more sustainable in the future it is important to have political will, stronger institutions in place, and professional public administration that will design and implement the EU financed project. NIPAC role in Kosovo has to be strengthened. Existence of stronger public administration institutions is essential for the implementation of the projects. The government ownership and participation should be ensured in order to increase the impact of the EU assistance.
- In order to improve the coherence of the EU financed projects, a better link between the country priorities and the EU assistance priorities should be ensured; the EU financed priorities should have a stronger and clear link with priorities of the National Development Strategy and other sector strategies.
- The future EU assistance should not be focused only in the central government offices such as Strategic Planning Office, but also in the line ministries where the staff capacities are very limited and there is no cooperation between different institutions.
- Proper and functional donor coordination mechanism should be put in place in Kosovo. A better coordination of donors' support by the authorities would be very helpful for the EU itself and other donors as well in streamlining their assistance to Kosovo, since there is still a large presence of both international and bilateral donors in Kosovo.

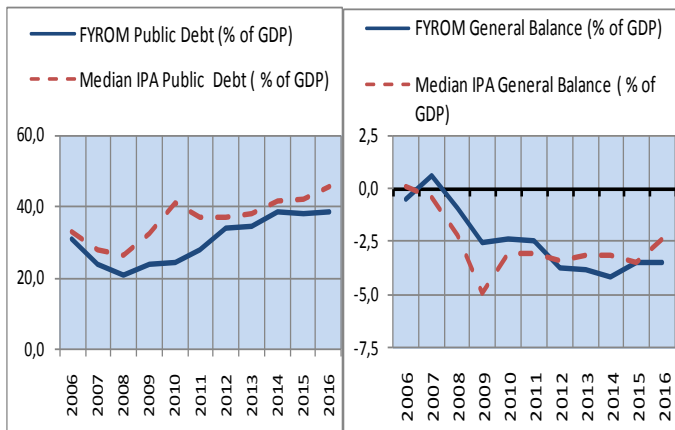
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA



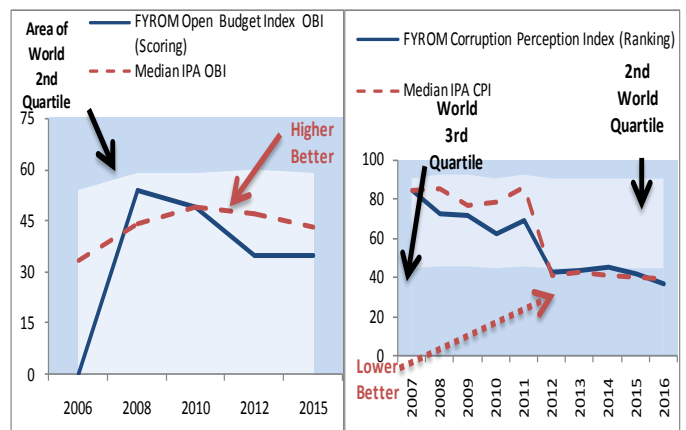
Macro Balances and Imbalances



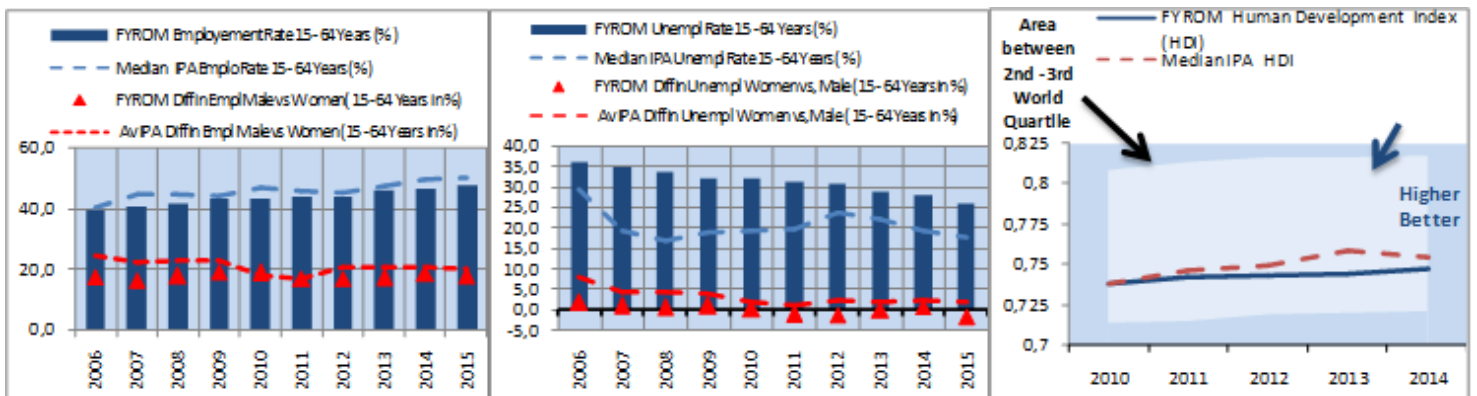
Fiscal Balances and Imbalances



Governance



Growth Outcomes



The following projects have been taken into consideration for the evaluation in the Former Yugoslav Republic of Macedonia, where the fieldwork took place from 5 to 9 September 2016.

IPA Year	Project N° and Title		
1	IPA 2008	260616	Supporting the process of fiscal decentralization through strengthening capacities for sound financial management and internal financial control on local and central levels
2	IPA 2009	MK2009/IB/FI/02	Strengthening the Capacity of the Ministry of Finance for Macroeconomic Analysis and Policy Formulation in order to Improve Policy Making and Meet the Criteria for EU Accession
3	IPA 2010	132948	Further Harmonisation with EU acquis in field of Movement of Capital and Payments and Financial Services - Securities markets and Investment services
4	IPA 2007	234964	Tax Reform–support the Taxation and Customs Unit in the Ministry of Finance and of the Public Revenue Office

RELEVANCE

EQ1:

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?

The assistance in the sample targets maintains a high degree of relevance and respond well to the needs of the target groups. They are fully in line with the IPA program that targets support at economic governance both at programming and implementation level. The 4 listed projects have different perspectives with varying focus on economic governance elements. Specifically, **project 1**, aims to contribute to a strengthened central and local administrative capacity to appropriately implement the decentralization process by strengthening sound financial management and control systems. Its project purpose is to assist the Ministry of Finance and Ministry of Local Self Government, as well as the municipal administration to establish, strengthen and monitor internal control systems in local self-government units. **Project 2** is relevant as it aims to improve economic analysis and forecasting skills in the MoF, aiming to design a coherent medium and long-term macro-fiscal framework, through further development of the capacity for macroeconomic and tax revenues modeling, cost-benefit and fiscal analysis and improvement of the process of budget planning in the MoF. **Project 3** supported the process of ensuring better regulation of the operations of all capital market participants that will result in more efficient, fair and legal capital market and to ensure successful inclusion of the country in SEPA. Also, **project 4** made its contribution in the areas of tax reform. It was designed to assist the MoF in drafting of laws and implementing legislation in the area of taxation, support the efficient management of the PRO and its operational activities by targeting key sectors of the institution related to tax collection, the fight against tax evasion and corruption, as well as to assist in strengthening the quality of the services offered to the business sector, in particular small and medium businesses.

EQ 2:

How relevant is the EU assistance in view of the priority needs of the countries in the region?

Largely, relevance of the EU interventions is good, as well as the quality of the programming documents. The evaluation has no critical observations with regard to translating the priorities and needs into sectoral programming documents related to supporting economic governance. **Project 1** objectives are in line with the Government policies and EC strategies and relevant for the target groups. The National Plan for Adoption of the Acquis (NPAA) envisages full implementation of Public Internal Financial Control (PIFC) in the country and strengthening the administrative capacities of the institutions responsible for financial control and management at central and local level. The Multi-Annual Indicative Planning Document (MIPD) indicates the need for support on decentralization and further enhancement of financial management and financial control procedures. With regard to fiscal decentralization, the National Development Plan (NDP) stresses the need for a systematic capacity building process of the public administration at central and local level. **Project 2** addresses the need for improvement of the design of a coherent medium-and long-term macro-fiscal framework, improving the linkages between forecasting of macroeconomic variables and the budget planning process, and building the capacity of the relevant actors to design and use new forecasting and planning models. It is focused on providing the tools for the very important alignment of spending priorities on the one hand and structural challenges and the planned reform measures on the other. The project is embedded in the relevant legal and policy framework of the country and operates within the strategic objectives of the Government of FYR Macedonia (MK) 2011 -2015 Work Program and the Public Administration Strategy. It is in line with the goals and measures of the Europe 2020 strategy. The design of **project 4** builds on a rather complex constellation of results, activities and outputs which are distributed across two components. The first one, implemented directly with the Ministry of Finance (MoF), has at its core the development of two relevant tax-related laws - the Profit Tax Law and the Personal Income Tax Law. The second component is more fragmented and is designed to support directly

the Public Revenue Office (PRO) through a different spectrum of activities. The PRO is composed of 14 departments and each of them has different absorption capacities. Jointly, they form a rather complex institutional structure which poses a demanding task for the contractor to cover, with many different specific areas of required expertise.

EQ 3:

To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?

The EU has an acknowledged primacy in funding and therefore there are few opportunities to study alternative assistance. Still, the EU interventions are coherent and complementary to the strategies and programs of EU Member States, European Financial Institutions (EFI), and other multilateral and bilateral donors. During the programming stages the EUD has had coordination meetings with development partners to ensure synergy, consistency and complementarity in the programming as well as to confirm that the programs are mutually reinforcing.

EFFICIENCY

EQ4:

To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession?

In examining economic developments in the country, EU's approach was directed by the conclusions of the European Council in Copenhagen in June 1993, which stated that membership of the Union requires the existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union. In addition, a broad consensus has been maintained on the fundamental features of the country's economic policy set-up. The medium-term policy framework was described in various programs, such as the sixth pre-accession economic program (PEP), covering the period 2012-2014, the labour market strategy for 2015 and the national employment action plan for 2011-2013. Programming of the assistance was undertaken by the EU in close consultation with the beneficiaries in order to ensure the assistance was targeted in response to the priorities/needs. The coherency of the programming process was progressively strengthened, as the beneficiaries put in place a range of sectoral and sub-sectoral development strategies.

EQ 5:

What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

Selecting both twinning and TA as an implementation mechanism was an appropriate decision. The strength of the TA interventions has been the good quality of the expertise delivered. For the most part, the experts involved had a good understanding of the local institutional and legislative framework and of the priorities of the sector. TA as the chosen mechanism is appropriate and has been well received by the beneficiaries. The provided reasons for that range from maximization of effectiveness and visible contribution to sustainability of the project results. The advantages of twinning as perceived was its cheaper price and comparatively higher degree of effectiveness. At the same time, twinning was perceived to be slow to mobilize and sometimes too rigid in procedures, rendering the technical assistance option the more popular delivery mechanism. The twinning arrangements in the case of **project 2** have been demanding as they have asked for considerable involvement of the staff from the side of the beneficiary and it has been reported that the engagement within the project presents quite a weight on the staff. During the planning of specific twinning expert missions to FYRM, some of the Short-Term Experts (STEs) proved to be unavailable or the beneficiaries were not in a position to accept the proposed mission dates due to other engagements. In **project 4**, the twinning instrument was considered by the beneficiary to be far more compatible for such an administrative arrangement. This, in combination with a specific TAIEX expertise, was the preferred modality.

EQ 6:

How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?

In the case of project 1 a Financial Management Control Committee and Internal Audit Committee was established in 2011. Thanks to the project, the strengthened capacities in PIFC implementation will have a positive impact on the management capacities of EU funds. As for project 2 the intended outcomes of the project were chiefly achieved as it aimed to improve the linkages between macroeconomic forecasting and budget planning. This was well done. One of the weaknesses was that it was isolated from the policy-making level and did not create valuable links with other actors in the economic analysis and policy making arena. In terms of EU policy objectives, better internal coordination and external consultations should have been ensured. Further steps were taken to improve central institutional capacity on macroeconomic forecasting and analysis, in line with the Directive on requirements for budgetary frameworks. The country had made some progress in adopting the 2010 European System of National and Regional Accounts. In project 4 there was a clear purpose to assist the MoF in the drafting of laws and implementing legislation in the area of taxation, support the efficient management of the PRO and its operational activities by targeting key sectors of the institution related to tax collection, the fight against tax evasion and corruption, as well as to assist in strengthening the quality of the services offered to the business sector, in particular small and medium businesses. In reality, the delivery of results was jeopardized by the lack of consensus and poor communication between the project and the beneficiary. Only very few of the activities have been delivered (and endorsed) which has been considered to be of acceptable quality by the beneficiary and the project had difficulties in adapting to the constantly evolving circumstances of the tax sector in the country. The beneficiary explained that this sector has been evolving fast and therefore an advanced, specific expertise must be applied in order to comply with the latest requirements.

EQ 7: How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?
For future reference, it is advisable to ensure a detailed analysis of the sector and to incorporate lessons learned from previous actions. Economic Governance needs to be addressed in the context of the evolving political crisis which has an impact on macroeconomic stability. Recommendations for further streamlining legislative and institutional processes need to be taken seriously and the institutional capacity of key beneficiaries needs to be consolidated. A number of key areas targeted by the interventions need to be further consolidated, to continue with the benefits of the actions. Financial support, including technical assistance, is further required for the key institutions involved and for related processes.
EQ 8: 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?
TA is appropriate as it is expected to maximize effectiveness and contribute to sustainability of the project results. With a clear aim to accelerate the sustainable reform of the sectors, the service contract has been chosen as the best modality to cover project preparation, eliminate potential bottlenecks and identify those issues which have not been fully resolved by the beneficiaries. As there is a clear practice to reach out to various subjects across the sector, this model can very much increase the potential for project efficiency.
EFFECTIVENESS
EQ9: 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?
The degree to which these outputs have contributed to the achievement of the outcomes is mixed in the listed projects. In the case of project 1 a Financial Management Control Committee and Internal Audit Committee was established in 2011. Thanks to the project, the strengthened capacities in PIFC implementation will have a positive impact on the management capacities of EU funds. Project 2 has a good track record and several factors support this: the good quality of the outputs delivered, the level of commitment of the beneficiary, the understanding of the significance of the results and the articulated need for the project, in view of the planned extension of the intervention. The beneficiaries assess the usefulness of the planned results to be high. As far as project 4 is concerned, the delivery of results was jeopardized by the lack of consensus and poor communication between the project and the beneficiary.
EQ 10: How did the assistance provided respond to the real needs, in terms of quality, timing and duration?
Despite evidenced delays, no major issues were detected and for the most part the outputs were timely produced. At the same time, some difficulties have been experienced in delivering appropriate, timely assistance in a setting that is often fast-tracked and in some cases susceptible to changes in political priorities between programming and implementation. These include limited administrative capacity to absorb and use outputs, insufficient intra- and inter-agency collaboration, turnover of trained staff, and lack of motivation for training.
EQ 11: How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?
The implementation of EU assistance was in direct association with the countries state priorities and beneficiary needs but also a consequence of various circumstances during implementation. Owing to the EU assistance, some priorities have been translated into provisions of actual assistance. This concerns the important need for improvement of the design of a coherent medium and long-term macro-fiscal framework, improving the links between forecasting of macroeconomic variables and the budget planning process, and building the capacity of the relevant actors to design and use new forecasting and planning models (project 2). It also concerns priorities pertaining to a rather complex constellation of results, activities and outputs which are distributed across two components. The first one, implemented directly with the Ministry of Finance (MoF) has at its core the development of two relevant tax-related laws, the Profit Tax Law and the Personal Income Tax Law. The second component is more fragmented and is designed to support directly the Public Revenue Office (PRO) through a different spectrum of activities (project 4).
IMPACT
EQ12: To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?

The achievement of results varied across the board. For **project 1** it is arguably difficult to come to a strong conclusion. The project reports do not provide data or review on PIFC status and achievements in targeted institutions. At the same time, statistical data available in the Ministry of Finance can be used as a kind of indicator to show progress comparing the present situation in PIFC with the situation at the end of 2010 (before the project started). A shortcoming of these indicators is that the available data relates to all institutions in the country while the project activities target a specific list of institutions according to the Twinning WP. There are indications that capacity of institutions at central and local level is somewhat improved, yet achievement of the PP was incomplete. More encouragingly, the desired results for **project 2** have been largely achieved as the quality of outputs was good and so was the level of commitment of the beneficiary. Noteworthy, beneficiaries assess the usefulness of the planned results to be high and that the PP was achieved. In contrast and in the case of **project 4**, achievement of results was jeopardized by the lack of consensus and poor communication between the project and the beneficiary. Despite all efforts, the progress of delivery of results was slowed down and/or stopped by the beneficiary in some cases (such as the endorsement of the modifications on the two laws). As per beneficiary feedback, the project had difficulties to adapt to the constantly evolving circumstances in the tax sector and the contractor failed to meet specific requirements, especially concerning some key outputs.

EQ 13:

**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?**

Impact evaluation for IPA needs to become more rigorous which will take both time and resources. After the creation of clear indicators, all programs funded under IPA II should determine how information needs for subsequent counterfactual assessments in the future and make provision for gathering performance data. For **project 1**, prospective impact could be visible in long-term. Still some effects are already visible. Awareness on the added value of PIFC has been raised and the strengthened capacities in PIFC implementation will have a positive impact on the management capacities of EU funds. **Project 2**, has been focusing on enhancing the quality of public finance planning and developing capacity of the beneficiary. The prospects for improving the design of economic policies and enhancing the capacity for economic modelling and testing different reform scenarios are good. Equally so is the prospect of direct impact on the quality of data to be used in the process of making decisions at the strategic level. Impact of the project should be visible upon completion of upcoming macro-economic policy documents and sector strategies, giving them a more robust analytical and strategic justification. A factor that may risk the direct impact of the project is if the high-level decision-makers neglect the data generated through the developed models in the process of making strategic decisions. However, this a rather theoretical risk as the improvement of the economic forecasting and linking strategic planning with budgeting is seen as a need that is embedded into relevant legislative and policy documents of the country. For **Project 4** the impact of the project is tangible but it is not very high. On a good note, the capacities of the PRO were improved which provided extremely useful tailor-made training on specific current topics.

EQ 14:

To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?

IPA brings important value added to the process of accession harmonization, with key factors including political support from EU institutions and a link between the implementation of the IPA and progress in the political process of accession negotiations. In FYRM, the present risk concerns the political landscape in the country. It is clear that the political risk is a major impediment in allocating EU aid, benefiting the sector. At present, the perception follows the assumption that governance is a key concern to the EU because it affects how the government uses the assistance and the outcomes they are able to achieve with it. As regards its ability to assume the obligations of membership, FYRM is moderately prepared in most areas, but further efforts are needed across the board and a higher focus needs to be placed on its administrative capacity and effective implementation of legislation. This risk should be converted into a possible strong point as the political difficulties could be counterbalanced if a change in government results in stronger ownership and better prospects for facilitating the enlargement process.

EQ 15:

Which are the appropriate SMART indicators that should be embedded in the upcoming projects?

Based on comprehensive project analysis, most indicators were achievable and targets had to be more specific. For the most part, indicators were relatively easy to monitor and to verify objectively but they were not at the result but at the output level. In some cases, the originally planned “intermediary results”, have been turned into activities in the work-plans and this has caused some confusion. In IPA II it is critical to incorporate set baselines and clear target values. Specific objectives should have specific target values expressed numerically. It is also vital to have good quality impact indicators that will improve the quality of the design considerably. This includes policy recommendations developed and provided to the stakeholders / policy-makers as well as the number of contacted/consulted stakeholders and number of institutions approached and engaged with policy change.

SUSTAINABILITY

EQ16:

To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

In terms of **project 1** the beneficiary institutions are a part of the governmental structures and financial sustainability of the results is not questionable. The project is strongly owned by the main beneficiary (PIFC Department of the Ministry of Finance). The management and coordination mechanisms ensure that delivered results and services are available for all stakeholders. Representatives of many institutions are members of the Steering Committee and they have had an opportunity to influence decisions concerning project implementation. The likelihood that target groups will continue to use delivered results is high, but varies from institution to institution. For **project 2**, the MoF seemingly has the capacity to maintain the installed PATU system for data management. In order to ensure this capacity, the system maintenance needs to become part of the annual MoF plans. The sustainability of the use of the models, as well as their upgrade and possible further adaptation depend a great deal on the political leverage of the person/s in charge of promoting the use of the models. The policy-makers need to be more aware of the project and the expected results. The policy environment is very supportive of the project. It is embedded in the Government Work Program 2011 - 2015, the Public Administration Reform Strategy 2011- 2015, the stipulations of the Organic Budget Law and the Law on Budgets. In is also in line with the EC development policies and the Europe 2020 measures. **Project 4** has less promising sustainability prospects owing to different reasons.

**EQ 17:
How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?**

A large backlog of procurement has been accumulated in 2012, which increases the risk of de-commitment in the coming years. This increases pressure on stakeholders to improve the speed of contracting with associated risks that faster non-competitive procurement procedures could be used or projects scaled to the administrative needs of the program rather than the absorption capacity and needs of the beneficiary. Under IPA II, technical assistance will have to further improve the impact of upcoming interventions, aiming to make financial assistance more sustainable. Initially, the mode of assistance delivery needs to be kept open until the final decision is taken and the process of diagnostics should be participatory with a higher inclusion of key beneficiaries. In parallel, identified areas of intervention should be recognized by all parties and associated requirements for technical assistance clearly identified. Also, close cooperation with other providers (donor community) needs to be ensured and duplication and overlap coverage fully avoided. Equally important, the track record and provided guarantees should receive a large weight in appraising requests for future assistance.

**EQ 18:
To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?**

Without a systematic planning approach in place, it can be difficult to specify beneficiary ownership of results. This can be addressed if the beneficiaries make the best use of results. Review and evaluation information can contribute to the evidence base for further policy development and provide justification for addressing priorities. In relation to this, EU assistance should be able to contribute to bring about meaningful changes (outcomes) to the sector, setting a good start for improving the performance of sector bodies and their ability to measure performance through standardization of working processes and procedures, introduction of new and improved methodologies, better communication with the public, enhancement of professional competencies and revision of the legislative framework.

**EQ 19:
How much has the economic governance structures evolved thanks to IPA funding?**

EU has promoted effectiveness by strong political engagement, linking continuation assistance to the successful achievement of the results of projects as well as further progress in accession negotiations. The assistance in the sample targets specific elements of the reform process in a range of different areas but there are some common factors that contribute to effectiveness. These take account of ensuring that the assistance targets current national political objectives, providing adequate expertise, providing training at a level and intensity in line with the absorption capacity of the recipients and providing sustained assistance appropriate to the political landscape and the scale of the institutional reform intended.

COHERENCE

**EQ20:
To what extent is the EU assistance coherent with other interventions which have similar objectives?
To what extent is EU assistance coherent with other actions on the field?
Is EU assistance coherent?**

The EU interventions are coherent and complementary to the strategies and programs of EU Member States, European Financial Institutions (EFI), and other multilateral and bilateral donors. During the programming stages the EUD staff has had coordination meetings with development partners to ensure synergy, consistency and complementarity in the programming as well as to confirm that the programs are mutually reinforcing.

**EQ 21:
To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?**

Coherence could have been better in terms of programming, management and monitoring mechanisms. Even where they are implemented by the same institutions, most of the processes are undertaken by different bodies within them. There is stronger coherence between other instruments available to the Commission Services although their inclusion during the programming process for the IPA could be more comprehensive.

EQ 22:

To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

The projects have closely observed and followed the EU visibility rules. There were different activities aiming to ensure visibility. Through the visibility materials and the website, project related information and outcomes have been made available. The conferences, seminars and information sharing meetings have also increased project visibility. For the most part the projects have followed the Communication and Visibility Manual for EU external actions laid down and published by the EC.

VALUE ADDED

EQ23:

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?

A conceivable added value is that the EU intervention is the most substantial support finance provided to FYRM at the sector level as it represents a significant proportion of the funds available outside of operating costs of the beneficiaries. Also, funds to be made available are generally known some years ahead and can be prearranged into the budgets of beneficiaries/sub-sectors sufficiently in advance that they form the basis of medium term budgeting process. Being linked to a longer term political process, IPA funds can be projected to be continued by the EU into the medium term, which seems to be a critical issue where many bilateral donors are withdrawing funds and where the national budget is constrained.

EQ 24:

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?

N/A

EQ 25:

To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?

EU assistance contributes to enhanced visibility of EU funding, see EQ 22.

EQ 26:

To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?

Management of public finances did not improve and public debt increased further in 2016. A government-led dialogue on the public finance management program has not yet started and a medium-term budgetary framework is yet to be adopted. The following areas have been identified as main priorities for development of public finances: public availability of fiscal data; budget classification and the budget revenue planning process; strengthened internal control system; alignment of public procurement legislation with the *acquis* and its efficient implementation; and increased audit coverage of total public spending in order to improve accountability and transparency of public finances. Budget transparency is not yet ensured, as clear, timely and reliable budgetary and statistical information is not publicly available. The 2016-2017 fiscal strategy and 2016 budget did not undergo sufficient parliamentary debate. The lack of appropriate public and parliamentary scrutiny raises concern about the transparency of the budgetary process. The Parliament has limited capacity to exercise control on use of public funds and there is no efficient mechanism to monitor the budgetary impact of government proposals. As regards possible budget support, the Government was not keen on receiving this type of support and is rather more in favour of agreeing a Public Finance Management Sector Program under IPA 2, which will aim to address the shortcomings. Currently, the advanced draft of the Public Finance Management Reform Program 2016-2020 is being discussed between the Commission and the Ministry of Finance and its adoption is expected upon the formation of the new Government. Once adopted, the Government and the Commission will engage in a policy dialogue in formulating the most appropriate mix of instruments that should ultimately lead to improvements in policy and reforms across sectors.

GENDER AND ENVIRONMENT

EQ27:

Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

For the most part gender-disaggregated data has not been foreseen in the project design explicitly but in the capacity building and training activities, there was a balanced gender representation. On a sector-wide level all programs contributed to equal participation by women and men and also to gender-responsive governance. Both genders equally participated in program planning, implementation and producing lessons learned from projects. The sector is heavily populated by females, as over half of employees are women, including also the critical mass of decision makers or senior management.

EQ28:

To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?

No environmental risks can be identified for the assistance. The projects aimed to uphold the highest environmental standards in its work and to reduce the amount of paper and non-renewable resources spent. There has been no environmental damage noted or the need to cope with critical risks.

LESSONS LEARNT

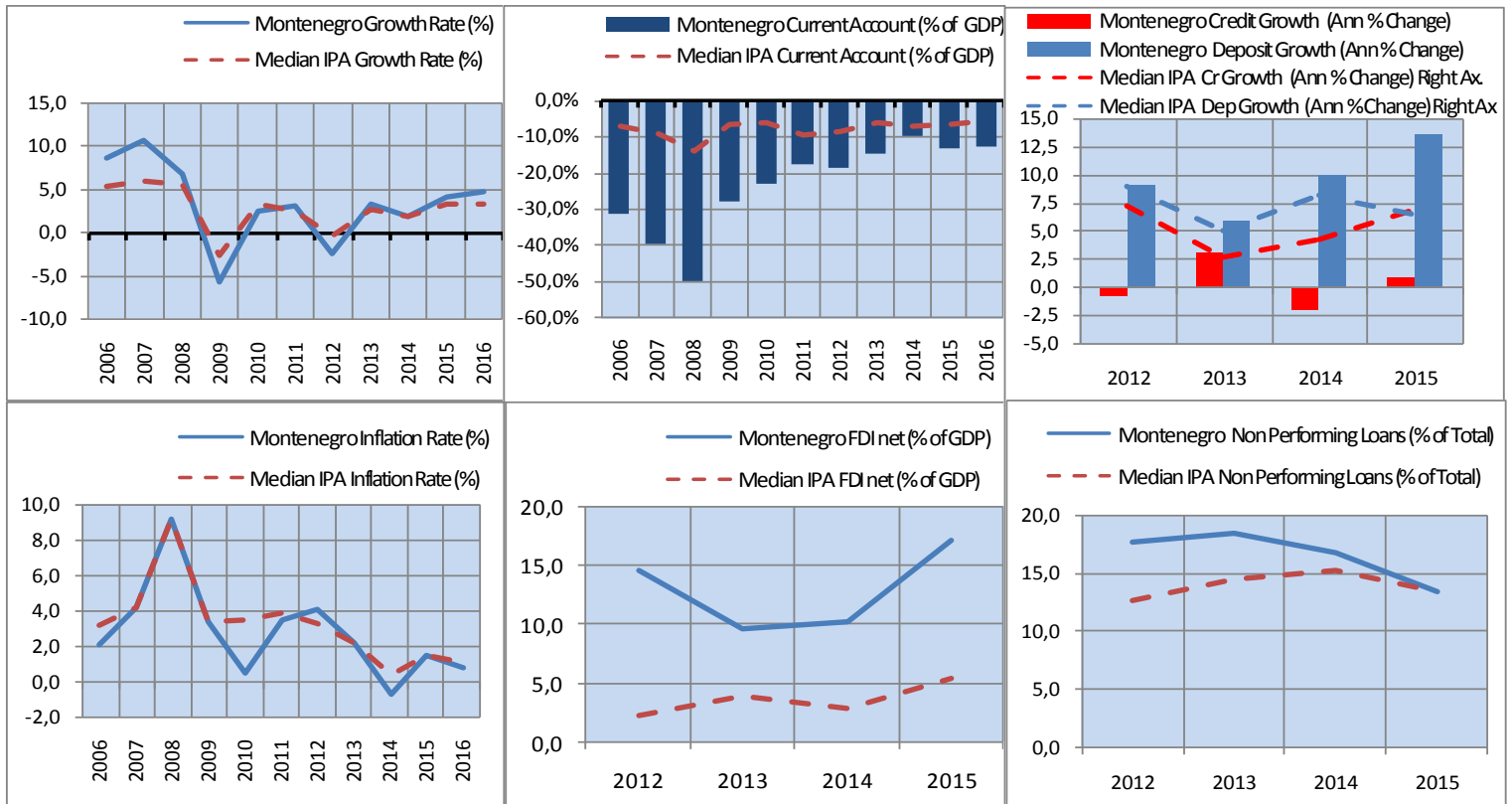
1. IPA II improved the coordination mechanisms and now all key subjects are involved in programming, implementation and steering of the actions. IPA II uses lessons learned and now includes all beneficiaries in the design.
2. Impact evaluation for IPA needs to become more rigorous which will take both time and resources. After the creation of clear indicators, for economic governance areas funded under IPA II should determine how information needs for subsequent counterfactual evaluations in the future and make provision for gathering performance data.
3. The sector approach aims to take a more holistic view of sectoral development, with programming seeking to define and support medium term sector objectives, based where possible on sector level strategic planning carried out by FYRM.
4. Continued commitment and coordination between political and operational sides is critical to keep focus and priority and to translate that into practical action.
5. High beneficiary involvement in both early months and during implementation reinforces local ownership and ensures project success.
6. Experiences of countries in the region as well as recent EU member states are the most useful for the beneficiaries.
7. Risk management arrangements need to be in place to prevent negative project impact. The sustainability (exit) strategy has to be conceptualized and should be developed by each contractor well before the end of project interventions to prevent adaptation of the project design or lack of result achievement.
8. The EU Member States with more advanced tax administrations can provide more direct, tailor-made assistance at the required levels to potential beneficiaries.

RECOMMENDATIONS

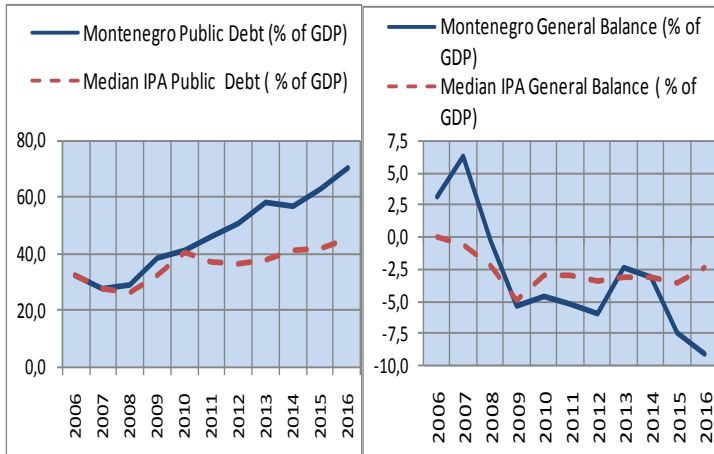
1. The EUD should ensure that to the extent possible all projects have indicators which are SMART and have baselines and realistic targets prior to endorsement of procurement documents, consulting with thematic specialists in DG NEAR if necessary.
2. The EUD and potential beneficiaries should incorporate good quality impact indicators that will improve the quality of the design considerably. This includes policy recommendations developed and provided to the stakeholders / policy-makers as well as the number of contacted/consulted stakeholders and number of institutions approached and engaged with policy change.
3. The EUD should push the national authorities to speed up the legal harmonization process, so as to assure legal and regulatory framework for tax reform is actually improved. This should be done through the strategic dialogue mechanisms with the Ministry of Finance and the Government.
4. The Government and the donor community should consider increasing the capacity building programs for the tax administration on specific areas of interest where such aptitude is lacking.
5. The Government should provide specific budgets at a national level for data gathering and data quality control to be able to measure program performance objectively.
6. Contractors implementing sector-specific projects are advised to improve the quality assurance/technical backstopping for future projects and include a risk management strategy in the technical offer that could be then adapted during the project.
7. NIPAC should review all training component in action documents for projects under IPA II to increase absorption capacity of the potential beneficiary.

Montenegro

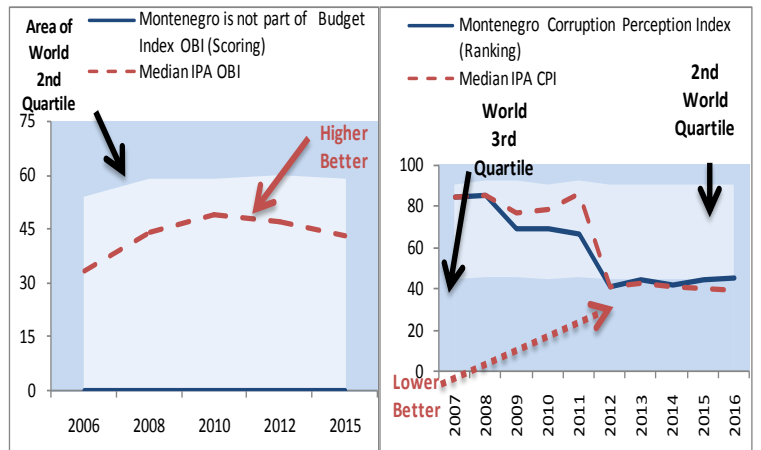
Macro Balances and Imbalances



Fiscal Balances and Imbalances



Governance



The following projects have been taken into consideration for the evaluation in Montenegro, where the fieldwork took place between 26 and 30 September 2016.

IPA Year	Project Title	Contract N°	Reference
2007	Technical Assistance to the Ministry of Economy	216715	P1
2011	Accession to Internal Market (Components 1 and 2)	234554	P2
2011	Technical Assistance to the Insurance Supervision Agency of Montenegro	329367	P3
2011	Technical Assistance to the Insurance Supervision Agency of Montenegro	329367	P4
2013	Needs assessment programme for the Central Bank of Montenegro	345947	P5
2012	Consumer Protection and Market Surveillance	280103	P6
2009	Strengthening the regulatory and supervisory capacity of financial regulators	223932	P7
2009	Technical assistance to the Ministry of Finance of Montenegro IPA	287818	P8
2009	Improving capacities for better efficiency and functionality of the Tax Administration work in accordance with European standards	219968	P9
2012	<i>Strengthening State Aid Management in Montenegro</i>	248747	Additional project³⁵

RELEVANCE

EQ1:

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?

The EU objectives of EU interventions in Montenegro are in line with the national policy and development objectives. All the interventions remain highly relevant.

P1. Policy was unchanged throughout the period of the project; Montenegro pursued the objectives of full participation in CEFTA, completion of WTO accession and progress towards EU candidate status. To accelerate Montenegrin membership in multilateral and regional trading systems and strengthen the institutional capacity for implementation of efficient trade policy pertaining to WTO, CEFTA and EU integration processes. Enforcement of trade policies and strengthening capacities of the Ministry of Economy and other institutions to create and apply trade policies corresponding to global (WTO accession), regional (CEFTA), and European (SAA) integration processes.

P2. The overall objective of the Project is to align the regulatory system of Montenegro with the Internal Market *acquis communautaire*. This objective corresponds to the overall objective of the Program for Economic Development and Employment Promotion, which is: Effective support structures and instruments enhance prospects for development and growth in selected areas of the private sector. It is to be reported that the Project witnessed delays with the adoption of the new Law on Protection of Competition and two CP laws (new Law on Consumer Protection and new Law on Consumer Credits). As a consequence this implied minor adjustments to reallocation of remaining STE resources to actions complementary to those originally planned. This primarily refers to the Project not being in position to actively participate in the scheduled public debate on two CP laws. However, the Project exploited the opportunity to further introduce to ME and other stakeholders (e.g. CBMN and line ministries) additional interpretative arguments on most delicate articles of the *acquis* (e.g. injunctions), and/or preparation of implementing bylaws. Thus, even though the process of finalisation/adoption of the mentioned draft laws took some more time than initially planned, GoM benefited on their higher level of harmonization with the *acquis* and design quality. The delays were caused by factors outside of the Project's responsibility.

P3. The project is in line with the European Partnership and the Stabilisation and Association Agreement (SAA). One of the priority areas set out in the SAA under art. 75 is the protection and enforcement of IPR. The project activities directly support alignment of the Montenegrin IPR legislation with Chapter 7 of the EU *Acquis*. They are seen in the context

³⁵ This service contract (budget 500,000 Euros) has been added to the Montenegro portfolio after the fieldwork, and has been subject to evaluation during the Montenegro fieldwork on multi-country projects, end November 2016.

of Directive 48/2004. The project intervention is in line with the priorities of the Multi-Annual Indicative Planning Document (MIPD) 2008-2010 which identifies the need to upgrade the Internal Market capacities through a gradual introduction of the relevant Acquis. Development of the administrative capacity and efficiency of public institutions responsible for IPR is foreseen as an integral part of these priorities.

P4. The Overall objective of the project is to create the conditions for long-term sound and stable insurance market in Montenegro thus contributing to overall financial stability. Insurance sector in Montenegro is experiencing the dynamic developments in recent years as well as the expansion of the insurance business, with the entry of new companies operating within the international groups. Consequently, the supervision activities performed by the Insurance Supervision Authority are more complex and the scope of the responsibilities is more demanding for its staff, where approximately half of its staff is newly employed during the last two years. In this respect, the focus of the supervisory function is on institutional strengthening of the system in accordance with the EU standards and best practices. The project was organized under four activities:

-Financial analyses; -Corporate governance and internal control; -Risk based supervision; -Strategic views for further capacity building of the Montenegrin Insurance; Supervision Agency (ISA)

P5. The overall objective of the Action is to strengthen macroeconomic and financial stability in Montenegro by providing support to the Central Bank of Montenegro in its preparation for membership in the ESCB and, eventually, the Eurosystem, and in doing so helping the CBCG fulfil its mandate in the most efficient and effective way. In accordance with its mandate, the CBCG actively participates in the efforts of Montenegrin authorities with the objective of obtaining EU membership. Several articles in Montenegro's Stabilisation and Association Agreement and in the European Partnerships, e.g. current payments and movement of capital, banking, economic policy, and statistical cooperation, free movement of capital, financial services, statistics, and economic policy stipulate a number of reform priorities within the range of competence of the CBCG.

P6. The market surveillance system in Montenegro is at an early stage of development with reminiscences from the ex-Yugoslavian model in combination with some modern EU practices. The enforcement of the market surveillance system in the country passes through the establishment of a favourable legal framework. Despite the many legislative advancements in the last years, harmonization of national legislation with relevant EU directives is still required in the areas. This project will address the need of further transposition of the EU acquis in the market surveillance sector.

The ToR assumed Governmental support for consumers' protection and readiness of the Government and other state institutions to continue to harmonize legislation with EU legislation and sufficient resources (financial, human and technical) ensured for the market inspection bodies and implementation and enforcing new legislation as well as sufficient absorption capacity.

It can be confirmed that during the lifetime of the project the assumptions were generally met. Specifically, the management and staff of Government administration institutions were highly cooperative and deeply involved in planning of project objectives and activities; based on close cooperation with management and staff of the institutions the project purposes could be reached and activities were implemented successfully. A good cooperation has been achieved with the business and consumer NGOs, despite of still limited resources of the latter.

P7. To create conditions for long-term economic stability and growth by strengthening the regulatory and supervisory framework of the capital and financial markets. The **European Partnership** calls on Montenegro to: "strengthen the regulatory and supervisory framework for financial institutions and markets, consistent with current EU practices, in particular concerning the banking sector" and to "reinforce cooperation with the home supervisors of foreign banks with significant subsidiaries in Montenegro, including by concluding cooperation agreements."

The establishment of a regulatory and advisory framework of the capital and financial markets in line with EU requirements constitutes one of the key prerequisites for supporting Montenegro in achieving EU accession. During the first quarter of the project, a requirements and gap analysis was conducted which helped to determine the needs of each beneficiary. The project is quite complex but responds to the needs of the target groups, which vary significantly as each organisation is at a different stage of its development.

P8. -The **context** in which the project was undertaken did not change in any unforeseen manner but the economic downturn was more severe than anticipated at the outset of the project and this necessitated:-A closer monitoring of revenues and expenditures (on a monthly basis); -A budget rebalance at mid-year that included restrictions on current spending;- A package of measures in support of some large industries and banks; -Supplementary revenues measures (introduced at mid-year); -The preparation of a very restrictive budget for 2010; and-Negotiations with the IMF and World Bank on possible financial support.

Therefore, while the **objectives** of the project did not change, the list of **activities** undertaken in support of those objectives became more focussed and urgent. These activities were fully discussed and agreed with the beneficiary.

P9. This IPA 2007 project was re-launched by the European Commission Delegation (ECD) to Montenegro in October 2009. The Project Purpose (PP) and Overall Objective (OO) are consistent with the Montenegro Government (GoM) policies as expressed in its Economic and Fiscal Programme 2008 – 2011, the Economic Policy of Montenegro for 2009, and the National Program for Integration of Montenegro into the EU for the Period 2008 – 2012. The project is in line with EC development and cooperation strategies, and with other projects financed by the EU and other donors in the Tax and Customs area. It aims to strengthen the Montenegro Tax Administration (MTA) as an institution and its capacity as a tax collector, by focusing on achieving specific results, and promoting transparency and accountability. The project responds to the needs of the target groups, which are the staff of the MTA at the central and branch offices, the legislative staff of the Ministry of Finance (MoF), the Montenegrin business community, professionals (i.e. accountants and lawyers), Pension Funds, taxpayers and the Customs Administration.

EQ 2:

How relevant is the EU assistance in view of the priority needs of the countries in the region?

The EU assistance for Montenegro is very important in aligning the national legislation with the EU legislation and in increasing the staff capacities. The regional projects are relevant because promote cooperation between the countries of the region but the country priorities in case of regional projects should be country specific, not the same priority for all the countries.

P1. Montenegro proceeded with the process of Stability & Association through responding to the EC's questionnaire and participation in the Joint Sub-Committee and Sectoral EPD meeting. At the time of the project's last mission, the EC had submitted requests for clarification of some of the responses to the questionnaire. Progress as reflected by the Joint Sub-Committee was described by the Ministry as good.

P2. Na

P3. The EU assistance is very relevant for Montenegro, especially in the area of IPR it has contributed to strengthening of staff capacities, establishment of the database and improvement of the IT infrastructure.

P4. Na

P5. Synergies are also expected from similar EU-funded needs analysis programmes that are implemented in 2014-2015 with the Bank of Albania and the Central Bank of the Republic of Kosovo.

P6. Besides fulfilling the Memorandum of Understanding with the Hungarian Authority for Consumer Protection it is recommended to further initiate cooperation in between MS & CP Authorities in neighbouring countries.

In the area of market surveillance and consumer protection raising awareness the regional approach is very important. The EU should support regional a regional project that will contribute to strengthening the cooperation and the collaboration between different market surveillance bodies in the region.

P7. Na

P8. The EU assistance is very relevant for Montenegro, it is essential for strengthening the capacities of the administration staff.

P9. The EU assistance is very relevant for Montenegro because our priority is to be a member of EU. EU assistance has addressed the country priorities and has aligned the legislation on VAT with the EU legislation.

EQ 3:

To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?

The EU interventions in Montenegro are coordinated, coherent and complementary to the strategies and programmes of EU Member State, European Financial Institutions, other multilateral and bilateral donors, and other EU policies and strategies.

P1. Enforcement of trade policies and strengthening capacities of the Ministry of Economy and other institutions to create and apply trade policies corresponding to global (WTO accession), regional (CEFTA), and European (SAA) integration processes

P2. The action will build upon the results and achievements of the following projects:

-*EU Approximation in Trade and Single Market Policies* (TRIM MNE) is a project that started in 19 November 2007, and finished on 18th May 2009, managed by EU Delegation to Montenegro and implemented by consortia led by GTZ International Services.

-The other initiatives of the German Technical Cooperation (GTZ) in the area of sustainable economic development, which included: - Municipal Land Management (Implementation period 3/2004 – 12/2011 with a total budget of around 6.300.000 EUR; Political Partner: MED);

-Advisory Services to Energy Efficiency (Implementation Period 3/2008 – 12/2010 with a budget of 1.500.000 EUR, Political partner: MED)

- *Legal Harmonisation, Twinning Project (IPA 2007)* is an ongoing project that has as primary target the development of technical and management capacities, (e.g. management, planning, management of personnel, and material resources) to be allocated to the legal harmonisation process.

- *Development of Quality Infrastructure in Montenegro (IPA 2007)* project, is expected to start in December 2009, and has objective to facilitate trade and the free movement of goods with a view to improve the competitiveness of the Montenegrin economy.

- *UNDP, Capacity Development Program*, that is still running has provided assistance for a Capacity Development Programme (e.g. approximately €200,000, with a further € 300,000 planned from 2007) for supporting the coordination role of the SEI and the Deputy Prime Minister Office on EU integration, and strengthening institutional capacities related to SAA implementation.

P3. Montenegro, when part of the State Union of Serbia and Montenegro, was one of the beneficiaries of the regional CARDS 2002 project on IPRs, implemented by the EPO in co-operation with the Office for Harmonization in the Internal Market (OHIM). The project (2003-2006) aimed to strengthen IP in the Western Balkans. A number of seminars relating to IP was organised in Montenegro.

The CARDS 2004 project "Assistance to the Intellectual Property Office of Serbia and Montenegro", renamed by addendum to "Assistance to the Intellectual Property Office of Serbia" following Montenegro's independence, managed by the EAR and implemented by the EPO, aimed mainly at rebuilding the technical infrastructure of the IPO Serbia. Databases of IPRs have been created and published: patents, trademarks, industrial designs and this will potentially simplify the work at MIPO in the frame of the recognition of rights.

Montenegro is one of the beneficiaries of the IPA 2007 Regional Programme on Industrial and Intellectual Property Rights in the Western Balkans and Turkey, implemented by the EPO. The two-year long project aims to build on the given assistance to the intellectual and industrial property authorities of the beneficiaries, in the context of their preparation for future European Union (EU) membership and to facilitate in the "IPA region" the development of harmonised IPR granting and enforcement procedures and systems, in the area of internal market.

The actions requested by Montenegro under the IPA Regional IPR programme comprise expert review and comments on existing laws, training for judges, market inspectors, police and customs as well as general awareness and IP awareness targeting SMEs and universities.

The Co-operation and Extension Agreement with the EPO envisages technical, legal and administrative cooperation aiming to develop the necessary infrastructure for a patent system in Montenegro that is compatible with the European Patent system. The extension of European patents to the territory of Montenegro brings significant financial resources to Montenegro that according to the Extension Agreement, should be invested in the development of the national industrial property system.

The World Intellectual Property Organisation (WIPO) is providing expert assistance to MIPO for a period of 1 year (6 months on-site at MIPO and 6 months at WIPO in Geneva), starting from May 2009. The present capacity building IPA 2009 project offers an appropriate platform for the coordination of all these interventions.

P4. N/a. No other donor project in the area of insurance supervision.

P5. The Central Bank of Montenegro has been involved in a number of technical cooperation projects in recent years. The following two projects were financed by the European Commission:

-The CBCG participated in the Pre-Accession Assistance (IPA)-funded regional programme on macro- and micro-prudential supervision ("Crisis Response Package"), which was coordinated by the ECB and implemented between 2010 and 2012.

- During 2009-2011, the CBCG implemented an IPA-funded twinning programme on financial sector supervision, which was conducted by the Българска народна банка (Bulgarian National Bank) and De Nederlandsche Bank. Moreover, the International Monetary Fund (IMF), the World Bank and the European Bank for Reconstruction and Development have provided technical assistance to the CBCG on different topics, in particular monetary and balance of payment statistics, financial stability and banking supervision, market operations, exchange rate policy, foreign reserve management, macroeconomic modelling and forecasting. Moreover, Montenegro is subject to regular surveillance processes by the IMF, including Article IV consultations and Financial Sector Assessment Programmes (FSAPs).

This Action will take other technical assistance projects into consideration as well as build upon the main outcomes and lessons learned from them. Furthermore, results and recommendations originating from regular surveillance mechanisms of the European Commission (such as the assessment of Pre-accession economic programme) and other international institutions (such as the IMF's Article IV or FSAP reports) will be taken into account. Moreover, this Action will cooperate fully with other providers of technical assistance to the beneficiary. Due to the specific nature of the purpose of this Action (see Section 2.2), little overlap with prior and on-going projects is expected and the potential risk of double funding is thus minimal. However, by identifying the remaining gaps between the beneficiary current institutional and operational framework and the EU central banking standards as well as by identifying needs of the beneficiary going forward, this Action will supplement them and will provide synergies with any future actions. Furthermore, several ESCB central banks provided bilateral ad hoc support to the CBCG, sometimes financed under the Technical Assistance and Information Exchange instrument (TAIEX) provided by the European Commission. These activities covered a range of specific topics which fall within the responsibilities of the CBCG.

P6. An IPA 2009 Project was launched in 2010 to support the Market inspectorate in preparation of selected tables of concordance for selected legislation, drafting of a 2 National Plan for Consumer Protection and corresponding action plan (2010 – 2012); introducing (drafting, promoting) amendments to Consumer Protection Law, raising the understanding of NGOs and public on consumer protection issues. The project will also assess the current capacity for market surveillance in key areas and will provide recommendations for improving the market surveillance system. It will include general training on EU requirements and standards in market surveillance (New Approach Directive & General Safety Directive), as well as training on market surveillance methodology through one theoretic training and one pilot control.

A Regional IPA 2008 Project on quality infrastructure is being implemented as well with the objective to facilitate intra-regional trade and the free movement of goods and thus, contribute to improving the competitiveness of the economy in the region and preparing the beneficiaries for future accession negotiations with the EU. In the area of MS the project envisages, based on assessment of the needs, to deliver general trainings on MS (EU legislation and practices) from cross-border perspective.

With the support of the TAIX instrument, Market inspectors visited the relevant market institution of Slovenia.

This project has been implemented after a regional project that GIZ implemented with the countries in the region, and the project built on the previous experience with the regional project.

P7. The 2006 IMF/World Bank Financial Sector Assessment Programme (FSAP) and subsequent EU expert missions concluded that the CBM had adopted a number of relevant international standards. It also identified the need to develop capacity in the area of consolidated supervision and effective interaction with banking sector regulators in other countries. This is important because the recently adopted Law on Banks allows branches of foreign banks to operate in Montenegro. In addition, further efforts must be invested in improving the internal audit systems in the supervised banks.

The SEC, in turn, will need assistance in dealing with challenges of a rapidly developing and very lively stock market, and in educating consumers to understand market risks and make informed decisions on their investments. Therefore, the regulatory and supervisory skills of its staff need to be upgraded.

USAID/Bearing Point has been the major provider of technical assistance to CBM since its establishment (approx. € 3 million), but this support is being phased out. CBM also benefited from support of various European central banks (among them, Deutsche Bundesbank, Banque de France, Czech National Bank, Bank of England, National Bank of Poland, Swiss National Bank, De Nederlandsche Bank), the Federal Reserve Bank of New York and the IMF, but on a small scale basis (total approx. € 1 million). USAID/Bearing Point also provided short term assistance to the SEC during the very early stage of its operations (approx. € 0.3 million) and is now supporting the creation of the ISA through a project whose completion is expected in October 2008 (€ 0.2 million).

P8. The EU interventions in the field of Economic Governance are coherent with the other EU policies. The technical assistance provided through previous projects has contributed to significant capacity enhancement in macroeconomic modelling and revenue forecasting and a core team of five people has been established over the past few years. However, the rapidly changing economic environment has placed additional demands—in terms of depth of analysis and frequency of required outputs—on the team that it does not yet have the experience or expertise to meet. Moreover, the recent dissolution of the Secretariat for Development will lead to the accumulation of additional responsibilities and staff in the unit. The Ministry of Finance therefore requests continued support and guidance to this unit as the economy passes through a turbulent phase.

Previous technical assistance has also strengthened the Ministry of Finance's capacity to link its medium-term fiscal framework with sectoral policies and expenditures through the introduction of a medium-term expenditure framework (MTEF) based on indicative 3-year sector spending ceilings. However, the MTEF is in its early stages of development and the capacity of the Budget Department's 11 staff has not yet reached the level required to guide the Ministry of Finance through a period of profound economic uncertainty - when significant adjustments may be needed in the medium-term budgetary framework. The Budget Department of the Ministry of Finance is in phase of rapid and intensive reforms. Number of people has increased significantly in recent period, and most of them are trainees. Also, responsibilities and scope of work of the Department is increasing, especially after Montenegro independence and EU accession process. Having that in mind expert help and experience are more needed and appreciated. For this reason, the Ministry of Finance requests further support and guidance in the preparation of plans that will preserve the medium-term sustainability and efficiency of fiscal policy in these difficult economic times.

The assistance as specified in the description of the assignment related to the budgetary issues will be provided directly to the Deputy Minister of Finance on the regular basis. The on-job-training and assistance in the macroeconomic modelling as specified in the description of the assignment will be provided to the Budget Department of the Ministry of Finance, which will assign one senior and two junior employees to experts to follow up and assure sustainability of provided technical expertise.

P9. Commencing in 2001, ``Barents Group Bearing Point`` Consultancy (hereinafter: Bearing Point) provided support to the Sector for rendering services to taxpayers and registration in implementation of the new legislation by organizing trainings on the topics of:

-Call Centre Work Procedures;

-Work procedures of the Division for rendering services to taxpayers and registration;

-Procedures of rendering services to taxpayers and registration.

The Bearing Point financed the production of brochures, information booklets, and printing of tax returns. With their financial support, the Call Centre for rendering services to taxpayers has been established. The Audit Sector was in the period of 2003, 2004 and 2005 supported by the technical and consulting assistance of the Bearing Point on the basis of the project funded by USAID. The assistance consisted exclusively of consulting services regarding: -Creation of the inspection control procedures -Training of inspectors for the control/audit of Value Added Tax -Training of inspectors for the control of the Personal Income Tax-Preparation of guidebooks for the VAT taxpayers.

EU-CAFAO Montenegro has provided assistance to the MTA from 2005 to 2007. The main objectives for the EU CAFAO Montenegro assistance have been focusing on human resource capacity building in the following areas:

- Increase of the administrative capacity to implement amended tax legislation aligned with the EU acquis.

- Strengthening of the administrative capacity of the MTA, including its collection and control capacity to be further strengthened towards the fight against corruption and Tax fraud.

- A large number of training activities have been provided especially with emphasis on inspection and control.

- EU-CAFAO VAT Risk Management Subproject was developed during the last quarter of 2006 and the first quarter of 2007 and adopted by Montenegro Tax Administration. The practical implementation of the Subproject still remains open.

- Study tours to old and new EU member states are provided in order to study organisational tax administrations structures and procedures in an old well-established EU member state. Furthermore a study tours to a new EU member state is scheduled for 2007 in order for MTA to obtain information and experience from a new EU member state which recently went through the accession process.

- During 2007, EU-CAFAO has been providing assistance to the modernization of the MTA IT system with the support provided by a local regional expert and an international expert. In addition the MTA has benefited from a 1,216,800.00 € World Bank loan for development of software for a project for implementation of a new collection and registration IT system. The main objective of this project is to create the basis for improved compliance of tax and other laws, as well as improved collection of taxes and contributions. The principal objective is setting up of single centralised registry (at one place in a separate organisational unit in MTA) of all the persons liable to taxes contributions and insurance, which is to be available to all public authorities who will be able to use the data contained in this registry, thus considerably reducing the expenses of the administration. The deadline for its completion is 12 months and commencement is anticipated at the end of 2007. The development of the software was given to the Slovenian software development company HERMES SoftLab Consultancy on the basis of a World Bank tender procedure. Although EU CAFAO Montenegro and HERMES SoftLab Consultancy are working in the same areas of tax reforms, duplications and redundancy are avoided by frequent meetings and exchange of information between the EU CAFAO Montenegro IT expert, MTA and Hermes SoftLab Consultancy.

UNDP Capacity building programme. This programme started its second phase in February 2007. The aim is to strengthen the governments planning capacity. Amongst its areas of focus is the Ministry of Finance, aligning the administration with EU standards. Common areas are potentially the UNDP's work with the modernizing the financial sector and assisting in improving EU alignment. One of UNDP Montenegro Team's overarching goals for the current year is to accelerate Montenegro's EU integration aspirations and to assist the Ministry of Finance to efficiently plan, analyse and manage the public finances in support to country's aspirations for sustainable development and EU integration. Since the UNPD's overarching goal could be considered as a common point with this project, a meeting – under the leadership of the MoF – took place in January 2010. The UNDP activity in sectors related to this project is yet to commence.

EFFICIENCY

EQ4:

To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession?

The EU support contributed to regulatory approximation of Montenegro legislation with EU legislation; it has shown to be an adequate instrument for achieving the objectives of EU accession.

P1. The project contributed to acceleration of Montenegro's membership in the WTO and participation in the SAP; the training and institutional analysis made a contribution to the institutional capacity of the RMTC Sector to implement trade policy.

At the time of preparation of the Terms of Reference it seemed reasonable to think that WTO accession could be completed by the end of the project, although achieving the result is clearly outside the scope of influence of the project. In the event, the result was not achieved, since Montenegro was unable to complete bilateral negotiations with Ukraine. The ability of the RMTC Sector to co-ordinate integration into the multilateral trading system was improved through the advice provided by the project. *Structures for implementation of EU trade policy and EFTA strengthened and prepared for negotiations on EU accession.*

The project influenced the structures for implementation of EU trade policy through submission of reports, discussion and training.

- Law on Accession adopted in national parliament;

-Key MN priorities in CEFTA membership identified and aligned with the process of accession to the EU.
 -The project influenced the structures for implementation of EU trade policy through submission of reports, discussion and training.

P2. The project contributed in aligning the Montenegrin legislation in the area of completion with the EU legislation.

P3. The EU support contributed to regulatory approximation with EU legislation. The following Intellectual Property Laws have been adopted within the duration of the project:
 -The Trademark Law (Official Gazette of Montenegro, No. 72/2010)
 -The Law on the legal protection of Industrial Designs (Official Gazette of Montenegro, no. 80/2010)
 -The Copyright and related rights Act (Official Gazette of Montenegro, no.37/2011)

P4. The TA was focused on analysing of the current insurance legislation in Montenegro and its compliance with the EU *Acquis Communautaire*. The Manual/Guidelines for corporate governance and internal control system and for assessment of its adequacy and the analyses of the current insurance legislation in Montenegro and its compliance with the EU *Acquis Communautaire*

P5. EU support contributed to regulatory approximation with EU legislation. The main deliverable of the programme is a needs analysis reports. The report identifies gaps between CBCG and ESCB central banking standards in a number of previously defined CBCG business areas and functions. Furthermore, it presents recommendations for the CBCG with respect to measures to be taken to reach ESCB central banking standards. This Action is without prejudice to the ECB's position with respect to the implications of the EU Treaties' framework on Montenegro's monetary regime.
 The main deliverable of the Action will be a report presenting recommendations for the CBCG with respect to measures to be taken to reach EU central banking standards in the following business areas: i) accounting; ii) EU integration; iii) financial and banking operations (excluding foreign exchange reserve management); iv) operational risk and business continuity; statistics;

P6. National legal and strategic framework in the area of consumer protection and market surveillance is fully aligned with the EU *acquis*

P7. All 59 planned activities were implemented by 85 highly professional EU member state experts from the Bulgarian National Bank, De Nederlandsche Bank and the Bulgarian Financial Supervision Commission who worked out 744 man-days in 121 missions to Montenegro. More than 250 local experts were involved in the project both from the direct beneficiary institutions and from the banking and non-banking sectors, from other public authorities, and non-government sector. As a result of all this intensive and massive work all the planned 119 benchmarks were achieved which led to strengthening of the financial supervision regulatory framework and the financial regulators' capacity and to a great advancement in the harmonisation of the Montenegrin legislation with the EU *Acquis Communautaire* in the financial sector.
 The 8 new laws and more than 10 new regulations transpose the 15 core EU directives that form the backbone of the financial regulation in the EU. Taking into consideration the important role of the financial sector, not only has the country advanced rapidly towards EU integration, but it has also acquired a new legal framework that will better serve the goal of stability and development of the financial services sector and protection of consumers.
 The project team prepared the legal framework, but what is more important it also established the internal mechanisms for an efficient implementation – more than 29 internal rules, procedures, guidebooks, instructions, et cetera were adopted, 3,500 pages were translated and made available to both the experts and the stakeholders.
 As a result of the joint work and the extensive training of 126 man-days, 14 study visits; 2 international seminars abroad and 22 seminars and workshops in Montenegro, the local experts acquired the needed capacity to further align the Montenegrin legislation with the EU requirements and to implement it. The project involved the experience of a wide number of EU member states including Spain, Germany, Austria, Italy and other.

P8. The EU technical assistance is an adequate instrument for achieving the objectives of EU accession. The EU assistance contributed in preparing macro-economic modelling in order to make realistic projections of the budget especially during the time of crisis. Ministry of Finance is responsible for the chapter 17 of SAA "Economic and Monetary Policy" and the project assistance was important in meeting commitments under this chapter.

P9. In addition the project covers support to the Ministry of Finance with the further alignment of Montenegrin Taxation legislation and procedures with the EU *Acquis*. The envisaged Activities are designed to provide all necessary support and assistance to the Montenegro Tax Administration (MTA), Ministry of Finance in order to strengthen the fiscal system in its process of accession to the EU.

EQ 5:

What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

Different aid modalities have been used in Montenegro. TAIEX has been used for small intervention, the procedure is short and fast, and the absorption capacity is high. Twinning has been selected and used when more focused assistance was requested. Montenegro institutions have been driven to have more Twinning programmes with Slovenia due to the language factor, and historical linkages from the past; there have been twinning contracts with other European countries as well. Disadvantages of the twinning instrument are that: i) the absorption depends always from the capacities of the national twinning institution, and ii) the twinning is costly. Twinning and TAIEX instruments have been complementary to the TA assistance; no overlapping existed and it has demonstrated to be a successful mix, which is seen as suitable in order to finance the government priorities even in the future. For the time being there has been no budgetary support provided to MNE in the area of economic governance.

P1. N/a. The project has been implemented through a framework contract.

P2. Regarding the Project design, characteristics of Delegation Agreement, combining German - Montenegrin bilateral cooperation with EU funding proved to be advantageous to successful project implementation and achievement of results. Bilateral funds were used to react in a flexible manner to immediate demands for additional activities by the beneficiaries, while at the same time securing that common and interrelated objectives of different programs (BMZ/GIZ and IPA) improve its efficiency and effectiveness.

P3. The project has been implemented by a direct grant with IPO and it was very helpful because there was an expert present all the time to work closely with the IPR Directorate in Montenegro.

P4. The project has been implemented through a framework contract, it was fast and the procedure easy under the centralized management. Twinning is costly and we use it when specific member state experience institution is requested.

P5. Not familiar with different aid modalities. The project implementing was a direct contract with the ECB.

P6. The implementation of various instruments is complementary and not contradictory or overlapping, with the support of the TAIEX instrument, Market inspectors visited the relevant market institution of Slovenia. TAIEX is very good instrument for short term and well-focused assistance.

P7. Twinning has been a very efficient instrument in this case and it helped and addressed all the challenges that Montenegro was facing in the areas of financial, insurance and banking sector at that time, experience from an EU member country was important. In the future we may opt for more short time project and maybe we will select a light twinning.

P8. This project has been implemented through a framework contract and the framework contract is very effective, because it has a short procedure, is quicker, and the experts are present when expertise is requested. This is very important for MoF that face everyday staff shortage and lack of trained staff. No experience with other aid modalities.

P9. This project was the first EU financed project, it has been implemented with a service contract and in our view the service contract is the best aid modality. After this project the Tax Department has been supported with other two contracts a twinning contract and a service supply contract. Twinning is the right aid modality when is requested direct expertise on a specific topic, from an EU Member Country.

EQ 6:

How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?

The EU interventions on economic governance gained strength and depth in bringing about reform through strengthened coordination and institutionalized dialogue mechanisms.

P1. The capacities of the responsible institutions during the project implementation were strengthened, but unfortunately these capacities do not exist anymore because almost all the staff that was involved with the project implementation left the public administration.

P2. The success of this Project depended to a large extent on the effective participation and pro-active cooperation of the main project beneficiaries (ME, MF, MI and APC), the Project partners and other relevant key stakeholders involved, and to the effective coordination among these institutions. Other, more specific assumptions underlying the Project intervention for whole time of its implementation related to a strong inter-ministerial co-operation in implementing the necessary reforms, the appointment of relevant working groups, and further building administrative capacities, including limitation of fluctuation of trained staff. Thus, the project will impact positively the national economy by enlarging the space for competition and restricting unfair business and administrative practices. Stronger competition will ensure innovation, benefits for consumers, economic growth for the country. The EU contribution will also create positive business legal environments that will have positive impact in enhancing the achievements of the whole program.

P3. The project has contributed in strengthening the IPR Directorate in Montenegro, after the year 2006, Montenegro had to establish as an independent IPR institution. Also, it has improved the client access to IPR database.

P4. The capacity of responsible institutions (public, private and public-private) is sustainably strengthened as strategy was prepared for further capacity building of ISA in order to put its activities in line with the EU best practice.

P5. The main deliverable of the programme is a needs analysis reports. The report identifies gaps between CBCG and ESCB central banking standards in a number of previously defined CBCG business areas and functions. Furthermore, it presents recommendations for the CBCG with respect to measures to be taken to reach ESCB central banking standards. This Action is without prejudice to the ECB's position with respect to the implications of the EU Treaties' framework on Montenegro's monetary regime.

P6. The EU intervention in the area of market surveillance and consumer protection has contributed to increase coordination between different institutions involved, align the legislation with the acquis, strengthening the capacities of the authorities in drafting new legislation and on the establishment of the market surveillances and consumer protection electronic system.

P7. The cooperation between the financial supervision authorities is further strengthened internally and on a cross-border basis. At the national level Montenegro established financial stability arrangements in line with the best international practices. The high level Financial Stability Council started operation a year ago and is successfully functioning, several MOUs were concluded and joint inter-institutional working groups were formed with the aim to prepare legal harmonisation acts. The four beneficiaries received extensive training on the tasks and responsibilities of the financial authorities in the process of negotiation for EU membership

P8.-The project assisted in regular assessments of the macroeconomic and fiscal situation during a difficult period and in regular updates to revenue projections

-The project sought to maintain a medium-term perspective on the fiscal outlook as necessary fiscal adjustments were successfully implemented

-The project provided ongoing advice on planned expenditure reductions

-The project assisted with the preparation of a mid-year supplementary budget for 2009 and a budget for 2010 that both included a medium-term envelope

-The project made substantial recommendations for improvements in budgetary control, including the monitoring of mandatory versus discretionary expenditures and the improved evaluation of capital projects

P9. The project has increased the capacities of the MTA, it has increased the tax collection and it has aligned the tax legislation with the acquis, a new IT Risk Audit System is in place.

EQ 7:

How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?

Different EU programs in the area of economic governance, and not only, are focused on the government priorities and strategies. During the IPA 2014-2010 the sector approach has been used. Montenegro is moving from specific project proposals that have been made by specific institutions and ministries toward the sector approach. The sector approach is a very good example because NIPAC before proposing a project for financing, checks how the single project fits within the whole sector strategies and the EU priorities. EU Delegation has always provided guidance and their comments during the preparation of the projects, but the responsibility for drafting the project remains always with government institutions. The EU interventions during the last years are more focused in the area of economic governance; the focus of the EU financed projects before, has been in the areas of democracy and infrastructure. The sector working groups are a good example that can contribute to the enhancement of programming of economic governance objectives in order to be more efficient and effective. However, the use of sector approach is evolving in Montenegro (still there are single institutions that approach the EUD for the financing of their projects), and the process is improving also in the framework of the ERP. **In the future, the programming must address the lengthy time gap between the project preparation phase and the project implementation - usually this period is very long.**

P1. EU is actively seeking government advice when setting its own priorities. At the time when the project was selected to be financed through a framework contract the authorities and the EUD were not aware that the project would be included under the economic governance area. At that time the membership to WTO was a priority for the authorities, it has a very strong political commitment and the EU financed the government priority.

P2. The best approach would be to have flexible approach to the project development and execution. In this respect, the project drafting would need to correspond directly to the actual needs of the local market and local authority, including inter alia as mentioned also the proper assessment of administrative capacity to assume the project deliverables. In this respect, it is of great importance that the project is drafted few years prior to execution and that many activities remain intact despite the actual changes that have taken place in the meantime. In this respect, some flexibility should remain so as to secure the project funds are spent in the most efficient manner and with the best outcome results for the beneficiary.

P3. Prior analysis of the possible synergy between different aid/cooperation modalities and financing instruments to better suit the existing human and institutional capacities of each partner country the original project design did not take into account some of the overlapping activities which were considered relevant by the World Intellectual Property Organisation (WIPO), such as developing a national strategy and an IPAS software system. This meant that additional efforts were needed to adapt the project scope, which led to the decision that WIPO would continue with the development of the strategy. The project partners (EUD, MoE, and EPO) were flexible, and replaced activities which had been overlapping with those of WIPO. Based on the request from the beneficiary (MoE), assistance with the revision of the IPR legal framework was integrated into the planning instead of support to the development of a national strategy. Activities planned for MIPO remained appropriate to their needs. Moving MIPO to new premises and hiring new IT staff was a precondition for project start. This took place and ensured the minimum conditions for absorption of project results.

P4. EU is actively seeking government advice when setting its own priorities. At the time of project preparation, the project was a priority of the government (National Plan for the SAA) EUD was approached by the agency to finance the project and the EUD show flexibility for the financing of the project. The Agency approached also the World Bank, which could not finance the project.

P5. EU is actively seeking government advice when setting its own priorities. The project priority was identified by the Central bank of Montenegro and was requested the assistance of the ECB because the ECB has assisted to the other countries of the region with similar projects.

P6. N/a. Not enough knowledge to provide suggestions about how to improve programming.

P7. 1) The project design would be stronger if proper OVIs existed for the PP and OO. 2) The MOF should coordinate the current AML project that is being run in their office, with component 4 of this project. 4) The gap analysis proved an efficient tool. Future projects would benefit from such an analysis, carried out prior to project start. The team leader for the project is the Deputy Minister for the Ministry of Finance (MoF), something that provides considerable institutional weight to project design. The beneficiaries were involved in all aspects of project the design; they drafted the project fiche together with the EC, and they also contributed to the formulation of the activity plans. Coordination, management and

financial arrangements are clearly defined. The project environment remains quite challenging: financial crisis has created uncertainty surrounding a number of EU financial directives that were planned to be transposed with this project. As worldwide methods of market regulation are being questioned some EU financial directives are being amended, thus the project has had to adapt to these changes.

P8. EU is actively seeking government advice when setting its own priorities. In case of this project MoF presented the request to the EUD, EUD assisted with the framework contract. There is close collaboration between the EUD and the Ministry of Finance in setting the priorities when the assistance is needed.

P9. The project has been prepared based on the government priorities and the MTA priorities. The MTA was involved during the preparation process of the project. The cooperation with the EUD has been very effective.

EQ 8:

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?

There is no single methodology used in the project preparation; in the past needs assessment studies have been used while preparing different EU interventions. Also efforts have been made to ensure complementarity with other EU interventions and avoid overlapping with other donors' programmes. The use of the sector planning documents is a new methodology that has been used lately and so far, it has proved to be a good methodology. This is because the sector planning documents are based in the country strategies and priorities, are living documents and help to create a clear picture of the sector, what other donors are doing; and also provide an overview of the projects implemented in the past. The preparation of the sector-planning document in the area of competitiveness and innovation has shown to be a good example.

P1. There was no methodology used for the preparation of the project, it was a request by the Ministry of Economy to finance a government of Montenegro priority (WTO membership). Something should be kept in mind that Montenegro became independent only in 2006 and everything at that time has to be built from the scratch. At that time there was no project targeting internal market.

P2. The approach and methodology of this project have been developed on the basis of a careful analysis of the Project Fiche, taking into consideration the current capacity of the beneficiary organisations: (i) Authority for Protection of Competition (APC), (ii) State Aid Control Commission and State Aid Control Department of the MoF (SACC and SACD), (iii) ME Department for Consumer protection, Consumer Council (CC), Market Inspectorate (MI), and (iv) Working Group on Market Surveillance (WGMS).

P3. No particular methodology was used for the preparation of the project, this project was the only large-scale project in the area of the IPR in Montenegro.

P4. No methodology was used the ToR were drafted (it is a framework contract).

P5. No particular methodology was used for the preparation of the project.

P6. No specific method was used for the preparation of the project, the project was well prepared according to our needs.

P7. The gap analysis was an important tool for defining the gaps and incompliance with the EU requirements. The Action Plan for Basel II implementation proved the CBM's strong commitment to the implementation of the rules of Basel II and established strict deadlines for the process.

P8. No special methodology was used, MOF presented the request to the EUD and the ToR of the framework contract were prepared based on the specific assistance that MoF was requesting.

P9. The MTA participated in the project design, and will also decide on its orientation and implementation. Furthermore, it is likely that the MoF will continue harmonizing tax legislation with the EU acquis and international standards, and the MTA will keep improving its services for tax collection and for taxpayers. This project is expected to use the same technologies, methodologies and components already adopted by the MTA from previous projects.

EFFECTIVENESS

EQ9:

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?

The EU assistance has been effective in strengthening the administrative capacities and the staff knowledge of the benefitting country; it has contributed to the harmonization of the national legislation with the *acquis*, establishment of the institutions, and has contributed in the SAA negotiation process. EU assistance has contributed to the opening of the negotiations in respective SAA chapters, and has contributed to more inclusive and equitable national and local economic development.

P1. The EU financed project has contributed to strengthen the administrative capacities, and fill in the gaps regarding the BITS area (Bilateral investment Treaties).

P2. Successful achievement of the two planned results of the Project is clearly visible in both components. The Montenegro legal system is much more in line with the relevant EU *acquis* in the nearest of future. The implementation and enforcement of the renewed rules are in the hands of much strengthened institutions.

P3. The project is in line with the European Partnership and the Stabilisation and Association Agreement (SAA). One of the priority areas set out in the SAA under art. 75 is the protection and enforcement of IPR. The project activities directly support alignment of the Montenegrin IPR legislation with Chapter 7 of the EU *Acquis*. They are seen in the context of Directive 48/2004. The project intervention is in line with the priorities of the Multi-Annual Indicative Planning Document (MIPD) 2008 - 2010 which identifies the need to upgrade the Internal Market capacities through a gradual introduction of the relevant *Acquis*. Development of the administrative capacity and efficiency of public institutions responsible for IPR is foreseen as an integral part of these priorities.

P4. The project has contributed to align the legislation with the EU *acquis*. Not much experience with different aid modalities their procedures are complicated.

P5. One of the project outcomes was maintenance of the economic stability in Montenegro. The project has contributed in aligning the MNE legislation with the EU legislation and to identify the gaps. In the Framework of the Needs Assessment an action plan has been prepared and approved by the Central Bank of Montenegro it consisted in specific actions to be taken with specific deadlines.

P6. Harmonisation of Montenegrin legislation with the EU *Acquis* related to market surveillance and product safety has been finalized. The project activities have a strong focus on three main types of technical assistance inputs:

-Institutional capacity building;

-Knowledge transfer; and

-Awareness raising.

P7. The 8 new laws and more than 10 new regulations transpose the 15 core EU directives that form the backbone of the financial regulation in the EU. Taking into consideration the important role of the financial sector, not only has the country advanced rapidly towards EU integration, but it has also acquired a new legal framework that will better serve the goal of stability and development of the financial services sector and protection of consumers. The project team prepared the legal framework, but what is more important it also established the internal mechanisms for an efficient implementation – more than 29 internal rules, procedures, guidebooks, instructions, et cetera were adopted, 3,500 pages were translated and made available to both the experts and the stakeholders.

P8. The EU support on Economic Governance contributed to more inclusive and equitable national and local economic development and growth. The experience gained during the crisis of 2009 has been invaluable but the speed and size of the required adjustments meant that, at times, a full medium-term perspective could not be brought to bear on these decisions. The structural composition of the budget has improved during the year, and the Ministry made a commendable decision to concentrate on expenditure cuts rather than on revenue enhancement, but the structure of the budget could be further improved to underpin long-term sustainability.

P9. The assistance has contributed in strengthening the MTA staff capacities and in aligning the tax legislation with the EU.

EQ 10:

How did the assistance provide respond to the real needs, in terms of quality, timing and duration?

The EU interventions have been based on the country priorities and have responded to the country needs. These are high quality projects and have helped to increase the capacity building in the respective institutions. The beneficiaries are of the opinion that the EU has implemented high quality projects in Montenegro.

P1. The EU intervention was design to respond at the Ministry of Economy needs expressed at that at that time by the Deputy Minister, and it responded to the real needs of the Montenegro.

P2. The assistance was strongly focused on the actual needs of the beneficiary in the day-to-day activities. This has been done on top of the actual activities envisaged by the project, as the needs of the beneficiary have been under constant change in dynamic environment. The visiting experts have contributed both in quality of work and duration of stay. Still, taking into account the live cases pending before the beneficiary it might happen also that the timing of the project deliverables is not fully aligned with the timing of the beneficiary work on specific and important issues thus causing inability to engage harder and effectively in loss of resources.

P3. The project was implemented within an adequate time period and its duration was long enough to finish necessary activities. The outcomes of this project have contributed to European Commission assessment that Montenegro's legislation on intellectual property law is largely aligned with the *acquis*.

P4. At the time of project preparation, the project was a priority of the government (National Plan for the SAA) EUD was approached by the agency to finance the project and the EUD show flexibility for the financing of the project.

P5. The EU assistance has been fast and has responded to the real needs of the Central Bank of Montenegro.

P6. The EU has implemented a very high-level project especially the legal assistance provided for the drafting of the legislation in the area of market surveillance and consumer protection has been very helpful for the Montenegro because these capacities were completely missing in the country at that time.

P7. The EU has implemented very high technical assistance project, it responded to our needs and it was provided on time. The project received an extension because some funds were saved during the implementation and some activities were added to the initial plan.

P8. The project context did not change in any unforeseen manner but there have been a number of significant developments during 2009. In particular:

- The **economic situation** continued to deteriorate during the first half of the year, extending a trend that began in the final quarter of 2008 (see Appendix I). Retail sales fell by some 12.5 percent overall and tourism suffered a slight decline relative to 2009. A large (35 percent) drop in manufacturing in the first half of 2009 dragged real GDP into negative territory, despite strong (35 percent) growth in agriculture and power production (50 percent). These trends were augmented by a significant decline in foreign capital inflows and in bank credits, even though foreign direct investment was maintained at levels witnessed in the previous two years.
- There are clear indications that the economic decline bottomed out in the third quarter of 2009 and the outlook for the last quarter of the year is for a modest recovery. The recovery would be led by a slight improvement in consumer confidence and deposit levels at banks stabilised in May after a protracted decline. During 2009 as a whole, annual growth in manufacturing and power is likely to be some -15 percent. Strong agricultural sales will mitigate some of the GDP decline in 2009 while retail sales and transport could recover slightly in the second half.
- Government **revenues** suffered significantly during 2009, both from the downturn in economic activity itself and from the even-more-severe decline in demand in the economy. Taxes on international and domestic trade make up half of the revenues that accrue to central government (and funds). Revenues began their downward trend in the final quarter of 2008 and have been consistently below budget throughout 2009. Central government revenues in the first three quarters (excluding returned credits) were 16 percent lower than in the same period of 2008. However, the decline is expected to come to an end in the final quarter.
- A package of **measures to assist** troubled industries and banks was introduced and tentative (but inconclusive) discussions were held with the World Bank on financial and technical support to restructure those industries and some banks.
- A **new government** was announced only in mid-June and the outgoing government decided to suspend the adoption of the budget guidelines for 2010-12 that had been prepared in May. The new government adopted a revised set of guidelines (that were updated to reflect a new composition of Ministries) in early July.
- Due to a significant decline in revenues, and the need to provide assistance to troubled industries and banks, a budget **rebalance** for 2009 was adopted by parliament at the end of July. The rebalance included significant cuts in expenditure on capital projects and also cuts in current expenditure for government services. The cuts were required even though a significant infusion of financing from foreign banks was foreseen for the second half of the year.
- During 2009, restrictions on **government spending** are likely to see expenditure decline slightly relative to the outturn for the central budget and funds in 2008. At this level, expenditure would be 16 percent below the amount envisaged in the original budget for 2009 and 8 percent below the amount envisaged in the mid-year budget rebalance. The budget for 2010 that was submitted to parliament at the end of November plans for a 5 percent increase in expenditure relative to the likely outcome for 2009. Therefore, budget expenditure will be virtually frozen during 2008-10.

P9. The activity had also been slightly modified on the request of the Deputy Minister of Finance in a way that the Contractor's assistance only comprised the Personal Income Tax and the Corporate Profit Tax. This is to allow the appointed working group for Corporate Profit tax (including key expert) a more thorough analysis of the mandatory EU Directives 2003/49/EC, 90/435/EEC and 2009/133/EC (also see below). This refocusing of the activity also ensured that the projects activities did not overlap with another Council of Europe Project focusing specifically on Real Estate Tax.

EQ 11:

How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?

The Montenegro progress in the SAA process and the opening of the negotiations is the direct link between the country priorities (membership to the EU is priority of Montenegro) and the outcome of the effective TA provided. Strengthening of the capacities and the narrowing of the Montenegro legislation and the *acquis* are other direct links.

P1. Membership of MNE in WTO and chairing of the CEFTA are direct link with the outcomes of the technical assistance provided.

P2. To a significant extent, as the project team has always been focused on prioritizing the needs of the beneficiary to the actual activities and deliverables undertaken by the project. **P3.** The priorities and needs of the Ministry of Economy, which is in charge for intellectual property legislation, have been fully met through this project, since priorities and needs have been adequately recognized and necessary activities implemented.

← **P4.** The project has contributed to capacity building of ISA in order to put its activities in line with the EU best practices.

P5. Preparation of Action Plan and the strengthening of the administrative capacities of the Central Bank of Montenegro are directly linked with the provision of the assistance. The project contributed to establish contacts between the Central Bank of Montenegro staff and the ECB staff, it was helpful to present the ECB standards to the Central Bank of Montenegro staff.

P6. There is a demonstrable link between the priorities of the Montenegro in the area of market surveillance, consumer protection and the project outcomes. It has contributed to the

harmonization of national legislation with the *acquis*, strengthen the institutional capacities, training of different institutions staff and the establishment of the IT system in the area of market surveillance and the consumer protection.

P7. The most important objectives of the component were strengthening of the CBM capacity to ensure financial stability, bringing banking supervision operations in line with the EU *acquis* by ensuring implementation of the requirements of CRD Directives and other relevant EU Directives, reaching a high level of professional expertise and introduction of the international best practice procedures. More than 40 benchmarks were set at the beginning of the project, with another eight added during the extension of the project. In spite of the fact that the project mission was jeopardized due to the management turnover during the most important period of the project cycle in November 2011, all benchmarks were achieved.

The above-mentioned objectives had significant impact on CBM banking supervision and financial stability function in the area of legislation, preparation of instructions and reporting formats, capacity building, cooperation and most importantly implementation. The qualifications and skills of the CBM employees have been upgraded through training and the joint work within the framework of the program. EU *Acquis Communautaire*, other international rules and best practices in financial regulation and supervision are introduced and effectively implemented, with emphasis on money laundering and other forms of financial crime.

P8. The project produced an integrated "Report on Economic and Fiscal Developments and of Fiscal Policy Options and Constraints" (REFP) at end-July that presented the results achieved to that date (in seven chapters) and made concrete proposals for fiscal adjustment and reform in the context of the deteriorating economic situation. Since then, the Macroeconomic Expert has continued to review the economic and fiscal situation on an ongoing basis and has assisted in preparing the budget for 2010—complete with a medium-term expenditure framework for 2011-13—and in preparing an Economic and Fiscal Programme (EFP) that will be submitted to the European Commission before the end of the year.

P9. The new tax aligned with the EU legislation is the direct link between the priorities of Montenegro and the outcome of the EU assistance.

IMPACT

EQ12:

To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?

The EU assistance has helped to increase human and institutional capacity, which in turn has led to an increase in the absorption capacity of policy recommendations and proposed tools, methodologies and good practices.

P1. The contributions to institutional strengthening depend on the capacity of the Ministry to seize the ideas and procedures, to put them into practice in their daily working life and to ensure development and strengthening of the corporate culture implied by the advice.

P2. Successful achievement of the two planned results of the Project is clearly visible in both components. The Montenegro legal system is much more in line with the relevant EU *acquis* in the nearest of future. The implementation and enforcement of the renewed rules are in the hands of much strengthened institutions

P3. Project Results had an impact on the MoE's capacity to lead the process of alignment to the *Acquis*. The management and technical capacities of MIPO increased which can be seen through the increased number of cases it processes and through the generated revenues. MIPO staff participated in the working groups on negotiations related to Chapter 7 of the *Acquis* and increased the outreach to the general public through the web site.

← **P4.** The project contributed in strengthening the institution capacity with the preparation of i) manual and guideline on financial analysis of insurance companies on-site or off-site inspection of financial activities (and translation to local language) in accordance with EU financial supervisory practice

ii) Draft Procedural manual and guideline on risk based supervision of insurance companies in line with best international practice and in accordance with EU *acquis* related to Solvency II Directive requirements.

P5. The main deliverable of the programme is a needs analysis reports. The report identifies gaps between CBCG and ESCB central banking standards in a number of previously defined CBCG business areas and functions. Furthermore, it presents recommendations for the CBCG with respect to measures to be taken to reach ESCB central banking standards.

P6. The assistance provided has helped to harmonise the Montenegrin legislation with the EU *Acquis* related to market surveillance and product safety has been finalized. The project activities have a strong focus on three main types of technical assistance inputs: -Institutional capacity building; -Knowledge transfer; and -Awareness raising.

P7. The project has the challenging objective of preparing the competent regulatory and supervisory bodies for undertaking their roles in a new, dynamic environment in ME. The needs and expectations from the beneficiaries' side are high and the workload ahead is heavy and demanding. The key objective set by the project is the improvement of the overall capacities of the beneficiary actors. The project has gained momentum and -If successful- it will contribute in increasing competencies, promoting communication and coordination among partners and mobilising the private sector thus building a network of trust and understanding.

P8. Overall, the project was very pleased to have been able to contribute to maintaining the financial stability of Montenegro during a very difficult period. Despite a severe contraction in the economy and in public revenues, the Ministry of Finance succeeded in maintaining stability in the public finances and, at the same time, offering assistance to some troubled enterprises and executing a guarantee on private bank deposits. The worst of the crisis has now been overcome and the draft Budget for 2010 offers a sustainable

fiscal future that is based on some difficult but necessary adjustments. The Ministry of Finance and its staff should be proud of the achievements of 2009 and the experience gained in such a turbulent year will be of long-standing benefit to the institution.

The experience gained during the crisis of 2009 has been invaluable but the speed and size of the required adjustments meant that, at times, a full medium-term perspective could not be brought to bear on these decisions. The structural composition of the budget has improved during the year, and the Ministry made a commendable decision to concentrate on expenditure cuts rather than on revenue enhancement, but the structure of the budget could be further improved to underpin long-term sustainability. Also, while the level of expertise has increased substantially, there is room for an upgrading in analytical capacity as the country prepares itself for the process of EU accession.

P9. The likely impacts are that the MTA has improved capacity to better streamline the tax reporting and collection processes, improved services to the taxpayer, increased tax base, timely tax collection and reduced delinquencies, improved control and inspection systems, and enhanced ability to analyse tax information and perform risk analysis. In addition, the tax legislation will be brought closer to the EU *acquis* and international standards. The OVIs are realistic and are likely to be met. However, any factors that could prevent or limit MTA's access to adequate and qualified IT and/or management resources could jeopardise the project's direct impact. At present, such factors are not anticipated. The development of a transparent, efficient and effective tax system harmonized with the EU *acquis* and international standards is likely to promote increased economic activity and attract more foreign investment. No unplanned negative impacts were observed to date. The project benefits from past similar projects that have built the MTA's capacity to the current adequate level, and is complemented by the current MTA's initiative for the Unified Collection of Taxes and Contributions and other similar projects financed by the EU and/or other donors, which are also likely to have a positive impact.

EQ 13:

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?

The sustainability of the EU assistance has been hampered by the staff shortage and scarce human capacity in different ministries and institutions. Many staff working in the EU financed projects during the years had left the administration (they are very much requested by the private sector that offers higher salaries). This is one of the issues that need to be addressed in the future in order to make the EU financed projects more sustainable.

P1. In general, the RMTC Sector has a very wide scope of responsibility. In the work areas of this project, the Sector should improve its understanding of formulation of trade policy, especially in an EU context, and should improve the co-ordination and control of implementation of trade policy. Strengthening the administration in these important areas is the key priority.

P2. The law drafted with the project assistance is being implemented. It is to be reported that the Project witnessed delays with the adoption of the new Law on Protection of Competition and two CP laws (new Law on Consumer Protection and new Law on Consumer Credits). As a consequence this implied minor adjustments to reallocation of remaining STE resources to actions complementary to those originally planned. This primarily refers to the Project not being in position to actively participate in the scheduled public debate on two CP laws. However, the Project exploited the opportunity to further introduce to ME and other stakeholders (e.g. CBMN and line ministries) additional interpretative arguments on most delicate articles of the *acquis* (e.g. injunctions), and/or preparation of implementing bylaws. Thus, even though the process of finalisation/adoption of the mentioned draft laws took some more time than initially planned, GoM benefited on their higher level of harmonization with the *acquis* and design quality. The delays were caused by factors outside of the Project's responsibility.

P3. Project Results had an impact on the MoE's capacity to lead the process of alignment to the *Acquis*. The management and technical capacities of MIPO increased which can be seen through the increased number of cases it processes and through the generated revenues. MIPO staff participated in the working groups on negotiations related to Chapter 7 of the *Acquis* and increased the outreach to the general public through the web site.

← **P4.** Alignment of the national legislation with the EU legislation are very important for the Montenegro path to EU. The project prepared:

← i) manual and guideline on financial analysis of insurance companies on-site or off-site inspection of financial activities (and translation to local language) in accordance with EU financial supervisory practice

← ii) Draft Procedural manual and guideline on risk based supervision of insurance companies in line with best international practice and in accordance with EU *acquis* related to Solvency II Directive requirements.

P5. The action plan prepared is based on the Needs Assessment has been approved, and the Central Bank is continuing with its implementation, but some of the recommendations are of long term nature and a follow up project is needed. In this kind of assistance it will be important to ensure follow up projects in order to make the initial assistance more sustainable.

P6. Harmonisation of Montenegrin legislation with the EU *Acquis* related to market surveillance and product safety has been finalized according to the following:

- Directive 2001/95/EC (GPSD): New Law on General Product Safety with explanatory notes drafted, including general safety requirements, criteria, obligations of manufacturers and distributors and exchange of information on dangerous products.
- Regulations 764/2008/EC & 765/2008/EC: Law on Market Surveillance drafted as a transposition tool for Regulation 765/2008/EC (market surveillance part) and part of Regulation 764/2008/EC (establishment of Contact points for products in non-harmonised areas). This draft law has been translated and sent for comments to Brussels. In case

Brussels should come up with proposals for changes, it will be the obligation of the Beneficiary to accordingly amend the national legislation.

- Decision 768/2008/EC: Transposed by the Law on Technical Requirements for Products and Conformity Assessment in 2011. The topic of the Law adequacy to be discussed between the EU Commission and MNE competent authorities in 2013.
- Decision 2010/15/EU: Concerning the first part (RAPEX) a Governmental Decree on Exchange of Information on Dangerous Products as a transposition tool for Decision 2010/15/EU was drafted. Concerning the second part (Expert methodology for Risk Assessment) reference will be made in the Law on Market Surveillance to the generally accepted risk assessment methodology, to be published on the MI web page.
- Full transposition of Directive 2006/114/EC on misleading and comparative advertising by drafting a new Law on Advertising,

Full transposition of the Package Travel Directive (90/314/EC) by elaborating amendments to the Law on Tourism,

Full transposition of the new Consumer Rights Directive 2011/83/EC by preparing an amendment for the revised Consumer Protection Law,

In addition, by-laws on time-share, price indication were drafted as well as the revised version of the by-law on the Arbitration Board.

The Central Inspectorate is established and is functioning as an independent institution, at the time when the project was prepared it was under the Ministry of Economy. More coordination efforts should be made between different institutions involved in the area of market surveillance, the coordination is crucial.

P7. In a broader perspective, the project is expected to achieve financial market stability and harmonisation within the European environment, thus paving the way for increased confidence and investments in the ME. There are some risks that could jeopardize project impact and these relate to the unpredictable financial crisis that threatens certain European countries. However, the project is encouraging conservative policy making so as to avoid a big impact from external. The Gap analysis was used during the entire project to navigate the harmonisation and capacity building process. The Action Plan for Basel II was fully implemented during the project and the activities planned beyond the project term will be also implemented. Upon completion of the plan the BC banking system will be fully aligned with the Basel II requirements in the area of standardized approaches for credit, market and operational risks. This will strengthen the abilities of the banking sector to withstand external and internal turbulences, thus creating sufficient capital buffers to face the challenges ahead.

P8. The model prepared with the EU assistance is still in use and sustainable in the long run, MoF is requiring additional assistance to update the model and make it more appropriate for the new conditions/requests. MoF is facing everyday staff shortage and lack of capacities since the staff that has been working in the EU financed project are very much requested from the private sector. MoF would like to have experts from the region because the countries of the region might have the same priorities and have good experiences in tackling specific issues for which Montenegro need expertise.

P9. The project is well embedded in the MoF and the MTA, responsible respectively for tax legislation and tax collection. Based on the GoM's commitment to join the EU, it is reasonable to expect that it will continue to provide policy, financial and institutional support in the foreseeable future. The MTA participated in the project design, and will also decide on its orientation and implementation. Furthermore, it is likely that the MoF will continue harmonizing tax legislation with the EU acquis and international standards, and the MTA will keep improving its services for tax collection and for taxpayers. This project is expected to use the same technologies, methodologies and components already adopted by the MTA from previous projects. Their adequacy will be verified during the implementation of the project's IT component. The MTA is not using costly hardware and therefore it is likely to afford their maintenance and replacement when necessary. The same applies for the software; however, the MTA must have appropriate IT expertise for further development, maintenance and upgrading when required. The main project counterparts are endowed with adequate managerial skills and the project aims to develop them technically. The project sustainability could be further enhanced, if the qualified counterparts in the MTA and MoF could train others in the management and technical areas, and if the MTA has access to adequate numbers of qualified IT expertise. The relations with other institutions are good and are likely to continue during the project.

EQ 14:

To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?

The EU project has contributed to the modernisation of institutions and legislation in Montenegro; this process has taken place according to the EU good practices, which have facilitated the SAA process.

P1.-Law on Accession adopted in national parliament;

-Key MNE priorities in CEFTA membership identified and aligned with the process of accession to the EU.

-The project influenced the structures for implementation of EU trade policy through submission of reports, discussion and training.

P2. The Montenegro legal system is much more in line with the relevant EU acquis in the nearest of future. The implementation and enforcement of the renewed rules are in the hands of much strengthened institutions.

P3. Project Results had an impact on the MoE's capacity to lead the process of alignment to the Acquis. MIPO staff participated in the working groups on negotiations related to Chapter 7 of the Acquis.

P4. The EU assistance has contributed to the modernisation of institutions by introducing new methodologies.

P5. Definitively the project has contributed to the modernisation of the institution and strengthening of the institutional capacity of the Central Bank of Montenegro. The experience of the ECB has been a best practice.

P6. The project has contributed directly to the progress made by Montenegro regarding chapter 28 on health and consumer protection of the progress report.

P7. The project has contributed to facilitate the SAA negotiations process and harmonize the legislation in the area of banking sector and financial sector.

P8. The EU assistance has contributed in increasing the staff capacities on macro-modelling and modernize the institution, furthermore it has contributed in the enlargement process because the Ministry of Finance is responsible for the chapter 16 of the SAA process (economic and monetary policy).

P9. The project has contributed in harmonizing tax legislation with the EU acquis and international standards, and the MTA will keep improving its services for tax collection and for taxpayers. The project increased the MTA administrative capacities, and build better relations between the tax officers, and the tax payers. MTA staff learned to be partner with the tax-payers.

EQ 15:

Which are the appropriate SMART indicators that should be embedded in the upcoming projects?

The projects included in the project sample for Montenegro are of small size and have not been monitored.

P1. The project has not been monitored, neither internally nor externally.

P2. Better management of activities and timing; wider pool of available experts; knowledge and understanding of local market and regulatory framework.

P3. The intervention logic presented in the Logframe was logical. However, at the level of Results (R), the indicators were too complex for a practical follow up and were not time bound. The planned assistance was appropriate to the needs of MIPO which had weak technical and human capacities.

P4. There is no monitoring of the project.

P5. No ROM -The Action will be monitored and supervised by the Contracting Authority on the basis of programme visits, meetings with the beneficiary institution and regular reports prepared for the PSC meetings.

P6. No answer.

P7. The targets as presently set are relevant and measurable at the activity and results level; however, at the PP and OO level the OVIs are quite vague. The project design addresses sustainability in two ways: 1) From a legal standpoint: following project completion many EU laws will have been adopted and therefore embedded in the national financial system. 2) From an institutional standpoint: the activities surrounding strengthening the three institutions involved will produce the critical mass of knowledge and expertise to be embedded in the beneficiaries' structures.

P8. No answer. No ROM.

P9. The proposed OVIs are suitable, informative and SMART.

SUSTAINABILITY

EQ16:

To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

Many of the EU interventions in Montenegro are continuing to produce effects after the EU assistance; the transfer of know-how has led to the modernisation of the institutions and readiness to continue the process.

P1. The nature of the project does not lend itself to ensuring sustainability. The sustainability of the contributions of the project is directly linked with the responsibilities of the RMTC Sector. Factors affecting sustainability of the project included;

- the very wide scope of the Terms of Reference (too many and too broad subjects);
- the size, scale and construction of the project (too small, inputs too spread out, partly because of the range of the ToR);
- the timing of the project (delay in accession to WTO distorted the project);
- problems with departure from the requirements of the Terms of Reference.

The RMTC Sector's (understandable) strong commitment to WTO accession in general and to the situation with Ukraine in particular distorted the work of the project. The time of the project (both "official" time delivered during the period of missions and "unofficial" time delivered while consultants were working unbilled at home) was disproportionately used for producing outputs related to bilateral negotiations with Ukraine.

P2. The Montenegro legal system is much more in line with the relevant EU acquis in the nearest of future. The implementation and enforcement of the renewed rules are in the hands of much strengthened institutions.

P3. The management and technical capacities of MIPO increased which can be seen through the increased number of cases it processes and through the generated revenues.

P4. The project delivered:-Educational materials and other supporting materials for trainings of staff of the Beneficiary in areas of methods of operations , system of internal controls and corporate governance of insurance companies risk based supervision of insurance companies and methods of financial analysis of insurance companies, that shall inter alia

include: introduction material, -Draft of Procedural manual and guideline on financial analysis of insurance companies on-site or off-site inspection of financial activities (and translation to local language) in accordance with EU financial supervisory practice -Draft Procedural manual and guideline on risk based supervision of insurance companies in line with best international practice and in accordance with EU acquis related to Solvency II Directive requirements.

P5. The final beneficiary of the Action was the CBCG. The main deliverable of the programme is a needs analysis reports. The report identifies gaps between CBCG and ESCB central banking standards in a number of previously defined CBCG business areas and functions. An action plan was adopted based on the Needs Assessment, and the Central Bank is continuing with its implementation.

P6. The project activities have a strong focus on three main types of technical assistance inputs:

Institutional capacity building;

Knowledge transfer; and

-Awareness raising

The **institutional capacity building** activities will have most direct impact on the main project beneficiaries, particularly the MI. This requires project beneficiaries to ensure that well managed human resource strategies are in place to further develop the capacities of staff, and encourage learning based on the capacities developed through the project. The TAT will assist in particular the MI to establish an internal Training system for Market Inspectors.

It is intended to follow-up the quality analysis proposed for the internal quality management system to plan for efficient use of personnel and to analyse the need for further competence. The appointment of Head of Directives is to promote the strengthening of competence within MI and form a good base for knowledge transfer to MS inspectors. It is however important to continue developing internal training programmes for inspectors.

International cooperation has been initiated during the project, which promotes further development of the institutional and management capacity of MI. Membership of ProSafe and the cooperation agreement with the Hungarian Authority of Consumer protection are important bases for further development of the institutional capacity of MI. Important contributions to sustainability are the newly established IT-systems for complaints handling (CISCP) and the warning system on dangerous products (RAPEX), which ensure a uniform, coordinated and efficient approach in both areas and provide the basis for linking MNE in future to the respective EU systems respectively submit reporting data to the EU level.

Knowledge transfer to respective target groups is a central demand. This requires that knowledge and skills are adopted into their daily work. Therefore training, coaching and on-the-job training is at the heart of the implementation strategy. It is important that appointed Head of Directives plan for training of inspectors. It is thereby recommended to use training material delivered by the project.

It is also strongly advised to increase international cooperation in the MS area, through active membership in European groups (ProSafe and ADCO-groups) and through cooperation agreements (e.g. NFH – MI). Coaching and on-the-job training related, furthermore, to elaboration of the National Consumer Protection Programme 2012 – 2015 as well as to the two Actions Plans for year 1 and year 2. Being the 3rd National Consumer Protection Programme, the beneficiary has acquired the relevant expertise to in future elaborate these programmes and reports without external assistance, via working groups for different legislation, knowledge on techniques for elaboration of Tables of Concordance and drafting of legislation were imparted and deepened. As a result, the legislative process in the consumer protection area is very advanced and the beneficiary disposes of the necessary expertise for further transposition of EU provisions without expert support.

P7. The project is aimed at supporting the beneficiaries for improving their functioning within the evolving financial reality of the country and building the required regulatory and supervisory authority in line with the EU Acquis Communautaire. Project sustainability is mainly built on the increased capacities developed in each of the institutions, referring to increased regulatory and supervisory skills as well as acquaintance with EC financial market concepts and practises. As financial regulators have received limited and fragmented donor support for institution building in the field, the project's contribution is rather critical. In this respect, motivation, involvement and participation competent staff members is essential to project success. At the moment participation is deemed as very satisfactory as project beneficiaries are promptly receiving adequate assistance to develop their skills and capacities to work towards achieving the PP. The number of staff in each institution is not too high, but is adequate for a small country like Montenegro. A large proportion of employees from each institution is involved in the project. They will be the ones requiring continued education and training and introduction to EU concepts and assistance in bringing Montenegrin laws and regulations in line with EU best practices. The project has greatly improved coordination and communication amongst all beneficiaries and foresees a number of activities working towards the strengthening of the status of the beneficiary institutions and the clarifications of their roles. The beneficiaries are heavily involved in the planning and implementation process and decision making remains a joint task to which all actors are highly committed. Policy support to the project is evident: The Deputy Minister from the MoF is the project leader for this project, demonstrating the interest and commitment at a higher level. Concerning financial support, there are suggestions that the ECB may fund the completion of any unfinished activities under component 1.

P8. Despite a severe contraction in the economy and in public revenues, the Ministry of Finance succeeded in maintaining stability in the public finances and, at the same time, offering assistance to some troubled enterprises and executing a guarantee on private bank deposits. The worst of the crisis has now been overcome and the draft Budget for 2010 offers a sustainable fiscal future that is based on some difficult but necessary adjustments. The Ministry of Finance and its staff should be proud of the achievements of 2009 and the experience gained in such a turbulent year will be of long-standing benefit to the institution.

P9. The project modernized the MTA, new legislation was prepared, staff was trained and better relations with the tax payers were established.

EQ 17:**How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?**

In order to improve the impact and the sustainability of the future assistance, it would be important to use the sector approach while drafting such assistance. The use of sector approach is seen as an effort, or a step forward compared to the single project preparation, which will increase the country capacities and prepare Montenegro to benefit from the structural funds when the country will become EU member. Also the timing of the ERP approval and the Multi Year Indicative Plan (MYIP) approval should be synchronised in order to ensure a better link between these two documents. Sector working groups must ensure a better alignment of national priorities and the IPA financed priorities.

P1. In absence of a more substantial project, the next project of similar scale should concentrate on a narrower range of advice and support; there should be a smaller team (2) so as to achieve a greater density of advice. The new Terms of Reference should take account of the limits of specialist knowledge that can be provided by relatively few people, and the specifications for the experts should be carefully targeted at the tasks.

P2. The programming of the future EU assistance needs to secure that selected offers do contain expertise and can meet the expectation and actual needs of the beneficiary.

P3. No suggestion on improving the programming of the assistance.

P4. No suggestion can be made. The project was well designed.

P5. The action plan prepared based on the Needs Assessment has been approved, and the Central Bank is continuing with its implementation, but some of the recommendations are of long term nature and a follow up project is needed. In this kind of assistance it will be important to ensure follow up projects in order to make the initial assistance more sustainable

P6. One of the issues that need to be addressed in the future is that the time period of the preparation of inception report should be shorter, in this case it was very long.

P7. Montenegrin financial regulators have received limited and rather fragmented donor support for institution building in the field of financial sector regulation and supervision. On the other hand, the EU has harmonised regulation in this area over the last years in such a way that same rules are implemented by the different supervisors. Therefore, capacity building and training activities in the future need to be common to the staff of the supervisors involved and/or staff members and executives responsible for internal audit and compliance in the supervised entities. In addition, future assistance must take into account that the Montenegrin economy uses the Euro as legal tender and is surrounded by countries with weak financial institutions, which makes it particularly vulnerable to money laundering and organised crime. In addition, the programming procedure in general has to be shorter. In preparing other future technical assistance for example in the area of capital markets the assistance should be tailored made for our country, we are a small market and we do need expertise from countries that are similar with us in terms of capital market size.

P8. The EU procedures take long time. This is one of the issues that need to be addressed to make the assistance quicker. MoF is facing everyday staff shortage and lack of capacities. MoF would like to have experts from the region because the countries of the region might have the same priorities and have good experiences in tackling specific issues for which Montenegro need expertise.

P9. While many issues were addressed and a definite impact is expected it is clear that there are many issues and identified problems that the project could only touch upon given the broad remit. A more targeted in-depth approach may have achieved greater sustainable impact in fewer areas than the broad approach used in this project. Secondly the breadth resulted in a substantial strain on project planning and execution requiring key experts to devote more effort to planning than a project with a narrower scope may have required.

However, the wide approach of the project will serve to highlight potential areas for improvement at the beneficiary and suggest areas for more in -depth interventions in the future. The individual components could have been expanded and formed the basis of smaller individual project. Alternatively, a more focused approach on the specific component areas could be of benefit. Examples of additional interventions are described below in the section below.

The project was first planned under the IPA 2007 programme and the overall project plan may have benefited from additional review prior to being re -launched in 2009. While all project activities remain relevant and are likely to have an impact it is clear that beneficiary requirements had changed in the intervening period. Both Beneficiaries have since re -prioritised some areas of intervention. While the Contractor has endeavoured to adapt to the new circumstances the project many have benefited from a modification in the project planning stage.

The project is likely to have a sustainable impact on both beneficiaries. All material produced was handed over and is in Montenegrin language. The project has produced suggestions for legal amendments under Component 1, however the implementation of these is outside the contractor's ability to influence.

The project has conducted numerous trainings across several departments and believes the learning outcomes are well anchored with the Beneficiary. To ensure that the brochures developed and the communication strategy result in sustainable benefits they should be used continuously and followed up on.

The improvements to the website and the risk management system have been handed over with all documentation and can be used by the Beneficiary without external inputs. To ensure the continued use and viability of the IT systems it is essential that the MTA ensure that sufficient technical capacity is available – whether these are employees or external contractors. All technical information has been submitted in Montenegrin to enable the MTA to manage and use the IT systems after project completion.

Prioritised follow-up proposals for funding consideration

Given the purpose of the IPA programme is to achieve approximation with the EU acquis in preparation for accession the primary recommendation is that the Ministry of Finance

develop a comprehensive and holistic plan for pre-accession in the field of taxation for both the Ministry and the MTA. As far as the Contractor is informed currently no such plan exists. The plan would encompass a step-wise approach including a comprehensive training and capacity development plan to develop the relevant organisational know-how. Furthermore, the plan would also encompass and map out necessary legal changes as well as organisational changes necessary.

It is suggested above that the MOF in the future delegates the responsibility for answering questions from the taxpayers to the MTA. This task has to be done in a more cohesive way. The MTA is therefore advised to organize a Legal Department. This department should be responsible not only for answering question from taxpayers but also for monitoring the jurisprudence, provide legal guidelines, support in legal matters to other departments and answering question in legal matters from tax officers.

To help ensure that further tax payers at high risk of non-compliance are identified further information interchange systems with other government bodies should be developed such as the Central Bank, the Commercial Court, the Ministry of Tourism, the Ministry of Internal Affairs to name some key ministries. While initial work has been conducted to ensure that the MTA have a functioning risk analysis system and the relevant training to use it, additional measures could yield substantial benefit. These include incorporating information from other ministries, additional quality assurance measures for data input, identification of additional data sources as well as further training on the risk analysis as a concept.

EQ 18:

To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?

The beneficiaries continue to demonstrate ownership of the results; the legislation aligned with the acquis is being implemented and the coordination of Montenegro institutions has increased the ownership at institutional level, and improved the efficiency, effectiveness and impact of the projects.

P1. The "RMTC staff participate actively in on-the-job knowledge transfer, training and meetings". Those staff that did participate did so very actively.

The project impact has been hampered by the lack of staff. Administrative capacities built during the project actually are missing. The project staff left the public administration.

P2. N/a. No answer was provided.

P3. The IT system is in place. The legislation drafted is being implemented. The management and technical capacities of MIPO increased which can be seen through the increased number of cases it processes and through the generated revenues.

P4. Meetings with the high-level representatives of ISA were held, namely with the President of ISA's Council, with the Director and with the 3 Deputy Directors. Topics related with the current situation of the administrative capacity building and the future perspectives and needs were discussed.

P5. The cooperation between the ECB and the NCB partners as well as with the CBCG has been smooth and efficient throughout the implementation period. The CBCG's Directorate for International Cooperation and European Integration has very much facilitated communication between the institutions. Given that this is the fifth needs analysis programme, which the ECB is coordinating, the relationship between the partner institutions is well established and functions efficiently and effectively.

P6. It can be confirmed that during the lifetime of the project the assumptions were generally met. Specifically, the management and staff of Government administration institutions were highly cooperative and deeply involved in planning of project objectives and activities; based on close cooperation with management and staff of the institutions the project purposes could be reached and activities were implemented successfully. A good cooperation has been achieved with the business and consumer NGOs, despite of still limited resources of the latter.

Major risks mentioned in the ToR are mostly associated with limited human resources and absorption capacity (impact of the reorganisation of inspection services, high turnover of staff, insufficient absorption capacity). In addition, Governmental elections were mentioned.

As already stated in the Inception Report, impact of the risks was considered moderate. In practice, the project staff in Market Inspection remained stable and absorption capacity was good. The commitment of staff was high as well as awareness on the need to transpose the EU Acquis into national legislation and to ensure an efficient market surveillance.

Nomination of the National Project Coordinator, Ms. Rada Markovic, as Deputy Director of the new Administration of Inspectoral Affairs resulted in a reduced capacity for the involvement in the project, which yet was compensated by delegating specific responsibilities to the project staff in Market Inspection, in particular Ms. Nada Djurdjic, Ms. Marina Jankovic and Ms. Marina Radulovic. Smooth project development was thus ensured. Election results did not influence the project

P7. In December 2011 the MOU between the Central Bank of Montenegro, the Securities and Exchange Commission, the Insurance Supervision Agency, the Ministry of Finance and the Administration for the Prevention of Money Laundering and Terrorist financing was signed.

Impact: The MOU will ensure good cooperation between the BC institutions and better coordination of AML/CFT activities of mutual interest.

Sustainability: The MOU will serve as the basis for regular meetings, discussions and sharing information on AML/CFT issues as well as for timely and coordinated opinions and policy decisions.

P8. The coordination of interventions partner country institutions increases ownership at institutional level and improves the efficiency, effectiveness and impact of the projects. The experience gained during the crisis of 2009 has been invaluable but the speed and size of the required adjustments meant that, at times, a full medium-term perspective could not be brought to bear on these decisions. The structural composition of the budget has improved during the year, and the Ministry made a commendable decision to concentrate on expenditure cuts rather than on revenue enhancement, but the structure of the budget could be further improved to underpin long-term sustainability. Also, while the level of expertise has increased substantially, there is room for an upgrading in analytical capacity as the country prepares itself for the process of EU accession.

P9. All work was conducted to ensure support towards relevant policies being implemented. All of the work conducted was in accordance with existing policy and/or working to support ongoing and future policy changes. All initiatives were implemented after detailed discussion with the beneficiaries. Work done under Component 1 with the Ministry of Finance as Beneficiary was undertaken towards assessing existing legislation and suggesting improvements with reference to EU legislation. Work conducted for the MTA was aligned with the work plan for 2010 and the overall strategy. The Contractor has supported existing policy initiatives where possible. In particular, the Contractor has worked to reduce the number of delinquent and non-complying taxpayers through training of auditors and inspectors and the development of an IT Risk Audit System.

**EQ 19:
How much has the economic governance structures evolved thanks to IPA funding?**

The EU financed projects contributed to the improvement of economic governance by establishing legislative and institutional standards that are specific to EU.

P1. The project contributed to acceleration of Montenegro's membership in the WTO and participation in the SAP; the training and institutional analysis made a contribution to the institutional capacity of the RMTS Sector to implement trade policy.

P2. The Montenegro legislation in the area of competition is aligned with the EU legislation, institution capacities were strengthened.

P3. In terms of economic governance, the project introduced transparent and standardised procedures into a state administration institution.

← **P4.** The project contributed to the improvement of economic governance because it establishes legislative and institutional standards that are specific to EU. Draft of Procedural manual and guideline on financial analysis of insurance companies on-site or off-site inspection of financial activities (and translation to local language) in accordance with EU financial supervisory practice; Draft Procedural manual and guideline on risk based supervision of insurance companies in line with best international practice and in accordance with EU acquis related to Solvency II Directive requirements.

P5. The project has contributed to maintain the economic stability in Montenegro, to align the legislation with the acquis, and increase the Central Bank staff capacities.

P6. Harmonisation of Montenegrin legislation with the EU Acquis related to market surveillance and product safety has been finalized.

P7. The project supported the beneficiaries for improving their functioning within the evolving financial reality of the country and building the required regulatory and supervisory authority in line with the EU Acquis Communautaire. Project sustainability is mainly built on the increased capacities developed in each of the institutions, referring to increased regulatory and supervisory skills as well as acquaintance with EC financial market concepts and practises

P8. The EU assistance has contributed in improving the government planning capacities and making better fiscal projections, especially during the time of the economic crises and Montenegro authorities have been able to exchange fiscal projects with the IMF and the WB. The EU assistance has provided a good planning tool.

P9. The project has contributed in aligning the tax legislation with the EU legislation, it has increased the tax administration staff capacities and has improved the relations with the tax payers.

COHERENCE

**EQ20:
To what extent is the EU assistance coherent with other interventions which have similar objectives?
To what extent is EU assistance coherent with other actions on the field?
Is EU assistance coherent?**

The EU assistance is coherent, and great attention has always been paid to ensure coherence between different EU interventions. Ensuring the complementarity between different EU interventions has always been a priority.

P1. At the time when the project was implemented there was no other EU financed project and difficult to judge about coherence with other EU projects.

P2. EU activities are fully coherent to the other available resources and support in the field.

P3. The EU assistance in harmonizing Montenegrin intellectual property legislation with acquis (provided through this project) is highly coherent with other interventions which have similar objectives and also highly coherent with other actions in the field of intellectual property in Montenegro.

P4. N/a. No other EU assistance was provided to SAI institution at that time and no comment to be made on the EU assistance coherence.

P5. EU interventions are complementary and coherent with each other. The Central Bank of Montenegro has been involved in a number of technical cooperation projects in recent years. The following two projects were financed by the European Commission:

- The CBCG participated in the Pre-Accession Assistance (IPA)-funded regional programme on macro- and micro-prudential supervision ("Crisis Response Package"), which was coordinated by the ECB and implemented between 2010 and 2012.
- During 2009-2011, the CBCG implemented an IPA-funded twinning programme on financial sector supervision, which was conducted by the Българска народна банка (Bulgarian National Bank) and De Nederlandsche Bank. Moreover, the International Monetary Fund (IMF), the World Bank and the European Bank for Reconstruction and Development have provided technical assistance to the CBCG on different topics, in particular monetary and balance of payment statistics, financial stability and banking supervision, market operations, exchange rate policy, foreign reserve management, macroeconomic modelling and forecasting. Moreover, Montenegro is subject to regular surveillance processes by the IMF, including Article IV consultations and Financial Sector Assessment Programmes (FSAPs).

P6. The EU assistance in the area of market surveillance has been coherent e.g. in this case the EU assistance was coherent with the assistance provided in the project on Internal Market Component 1 and 2.

P7. The objectives and activities of EU assistance are complementary and therefore coherent with other initiatives in the field, the project objectives were coherent with the objectives of the other EU project on Needs Assessment for the central Bank of Montenegro.

P8. In addition, the project team worked closely with staff from the Central Bank and with visiting teams from the IMF, World Bank and EC. This cooperation extended to a regular

review and sharing of macroeconomic and fiscal projections so that the outlook for the economy was generally shared between these institutions and the Ministry of Finance. Previous technical assistance financed by CARDS has also strengthened the Ministry of Finance's capacity to link its medium-term fiscal framework with sectoral policies and expenditures through the introduction of a medium-term expenditure framework (MTEF) based on indicative 3-year sector spending ceilings.

P9. The EU interventions are coherent. The project was followed up by two other contracts a twinning contract and a service supply contract.

EQ 21:

To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?

The EU assistance has promoted cooperation and coordination between Montenegro stakeholders.

P1. The EU assistance contribution to the strengthening of cooperation and coordination between stakeholders was moderate because at the time of WTO membership there was a very strong political commitment and the coordination existed before the project started.

P2. The project has contributed to a certain limit to promote the cooperation of inter-institutional structures in case of competition law and policy. This particularly through engagement of other regulatory and administrative authorities in cooperation and coordination of activities with the project team.

P3. A good practice of the project has been the close collaboration established with another IP Office, the Croatian IP Office, with similar features (established recently, having to manage rights inherited from ex-Yugoslavia, having to adapt the national IP Laws to the *acquis communautaire*, et cetera) and speaking the same language. This collaboration was very beneficial for the IPOM.

P4. The project was focused only in SAI it did not contribute to the establishment of inter-institutional cooperation and partnership beyond the actual activities of the interventions.

P5. No other institution has been involved in this project and as such it has not contributed to establishment inter-institutional cooperation and partnership beyond the actual activities of the interventions

P6. The project has promoted the coordination between all the institutions involved in the area of market surveillance and consumer protection, cooperation with the custom authorities also was strengthened.

P7. In December 2011 the MOU between the Central Bank of Montenegro, the Securities and Exchange Commission, the Insurance Supervision Agency, the Ministry of Finance and the Administration for the Prevention of Money Laundering and Terrorist financing was signed.

Impact: The MOU will ensure good cooperation between the BC institutions and better coordination of AML/CFT activities of mutual interest.

Sustainability: The MOU will serve as the basis for regular meetings, discussions and sharing information on AML/CFT issues as well as for timely and coordinated opinions and policy decisions.

P8. In addition, the project team worked closely with staff from the Central Bank and with visiting teams from the IMF, World Bank and EC. This cooperation extended to a regular review and sharing of macroeconomic and fiscal projections so that the outlook for the economy was generally shared between these institutions and the Ministry of Finance.

P9. The project has contributed in establishing good inter-institutional cooperation with the Custom authority in Montenegro and MONSTAT.

EQ 22:

To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

The EU Directive on visibility requirements has been implemented; EU assistance contributed to an enhanced visibility of EU funding.

P1. There was no visibility component for the project.

P2. Public awareness campaign on consumer protection and/or market surveillance undertaken (interviews given and articles published, live TV shows executed, press release issued, video clip on pilot MS exercise developed, MI web page presented, billboards produced and presented, closure event presented to media).

New data on consumer's awareness of their rights obtained. Working Paper for harmonization of consumer legislation published and disseminated.

Web Page on AIM (section consumer protection and market surveillance) established and regularly updated.

P3. Before the beginning (25 November 2010) and at the end of the project (25 May 2012), press conferences were jointly organised with the EU Delegation to Montenegro in order to communicate on the project. On the occasion of these press conferences, posters and information brochures were produced and distributed to the public. An article was also added to the IPOM website on the occasion of the closure of the EU-funded project.

P4. No visibility component.

← **P5.**

← A press release was published by the ECB, the Central Bank of Montenegro and the Delegation of the European Union to Montenegro on the same day.

← -The ECB website dedicated to ECB-coordinated technical cooperation programmes was updated to cover information on this EU-funded programme.

←-An announcement on the launch of the programme was posted on the ECB's intranet.

← -A press release was published by the ECB, the Central Bank of Montenegro and the Delegation of the European Union to Montenegro on the same day.

-An announcement on the closure of the programme was posted on the ECB's intranet.

P6. Through this project, the EU is promoted as a partner and donor for economic development of Montenegro towards the EU market. Contributions made to the positive image of the EU and its international development work. Establishment of the IT system where citizens can get information about the dangerous products in Montenegro was also a tool that enhanced the visibility of EU financed project.

P7. To ensure project visibility and EU visibility the following steps were taken:

Enlarging the target groups – i.e. not only the beneficiary institutions, but also other institutions were involved in the project activities and events (see the attached list – Annex 2);

-Involvement of journalists in special events;

-Preparation of brochures, leaflets, information materials;

-Active use of web sites to report all stages of the project, including opening and closing events, seminars, conferences.

-Collection of press clips, photos, newspaper articles, et cetera.

-The project has been a great success and has had a significant impact, as shown by the project results, which was pointed out during the discussions with the members of the Committee on Economy, Finance and Budget of the Parliament of Montenegro after the closing event in November 2011.

-The visibility of the project was further demonstrated by providing large target audiences with particular information on the project activities:

-International seminar “The European Financial Sector Regulations – The Challenges for EU Candidate Countries” held in Podgorica, brought together more than 80 senior representatives of banks, insurance companies, pension funds, investment companies and other non-banking financial institutions. This made the project visible for a very large target audience;

-Communication seminar on AML/CFT for journalists presented the project in general, AML/CTF EU framework, Preventive system in Montenegro, communication strategy for awareness of the Law on the Prevention of ML/TF in Montenegro, the brochures/leaflets on AML/CFT issued for the public and for financial institutions;

-Seminar for the judiciary authorities, prosecutors, law enforcement authorities made them aware of the EU legal framework in the area of AML/CFT, as well as the existing practices of prosecuting and judging such types of complex financial crimes in MS.

-Conference on consumer protection and financial education with subject “Role of the financial education for an effective consumer protection policy” targeted at representatives of investment service providers, NGOs involved in consumer protection, journalists and other financial supervisory authorities.

-Seminar presenting the Payment Services Directive to the commercial banks.

-These events were broadly covered by the media of Montenegro.

-Finally, the project was realised in a transparent way taking into consideration the importance of visibility to the main stakeholders.

-All visibility materials were coordinated with the EU Delegation to Montenegro

P8. Na- no visibility activities

P9. The project has commissioned the printing of pamphlets to remind both traders and consumers regarding the obligation to submit and receive a fiscal receipt when paying cash for services to a till. This initiative is aimed at cash traders (identified as a high-risk group for non-tax compliance/a specific target group of taxpayers) and the general public who are the typical customers of cash traders. The pamphlets have been delivered to both the central office and regional offices for distribution throughout Montenegro and have been used in one special compliance campaign. The pamphlets have also been used in the General Tax Compliance Campaign with the objective that increased general knowledge amongst physical persons of the importance of asking for and taking fiscal cash receipts should lead to increased tax revenue as well as improved tax compliance and improvements of the MTA public image.

As a general support activity aimed at strengthening the MTA’s capacity to carry out effective communication with taxpayers, the following interactive sessions have been held with the Beneficiary: 1) communication skills; 2) writing for web presentation; and 3) production of brochures/leaflets: Effective communication with taxpayers will increase taxpayers’ satisfaction with the MTA.

VALUE ADDED

EQ23:

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?

The values added which resulted from the EU interventions are: i) improved technical capacities in different Montenegro institutions; ii) better regulated market institutions, iii) progress with the SAA negotiations, and iv) the alignment and harmonisation of Montenegro legislation with the EU legislation. EU projects are preparing the country its citizens and the public administration for the Montenegro membership to EU.

P1. Difficult to identify the value added because many staff left from that time, maybe the value added was linked with the negotiations of the Bilateral Trade Investment negotiation and it has contributed to the negotiations of chapter 30 of the SAA which at that time was at a preparatory phase.

P2. The value added of the project is the knowledge of EU system, established case law practice, understanding of market forces et cetera.

P3. Montenegro is a country with limited expert capacities and therefore harmonization of Montenegrin intellectual property legislation with Acquis Communautaire requires engagement of EU experts. The advantage of this project is enabling of obtaining necessary expert assistance.

P4. The project has contributed to the introduction of new concepts and aspects in our work, and it has improved our working methods.

P5. The value added of this project is that it has increased the staff knowledge on standards and rules that are applied in the ECB, without this project that would have not been possible.

P6. The value added of the EU financed project was the harmonization of legislation with the acquis, strengthening of the market surveillance institution capacities with the necessary legal advice for drafting the primary and the secondary legislation in the area of market surveillance and consumer protection; raising of awareness on consumer rights.

P7. The value added of the project is the long lasting inter-institutional coordination mechanisms that have been established. The project contributed also in establishing contacts and creating networking with similar institutions in the EU member states. The project established the Financial Stability council and it was fundamental in the signature of the MoU between six institutions in the fight against money laundering.

P8. The added benefits from the EU assistance are: i) better planning capacities within the Ministry of Finance, ii) more realistic fiscal projections, and the iii) provision of a good planning tool.

P9. The benefits of the projects are that the VAT legislation was aligned with the EU legislation, tax revenues were increased, better relations with the tax- payers, a new IT Risk Audit System was operational.

EQ 24:

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?

Montenegro is mostly relying on EU funds. When there is no financing from the EU, other donors are contacted (WB e.g. or the EBRD but these latest funds are loans). **The donor coordination is not functioning well in MNE. It should have gained momentum when donor coordination was carried out by the Prime Minister office, while now the function has shifted to the Ministry of Foreign Affairs (which is in charge of the European integration coordination (NIPAC) and relations with bilateral donors).** It is very difficult at this stage to identify which are the areas that do not require the EU involvement.

World Bank, IMF have not supported the economic governance area, their involvements is focused more in providing recommendations rather than providing technical assistance. European Bank for Reconstruction and Development did not have an extensive program in Montenegro, as is the case with the EU. However, the EBRD assistance has been focused in the area of financial sector with the drafting of the law on factoring and the law on leasing. The EBRD will continue to provide support to the authorities after the elections that are due on October 16, 2016, with the implementation of these two laws, and in addition it will support the strengthening of the vigilance role of the Central Bank of Montenegro. The World Bank has supported the economic governance sector in Montenegro with the preparation of the study on Public Finance Review and providing training for the commercial judges under the Justice Sector project. The World Bank group Country Partnership Framework for Montenegro foresees to provide support during the period 2016-2020 in the area of tax administration with the Revenue Administration Project.

UNIDO on behalf of the UN agencies has collaborated closely with the EUD in Montenegro and has implemented three projects in the areas of: i) Fostering competitiveness and Innovation in Montenegro; ii) cluster development; iii) assessment of ease of doing business.

UNDP assistance in the area of the economic governance will be based in UNDAF 2017-2021.

UNDAF will support Economic Reform Programme and a number of related strategic documents, by focusing, in particular, on issues relating to youth employment, employability, women's entrepreneurship, making the environment for doing business more attractive to SMEs and investors, empowering the competitiveness of SMEs through various forms of pooling, such as clusters, and by stimulating innovation and application of ICT and the latest technologies. The vision also involves the creation of a "green economy" and social enterprises, and building the capacity of local government for creating and managing business zones, which are particularly relevant for job creation for vulnerable populations and depressed geographical regions.

The donors are of the opinion that the EU is the key player in Montenegro and its support must continue in all the areas, but especially in the area of state aid (to increase the staff capacities in handling the state aid).

While the authorities requested that one of the areas for which the EU assistance is necessary is the assessment of the impact of structural reforms and their implications for the state budget. Macro-economic model needs to be updated and calculate the structural reforms impact, this is very important in the framework of ERP.

P1. Difficult to identify the areas that do not require support, one of the areas were support in needed is the implementation of the services directive in Montenegro.

P2. N/a. No answer was provided.

P3.With regard to donor coordination, the project involved two international organisations, the EPO and the WIPO, and efforts were made to exchange information on the activities planned, to avoid duplication and to create synergies. However, WIPO's response has been weak. There is no large scale assistance provided so far to Montenegro IPR office since the institutions request for assistance are more sophisticated (one of the areas where future assistance should be focused is trademark software). However, the IPR priorities are included in the sector approach, together with the R&D and innovation.

P4. N/a. No answer was provided.

P5. Na- Not able to provide an answer, the SAA process is costly and assistance is always needed.

P6. There is no well-functioning system of donor coordination in Montenegro. The EU is the main donor and the areas of market surveillance and consumer protection have not been supported from other donors. There was some assistance in these areas provided in the past by GIZ and a regional EU project. EU has to continue to support these areas in the country and we need more EU support regarding the training of different inspections staff. Further assistance is needed in strengthening the consumer protection IT system. And also, the regional cooperation in the area of market surveillance and consumer protection should be strengthened, a regional project to promote the cooperation and to establish a network of regional market surveillance and consumer protection institutions might be considered.

P7. There is no donor coordination in the area of banking and financial sector. The EU has to continue its support in these areas in Montenegro. The Central Bank of Montenegro will be receiving some short TA support (the TA is expected to be approved during the upcoming Annual Meetings in Washington) from the IMF that is focused on staff training. This TA is very short and it offers some short training for staff in Washington (2-3 weeks).

P8. There is no donor coordination in this area. One of the areas for which MoF is requesting assistance is to upgrade the model and to make possible the assessment of the structural reforms impact. This is very important in the context of Economic Reform Program.

P9. The EU assistance is relevant; however, it is the Ministry of Finance that decides which areas need support (we are under the Ministry of Finance). One of the areas where support is needed is the preparation of the Risk Assessment Methodology and the automatic exchange of information. Currently we are receiving some assistance TA from a Multi beneficiary project TADAT, and the IMF assistance, which is focused in the topics i) of debt collection and ii) Risk assessment.

EQ 25:

To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?

During the implementation of the EU financed projects, the EU directive on visibility has been implemented - in general, press conferences have been organized at the launch and closure of each project. However, some small EU financed projects and the cross-border projects have more room to contribute to the EU visibility, for example with the organization of small activities (as fairs), these kinds of activities ensure more visibility because are closer to the citizens, while the economic governance projects due to their nature do not reach directly to citizens.

P1. There was no visibility component for the project.

P2. Public awareness campaign on consumer protection and/or market surveillance undertaken (interviews given and articles published, live TV shows executed, press release issued, video clip on pilot MS exercise developed, MI web page presented, billboards produced and presented, closure event presented to media).

P3. Before the beginning (25 November 2010) and at the end of the project (25 May 2012), press conferences were jointly organised with the EU Delegation to Montenegro in order to communicate on the project. On the occasion of these press conferences, posters and information brochures were produced and distributed to the public. An article was also added to the IPOM website on the occasion of the closure of the EU-funded project.

P4. NA no visibility component.

P5. Press conferences have been organized at the opening and the closure of the project.

P6. An awareness raising campaign with TV Vijesti was implemented, including a talk show and a public event on World Consumer Rights Day on 15 March in the new mall of Montenegro (Delta City Centre) informing on child safety with live discussion and distribution of two flyers.

A seminar for journalists and an additional briefing was given starting from January 2013.

A Round Table combined with the Final Event, was given to present achievements of the project and discussing future priorities and challenges with a particular emphasis on awareness raising.

P7. -The visibility of the project was further demonstrated by providing large target audiences with particular information on the project activities:

-International seminar "The European Financial Sector Regulations – The Challenges for EU Candidate Countries" held in Podgorica, brought together more than 80 senior representatives of banks, insurance companies, pension funds, investment companies and other non-banking financial institutions. This made the project visible for a very large target audience;

-Communication seminar on AML/CFT for journalists presented the project in general, AML/CTF EU framework, Preventive system in Montenegro, communication strategy for awareness of the Law on the Prevention of ML/TF in Montenegro, the brochures/leaflets on AML/CFT issued for the public and for financial institutions;

-Seminar for the judiciary authorities, prosecutors, law enforcement authorities made them aware of the EU legal framework in the area of AML/CFT, as well as the existing practices of prosecuting and judging such types of complex financial crimes in MS.

-Conference on consumer protection and financial education with subject "Role of the financial education for an effective consumer protection policy" targeted at representatives of investment service providers, NGOs involved in consumer protection, journalists and other financial supervisory authorities.
 -Seminar presenting the Payment Services Directive to the commercial banks.
 -These events were broadly covered by the media of Montenegro.
 -Finally, the project was realised in a transparent way taking into consideration the importance of visibility to the main stakeholders.
 -All visibility materials were coordinated with the EU Delegation to Montenegro

P8. Na- no visibility activities

P9. The project has commissioned the printing of pamphlets to remind both traders and consumers regarding the obligation to submit and receive a fiscal receipt when paying cash for services to a till. This initiative is aimed at cash traders (identified as a high-risk group for non-tax compliance/a specific target group of taxpayers) and the general public who are the typical customers of cash traders. The pamphlets have been delivered to both the central office and regional offices for distribution throughout Montenegro and have been used in one special compliance campaign. The pamphlets have also been used in the General Tax Compliance Campaign with the objective that increased general knowledge amongst physical persons of the importance of asking for and taking fiscal cash receipts should lead to increased tax revenue as well as improved tax compliance and improvements of the MTA public image.

As a general support activity aimed at strengthening the MTA's capacity to carry out effective communication with taxpayers, the following interactive sessions have been held with the Beneficiary: 1) communication skills; 2) writing for web presentation; and 3) production of brochures/leaflets. Effective communication with taxpayers will increase taxpayers' satisfaction with the MTA.

EQ 26:

To what extent can Budget Support and/or a mix of instruments lead to further improvements in policy and reforms?

There is no budgetary support project included in the project sample for Montenegro.

GENDER AND ENVIRONMENT

EQ27:

Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

Both genders are equally affected by EU projects in the area of economic governance.

P1. Both men and women have benefited from the Montenegro membership to the WTO.

P2. Good governance, gender equality and minority issues, as well as environmental issues have been promoted and systematically incorporated into the Project activities for whole duration, especially in administrative capacity and institution building activities like seminars, workshops, round tables, study tours et cetera and legal harmonization with the acquis. In both components, the equality between men and women and the active involvement of both genders in all aspects of social progress have been promoted by. Project through the support to access and equal rights within the national civil service institution and capacity building activities (e.g. training events and study tours).

P3. The project fiche identifies cross cutting issues in terms of equal opportunities, minorities, and environment. Gender equality is part of equal opportunities. Most of the employees at MIPO are women and it was planned that they will benefit directly from project activities, such as training.

P4. The project has ensured equal participation by women and men and gender-responsive governance.

P5. This project has contributed equally to the participation of women and men. Central Bank staff has more women.

P6. The EU financed project has impacted equally both woman and men.

P7. The improved fight against money laundering must tackle the financial implications of trafficking in human beings, with special emphasis on women and children. The trafficking of human beings for prostitution and slave labour has become a growing problem in recent years in central and Eastern Europe where it generates high profits enabling traffickers to engage in other criminal activities and achieve economic, social or political power. The project – in its 4th component – shall pay specific attention to this phenomenon in its training curricula so as to ensure that supervisory staff acquires an exhaustive understanding of financial criminality, including its gender dimension.

P8. Na- no answer

P9. The project will consider gender in proposals for staff development, even though the MTA is mainly staffed at all levels of responsibility with women. Taxpayers' rights, good governance and donor coordination are adequately addressed by the project.

Throughout the project, the Contractor has monitored gender distribution of working groups. The Contractor has on several occasions noted a very good gender balance at both the Ministry of Finance and MTA.

EQ28:

To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?

Some of the EU interventions in the area of economic governance have contributed to a higher consideration of the needs for control and adherence to environmental standards.

P1.NA

P2. Under Component Consumer Protection and Market Surveillance, within finalization and subsequent implementation of NCPP and related Action Plan, the Project supported the elaboration of proper information given to the beneficiaries primarily on possible environmental, but also social and economic consequences of further alignment with the Consumer Acquis Communautaire. In this process, with the Project's concrete input, sharp focus was given on Product safety and Environment protection issues (especially from local self-government level), and inclusion of additional MS authorities in CBMS (e.g. areas of pyrotechnics, motor vehicles, and leisure boats). While supporting the coordination of CBMS, the Project got engaged in solving conflict of competencies between Ecological and Sanitary inspection. There, of special concern were products which are posing certain chemical risk.

Through the preparation of the NCPP, the Project supported the view of the beneficiary on the needs to make this information on the potential impacts available to other actors as well (NGOs, aid donors, parliaments, business et cetera).

P3. N/a. No answer.

P4. N/a. No answer.

P5. N/a. No answer.

P6. The environment standards have been respected during the project implementation.

P7. Education and training activities will also address the growing presence of organised crime in the area of environment through, for instance, illegal import and export of waste; disposal of hazardous waste; movement of ozone depleting substances, et cetera. The fight against pollution crime is particularly important in Montenegro which is aiming to enforce strict environmental standards (Montenegro has declared itself to be an "ecological state").

P8. Na- no answer

P9. The project activities are environmentally neutral and the potential of using taxation to address environmental issues is beyond the project's scope.

The Contractor has, where possible, undertaken measures towards ensuring minimal impact of the project. As this project does not contain any works component or implementation of physical items no environmental impact beyond office work occurred. The Contractor has ensured where possible that internal and external written communication was done electronically and that paper documents were printed double sided. Recycling was made use of where possible.

CONCLUSIONS

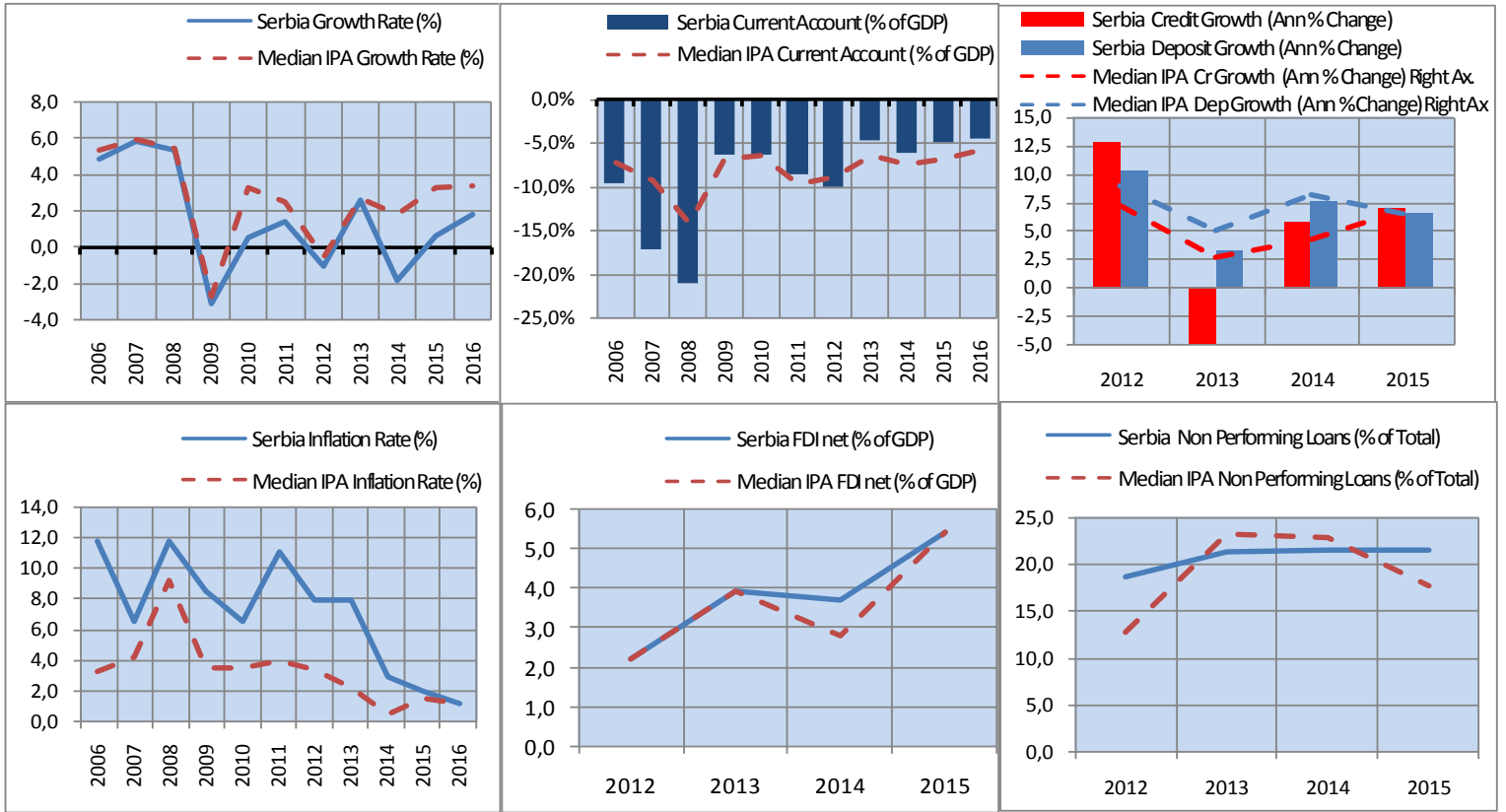
- The EU objectives of interventions in Montenegro remain highly relevant and are in line with the national policy and development objectives. The EU support has contributed to regulatory approximation of Montenegro legislation with EU legislation; it has shown to be an adequate instrument for achieving the objectives of EU accession, establishing many Montenegrin institutions, and also in increasing the public administration staff capacities.
- EU assistance in the area of economic governance has contributed to the opening of the negotiations in respective SAA chapters, and in achieving a more inclusive and equitable national and local economic development.
- Twinning and TAIEX instruments have been complementary to the TA assistance; no overlapping existed; it has demonstrated to be a successful mix, suitable in order to finance the government priorities even in the future.
- The EU assistance in Montenegro is coherent - ensuring the complementarity between different EU interventions and other donors' initiatives has been a priority. The EU assistance has promoted cooperation and coordination between Montenegro stakeholders. The EU interventions on economic governance has gained strength and depth in bringing about reform through strengthened coordination and institutionalized dialogue mechanisms.
- Many of the EU interventions in Montenegro continue to produce effects after the EU assistance has ended; the transfer of know-how has led to the modernisation of the institutions and readiness to continue the process; however, the public administration staff shortages is a serious threat to the sustainability of the EU interventions in the area of economic governance.
- There is no well-functioning donor coordination mechanism in Montenegro. It has to regain the momentum when the donor coordination functions were carried out at the Prime Minister office, while now the function has shifted to the Ministry of Foreign Affairs (which is in charge of the European integration coordination (NIPAC) and relations with bilateral donors).

RECOMMENDATIONS

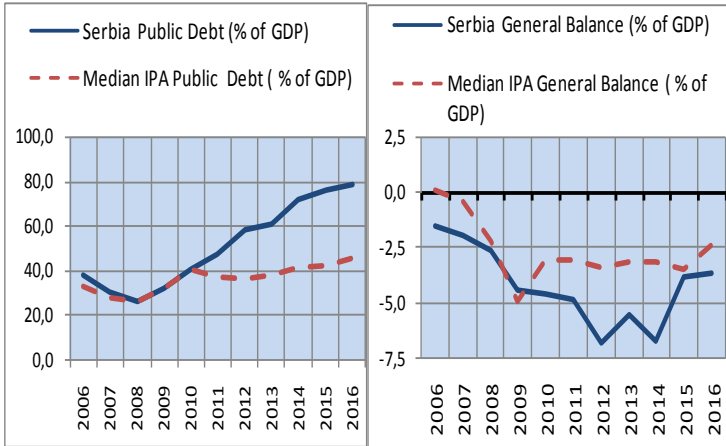
- The regional approach of EU financed projects is a relevant a tool in promoting cooperation between the countries of the region, however in the future the regional EU programming of the assistance, the priorities for each country should be country specific, not the same priorities/objectives for all the countries.
- In order to improve the impact and the sustainability of the EU future assistance, it would be important to use the sector approach in all the sectors. The sector approach is seen as an effort, or a step forward compared to the single project preparation; it will increase the country capacities and prepare Montenegro to benefit from the structural funds. In addition, the timing of the Economic Reform Programme approval and the Multi Year Indicative Plan (MYIP) approval should be synchronised in order to ensure a better link between these two documents. Sector working groups must ensure a better alignment of national priorities with IPA financed priorities. In the future, the programming must address the lengthy time gap between the project preparation phase and the project implementation - usually this period is very long.
- Increase of scarce human capacities, and addressing the staff shortages in the Montenegro public administrating are key factors to ensuring the sustainability of the EU assistance in the future.
- Establishment of a well-functioning donor coordination mechanism in Montenegro will avoid overlapping and ensure coordination and complementarity between different donors' programmes. The EU is the key player in Montenegro, and its support must continue in all the areas, but especially in the area of state aid, and in assisting the authorities with the preparation of the impact assessment of structural reforms and their implications for the state budget.

Serbia

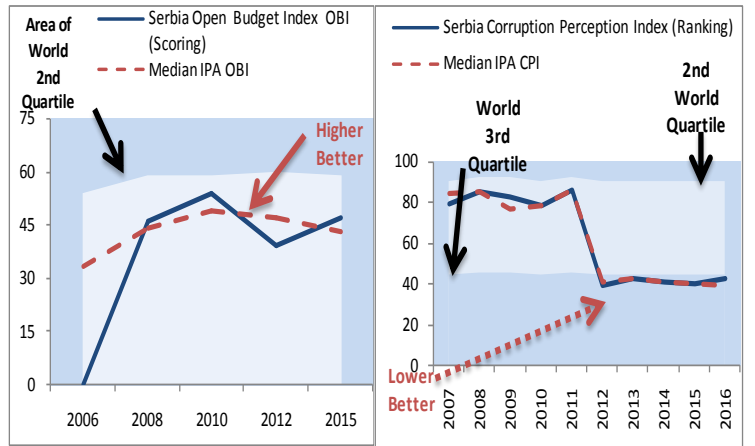
Macro Balances and Imbalances



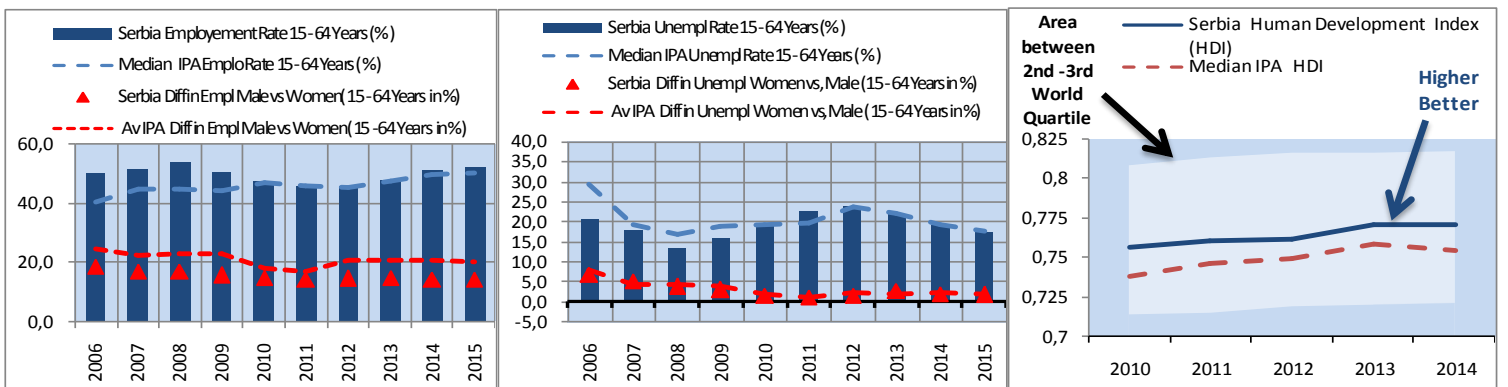
Fiscal Balances and Imbalances



Governance



Growth Outcomes



The following projects have been taken into consideration for the evaluation in Serbia, where the fieldwork took place between 12 and 16 September 2016.

IPA Year	Project Title	Contract N°	Reference
2011	TA to enhance data management, forecasting and monitoring and evaluation capacity of the National Employment Service	298506	P1
2010	Support to the Ministry of Finance - Treasury administration capacity building	263425	P2
2010	Modernisation of Tax Administration	251891	P3
2012	IPA 2012 Improving e-business environment	337303	P4

RELEVANCE
<p>EQ1: 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?</p>
<p>The 4 listed projects totalling €12,100,000 maintain a high degree of relevance and respond well to the needs of the target groups. They are fully in line with the IPA program that targets support at economic governance both at programming and implementation level. The 4 listed projects have different perspectives with varying focus on economic governance elements. Specifically, Project 1, aimed to improve the impact of Serbian employment policy and to embed forecasting, monitoring and evaluation in the design and implementation of Active Labour Market Policies (ALMP). Project 2 is relevant for the Serbian EU integration process and the management of all funds including the budget of the country. The beneficiary level of commitment and interest was very high as the project was considered a national priority. The Serbian government is committed to reform its public financial management to deal with efficient budget execution, accounting and reporting in line with EU standards. The action was in accordance with the Stabilization and Association Agreement (2008) that envisages reinforcement of institutions within the general administration as well as strengthening of the public finance, expenditure management, and transparency of public finances as important goals and objectives to be achieved under the Maastricht criteria. Project 3 supported the establishment of a more transparent, client oriented and efficient tax administration, while maintaining and increasing the level of tax collection. Its main objectives are consistent with Serbia's government policy in the area of Public Finance reform. Project 4 made its contribution in the areas of e-Business and e-Government, by utilizing this and other key economic development policies.</p>
<p>EQ 2: How relevant is the EU assistance in view of the priority needs of the countries in the region?</p>
<p>Overall, relevance of the EU interventions is good, as well as the quality of the programming documents. The evaluation has no critical observations with regard to translating the priorities and needs into sectoral programming documents related to supporting economic governance. At the same time, a higher focus is needed in arranging priorities and making the reasons for the selection of projects clearer. The technical aspects of programming at the project level could have been strengthened by paying more attention to sequencing.</p>
<p>EQ 3: To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?</p>
<p>The EU interventions are coherent and complementary to the strategies and programs of EU Member States, European Financial Institutions (EFI), and other multilateral and bilateral donors. During the programming stages the EUD has had coordination meetings with development partners (WB, IMF, USAID, et cetera) to ensure synergy, consistency and complementarity in the programming as well as to confirm that the programs are mutually reinforcing. A particularly good example of synergy is Project 4, with clear complementarity to other IPA initiatives but also to other donor actions (USAID, Norwegian Government). The intervention was unique in the services offered to the public institutions. The project was part of a joint IPA 2012 programming fiche which also included the Economic Growth Program/Business Advisory Services implemented by European Bank for Development and Reconstruction (EBRD). They share a common overall objective "To enhance the competitiveness of Serbian economy through the strengthening of private sector and its performance". A 2013 IPA funded project "Serbia Research, Innovation, and Technology Transfer", implemented by the Serbian Innovation Fund and the WB is another good example. The ToR elaborated on the related programs taking into account other packages, like the World Bank funded programs (89 million euros loan), the GIZ Access Program, and others. Another complementary program is the USAID implemented Business Enabling Project, a 7-year initiative also focused on creating an enabling business environment.</p>

EFFICIENCY
EQ4: To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession?
Programming of the assistance was undertaken by the EC in close consultation with the beneficiaries in order to ensure the assistance was targeted in response to the priorities/needs of Serbia and its strategy. The coherency of the programming process was progressively strengthened during IPA, as the beneficiaries put in place a range of sectoral and sub-sectoral development strategies. In order to meet its obligations under the SAA, the EU has promoted coherency in the programming process for IPA as an 'accession-driven' instrument. It also took into account the accession criteria, including the sectoral chapters of the acquis. Serbia prepared a corresponding multi-sectoral reform strategy to guide its pre-accession preparations: a 'National Program for the Adoption of the Acquis' (NPAA).
EQ 5: What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEEX, Budget Support, et cetera) Advantages and/or disadvantages?
TA as the chosen mechanism is appropriate and has been well received by the beneficiaries. The provided reasons for that range from maximization of effectiveness and visible contribution to sustainability of the project results. With a clear aim to accelerate the sustainable reform of economic governance, the service contracts have been chosen as the best modality to cover project preparation, eliminate potential bottlenecks and identify those issues which have not been fully resolved by the beneficiaries. As there is a clear practice to reach out to various subjects across the sectors, this model can very much increase the potential for project efficiency. In this respect, there were no strong dissenting views on the selection process between the beneficiaries on the one side and the EUD on the other. They have solidly based their judgment on lessons learned in the past and increased awareness of the importance of the selection process. Beneficiaries confirmed that all of the instruments, i.e. TA, TAIEEX, twinning, grant, are a good choice having their comparative advantages, if administered via good quality experts. TA design makes it complementary to other instruments such as twinning and TAIEEX but it also gives an edge as it has the ability to combine a political dimension with capacity-building and development in the area of economic governance.
EQ 6: How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?
The EU interventions on economic governance (including development policy and political dialogue) gained strength and depth in bringing about reform through reinforced coordination and institutionalized dialogue mechanisms. EU programs supported policy development and political dialogue but also an improved government led coordination like in the case of Project 4 where a complex system of sector coordination is in place, designed to address IPA II sector requirements. Coordination of national institutions and donors is functioning under Sector Working Groups (SWG) which discuss programming issues, and Sector Monitoring Sub-Committees which serve to follow-up on practical aspects of implementation of programs. These bodies meet on a set dynamic. Also, the Serbian European Integration Office (SEIO) assuming the role of the National IPA Coordinator (NIPAC) has been synchronizing the overall system of sector coordination.
EQ 7: How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?
In Serbia, programming involves a complex set of relationships between various stakeholders and for the most part this has been well done. For future reference, it is advisable to ensure a detailed analysis of the sector and to incorporate lessons learned from previous actions. Economic Governance needs to be addressed in the context of existing structures and with the objective of attaining set objectives and monitoring performance.
EQ 8: 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?
TA is appropriate as it is expected to maximize effectiveness and contribute to sustainability of the project results. With a clear aim to accelerate the sustainable reform of the sectors, the service contract has been chosen as the best modality to cover project preparation, eliminate potential bottlenecks and identify those issues which have not been fully resolved by the beneficiaries. As there is a clear practice to reach out to various subjects across the sector, this model can very much increase the potential for project efficiency.
EFFECTIVENESS
EQ9: 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?

The assistance for the most part was effective. The main issue with **Project 1** was the delivery of the assistance related to capacity building for drafting of the Joint Assessment Paper (JAP). The achievement of this result was slowed due to revisions of the policies related to JAP at the level of EC. The project partners have agreed to wait for further instructions from Brussels and to start activities under this result in September 2013 pending introduction of the announced new European employment and social reform process which was planned to replace the preparation of JAP. The project team coordinated with SEIO the revision of the outputs under this result. **Project 2** delivered an important tool that is used in EU MS administrations – the Cost-at-Risk model. Although already in use, the model has to be complemented with similar technical tools. The project also supplied templates and recommendations for elaborating the Public Debt Strategy and for subsequent reporting. Many of those recommendations were adopted, but additional progress is necessary in the context of EU requirements to define and calculate the public debt according to the Maastricht criteria. At the same time, institutional and organizational changes are necessary within the PDA, as recommended by the project. **Project 3** made good progress in achieving its planned 6 outcomes. One result relates to the initial training curriculum. Work commenced with development of the curriculum for training of trainers, as this was seen to be an important early activity to complete. The training of trainer's curriculum included coaching and mentoring. The development of the curriculum for initial training of tax officials has taken place throughout the project. A full description of all aspects of initial training, including general civil service knowledge and specialist tax administration training has been developed. Also, work on result 3 has been geared to training of trainers, development and delivery of pilot courses, and assimilation of the pilot training into the mainstream of course delivery. Using the curriculum devised under result 2, the training-of-trainers programme was conducted. A range of courses was redesigned by the trainers, incorporating the methods and approaches from the training-of-trainers programme. **Project 4** delivered a number of results measured via a set of good indicators.

**EQ 10:
How did the assistance provided respond to the real needs, in terms of quality, timing and duration?**

For the most part, no major issues were detected in general.

**EQ 11:
How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?**

The implementation of EU assistance was in direct association with Serbia's state priorities and beneficiary needs but also a consequence of various circumstances during implementation. Owing to the EU assistance, Serbia has been able to speed up the labour market reform in line with the EU standards, improve the efficiency and effectiveness of transparency in the expenditure of public funds and contribute to the establishment of a more transparent, client oriented and efficient tax administration, while maintaining and increasing the level of tax collection.

IMPACT

**EQ12:
To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?**

For the most part, the assistance was effective in achieving the desired results. At the same time, a few difficulties were noted along the way. **Project 1** was able to respond to set priorities although the design did not fully anticipate risks which were related to external factors as these were not on the horizon at the time of programming. However, good project management practices applied by the RTA and involvement of key stakeholders in coordination mechanisms contributed to minimizing the impact of the standing risks. Perceived as a national priority, **Project 2** sustainability lies in the know-how of the TRA and Public Debt Administration personnel. When methodologies are agreed and in place and people trained in the use of the methodologies and updated systems, only then will the change be maintainable. **Project 3** has the potential to be seen as the starting point for a transformation of the relationship between the STA and tax payers but these actual impacts will be visible only after the reforms are implemented which will take several years. No negative impacts on the target groups have been observed arising from the implementation. Still, on a sectoral level, the growing fiscal deficits in Serbia are imminent threats to the economy that increase the need for a modern client oriented and efficient tax collection service. In **Project 4** there was notable progress in delivery of outputs across all three components reflecting the intensified dynamic of project implementation. The impact of the project is tangible yet achievement of the results remains subject to ensuring adequate sustainability prospects and proper external conditions for the action, especially through the continued efforts of the Government of Serbia to implement the e-Government Agenda.

**EQ 13:
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?**

Impact prospects are positive. For **Project 1**, the classification of occupations according to ISCO 08 were finalized, and they are a valuable prerequisite for designing policies to address the mismatch between the demand and supply of the labour market in terms of skills and education. The previous classification comes from the 90's and since then the labour market has changed significantly. **Project 3** has been able to establish an active participatory approach among key stakeholders, thereby strengthening support for tax administration reform which contributes to the OO. Apart from the training results, the project has left behind a set of tools needed to achieve its desired impact. The project is seen as the starting point for a transformation of the relationship between the STA and tax payers but these actual impacts will be visible only after the reforms are implemented which will take several years. For **Project 4** the impact of the project is tangible as it managed to mobilize successfully the government actors in the improvement of the e-Business environment through selection of EU standards. The basis for improvement of legal and regulatory framework is set. Awareness of SMEs is raised on central and regional level, as well as consumers, and the wider public. The achievement of the specific objectives, however, remains subject to ensuring adequate sustainability prospects and proper external conditions for the action, especially through the continued private sector reform efforts of the Government of Serbia and political will and commitment to the e- Agenda. The project has a strong policy support component as it is in line with the prevailing strategies mainly in the ICT and private sector development. It contributes to implementation of the SME support policies of the Government and the respective ministries.

EQ 14:

To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?

The EU has supported inclusive economic development, and in particular private sector development, and employment, through SME development, with a focus on both macro, meso and micro level interventions, infrastructure development, support for job training and entrepreneurship through a range of policy initiatives, and financial support. The enlargement strategy 2013-14 proposed a new approach to help Serbia address the economic fundamentals first and meet the economic criteria. It has also been asked to strengthen its medium-term economic programs, by putting more emphasis on the sustainability of its external position and on the main structural obstacles to growth, in line with Europe 2020 Strategy. The EU assistance has contributed to the modernization of institutions and legislation in Serbia and this process has taken place according to the EU good practices, which already strongly facilitate the enlargement process.

EQ 15:

Which are the appropriate SMART indicators that should be embedded in the upcoming projects?

On a project level, a number of good-quality indicators which are relevant to measure the achievements of the objectives were listed for the results. For future reference and based on comprehensive sector analysis, most indicators should be achievable and targets need to be more specific. Formulations like number of surveys conducted and number of targeted trained staff, need to be replaced with specific and measurable numbers. Clear assessments of project success should rely on measurable values. On a sector-wide level, the strategic programming document National Priorities for International Assistance in the Republic of Serbia 2014-17 with projections until 2020 (NAD), focuses on systematic reforms needed to meet the accession criteria and to create a more attractive economic environment which will act as a driver for economic and social development. NAD defines nine sectors as the basis for sector approach and contains indicators, a set of verifiable, annual and mid-term, targets which can be used for assessing the progress of reforms. This Strategy Paper therefore closely mirrors NAD regarding the priorities for EU assistance in the next seven years.

SUSTAINABILITY

EQ16:

To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

The state budget should be a good guarantee for the sector and financial means should not be spared. Improvements have been noted but more needs to be done in supporting the sector. Economic reform represents a complex process that requires substantial financial resources for a number of structural and organizational changes and this also concerns the effective implementation of policies. Support to the sector reform should continue in collaboration and close coordination with other relevant multilateral and bilateral development partners and actors. Given the huge reliance on the EU, this is seen as even more important. In terms of **Project 1** and concerning the National Employment Strategy, it is expected that the EU will provide further support that will increasingly focus on supporting structural interventions and measures. As a side-track, the EU will aim to ensure financial support for employer's subsidies. Benefits of **Project 2** will be in the know-how of the Public Debt Administration staff and when methodologies are agreed and in place and people trained in the use of the methodologies and updated systems. The assessment of the financial systems is a relevant component of the project that will enable the hand-over and sustainability of the changes. Concerning **project 3**, the Serbian Tax Administration has the status of a direct budget user and must share the responsibility of other state budget users to wisely use the resources available to reinforce its capacities and achieve its objectives. The EU has already assisted fiscal legislative changes and the Serbian Tax Administration to develop its administrative capacity through training, to equip the staff to cope with the changes needed for improved tax assessment, collection and enforcement. The effects although at a slower pace should likely continue producing results in the area of aligning legislation with the acquis and in implementing the reform of the tax administration. As for **Project 4**, the impact of the action is tangible yet achievement of the results remains subject to ensuring adequate sustainability prospects and proper external conditions especially through the continued efforts of the Government of Serbia to implement the e- Government Agenda. In line with the project purpose, the project has contributed to creating the basis for the mandated strengthening of the legal and institutional framework. Outputs under the legal strengthening component enable the national partners to undertake horizontal harmonization of the legislation in line with the EU requirements and with a purpose to remove the systemic barriers.

EQ 17: How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?
<p>Serbia remains committed to creating a functioning market economy. It continued implementing the Stand-By Arrangement with the International Monetary Fund 26 (IMF). Programming of EU assistance should be in line with combined measures ensured by the IMF in improving the management of public resources through reforms of public institutions (the treasury, central bank, civil service, and the statistical office), including administrative procedures (expenditure control, budget management, and revenue collection); and supporting the development and maintenance of a transparent and stable economic and regulatory environment conducive to efficient private sector activities. Under IPA II, technical assistance will further improve the impact of interventions and their sustainability, which will make the financial assistance more sustainable.</p>
EQ 18: To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?
<p>The effectiveness of the EU program conditionality is in a direct correlation with the evidence that it supports the implementation and the development (or its changes) of Serbia's policy actions. EU assistance should be able to contribute to bring about meaningful changes (outcomes) to the sector, setting a good start for improving the performance of sector bodies and their ability to measure performance through standardization of working processes and procedures, introduction of new and improved methodologies, better communication with the public, enhancement of professional competencies and revision of the legislative framework. As foreseen, good examples can be found in Project 4 where the action has a strong policy support component as it is in line with the prevailing strategies mainly in the ICT and private sector development. It contributes to implementation of the SME support policies of the Government and policy aspects in relation to the e-Government agenda. It also facilitates the coordination between various institutional levels promoting the policies of inter-institutional cooperation in relation to e-Business. Outputs such as the Inter-Agency Administrative Cooperation framework contains policy recommendations in this regard. This is seen as a good contribution especially considering the revision of the Law on Administrative Procedures.</p>
EQ 19: How much has the economic governance structures evolved thanks to IPA funding?
<p>Sustainability prospects are mixed. For Project 1 sustainability prospects are generally favourable. Delivery of various guidelines and manuals leaves enough reassurance for the training of the new hires and a reference point for the existing staff. The fact that NES organized and conducted an in-house survey in 2012 without external assistance, contributes to sustainability prospects. Capacity building was done in a sustainable way, but is limited by the fact that the NES Analytical and Statistical Department comprises only six employees. The financial viability depends on the volume of resources available for active employment measures. The available national budget for active employment measures in 2014 is lower than initially expected, but still higher than in 2013 when radical cuts of 60% were introduced. The national budget approved for active labour market measures in 2013 represented 0.1% of GDP. For the past three years, the budgetary support did not exceed 0.2% of the GDP. Project 2 was considered a national priority and the beneficiaries were strongly committed to it. The assessment of the financial systems is a relevant component of the project that will enable the hand over and sustainability of the changes. Project 4 prospects for sustainability are fairly positive considering the human and institutional capacities although general circumstances are limiting due to the fact that there is an extensive reform being implemented and there are restrictions in terms of administration employments.</p>
COHERENCE
EQ20: To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other actions on the field? Is EU assistance coherent?
<p>The search of synergies has been used by the EU to develop a transversal approach to the action. The EU assistance represents an opportunity for beneficiaries to improve donor coordination in respect to previous and current actions. EU assistance is increasingly well coordinated with both joint interventions but also other donors. IPA remains the main tool to get the country to EU and the Serbian European Integration Office (SEIO) is assuming the role of the National IPA Coordinator (NIPAC) - that is managing the overall system of sector coordination. A good example of that is the strategic programming document National Priorities for International Assistance in the Republic of Serbia 2014-17 with projections until 2020 (NAD). It has been prepared by SEIO in cooperation with the relevant national authorities following a wide consultation process with development partners and civil society. NAD aims to help donors align international financial assistance with national sector priorities, eliminate duplication and rationalize donor activities. The priorities identified in the NAD focus on systematic reforms needed to meet the accession criteria and to create a more attractive economic environment which will act as a driver for economic and social development.</p>
EQ 21: To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?

In **Project 1**, the Working Group on Forecasting, Monitoring and Evaluation was proactive and provided useful input to the project. Likewise, the ISCO classification WG and the one for NEAP provided the necessary input and the ownership was high. Cooperation was noted to be good. In **Project 2** there was a lack of coordination and communication across the board. Although bilateral and informal communication worked well the broader formal communication across the small group was not as efficient as it should have been and SC took place infrequently. **Project 3** is a natural continuation of the wider EU initiative for contributing to the Public Finance reform in Serbia by ensuring a client oriented tax administration as elaborated by the EP and SAA key priority agendas. A systematic completion of the education function in the STA is needed to establish a market-oriented tax system for Serbia that is responsive to citizens' needs and complies with EU blueprints. This should maximize the effect of overall reform activities in this field. In **Project 4** establishing the wider stakeholder base for the e-Business agenda, especially considering the public institutions, is an ongoing process and the project has tried to engage as many relevant institutions. SEIO was properly involved in monitoring of the project as an observer.

EQ 22:

To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

EU visibility guidelines have been respected and implemented accordingly. Visibility is one of the strongest features of the projects in question. The visibility approach extensively promoted the EU as the donor. Good practices are mainly seen in the implementation of the project coming from the applied management approach and the awareness raising and visibility. **Project 1** has been promoting EU visibility according to the guidelines. Numerous events, excellent website (<http://podrskapoliticizaposlivanja.org>), press releases for business magazines (targeting employers) and other tools contributed to EU visibility appropriately. Also, **Project 2** and **Project 3** have fully respected this principle and produced materials in accordance with the EU visibility Guidelines. Communication actions (training, conferences et cetera) were planned in order to give adequate visibility to the projects and EU support to it. In **Project 4** the e-business awareness raising campaign has been crucial for reaching out to SMEs and the wider public as consumers. The effects were seen also in the extensive electronic and written media coverage of the project, both on national and local level. The project also used the social networks, such as YouTube and Facebook for promotion. Additionally, most of the outputs of the project were based on transferring best practices from EU level and as such offer a considerable wealth of knowledge that could be applied in Serbia.

VALUE ADDED

EQ23:

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?

On a sector level, the EU has a critical engagement in addressing economic governance and the state structures need to set an agenda at national level and divide the tasks among themselves with clear mandates. This requires a more integrated approach. Given the huge reliance on the EU, this is seen as even more important. Sustainable progress requires a strategic approach that will strengthen and relate the work of various national structures and institutions. This will mean increasing accountability and transparency of government spending and careful long-term planning. Given the complexity of the sector, it is vital to restore the faith in key institutions to implement their own home-grown development policies. The added value can be seen from the perspective of the target groups where the general public should remain a primary area of interest with increased efforts in advocacy and raising awareness. This is vital for animating the citizens and getting them thinking about critical issues by using examples that they can relate to.

EQ 24:

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?

Key donors in Serbia are the EU, USAID, Germany, Sweden, Switzerland and Norway. Many of the EU Member States also provide targeted assistance in specific sectors. The IFIs – EBRD, EIB, KfW, World Bank - provide loans for development of the Serbian economy. With a point of departure international players should ensure that the sector remains high on the agenda in the policy dialogue. The rationale for additional funding and EU support is strong and expectations are running high but at the same time there are clear arguments to reduce donor dependency in the sector. EU is not the sole supporter of the sector in Serbia but the reform process should continue in collaboration and close coordination with other relevant multilateral and bilateral development partners and actors. Given the huge reliance on the EU, this is seen as even more important. With a point of departure foreign partners should ensure that sector concerns remain high on the agenda in the policy dialogue. A number of ongoing (and past) initiatives are implemented under the auspices of different donors and the improved donor coordination should lead towards a more efficient utilization of their funding, benefiting the sector. Visibly, the EU holds regular consultations with the EIB, EBRD and the WB in order to explore synergies for cooperation, including blending of EU grants with loans.

EQ 25:

To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?

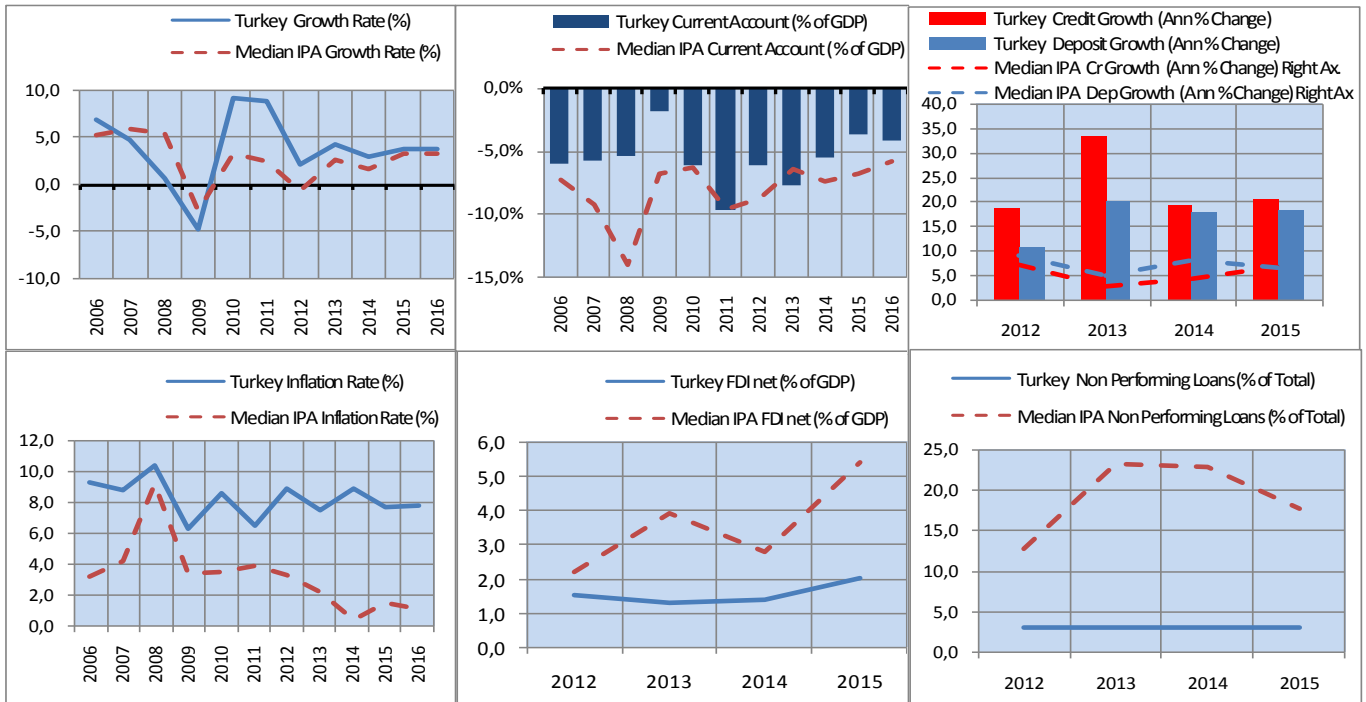
EU assistance contributes to enhanced visibility of EU funding, see EQ 22.

EQ 26: To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?
The support in this area links to the fourth pillar of the PFM reform program. With regard to policy dialogue on PFM, the PFM reform program foresees that the dialogue with the EC and the international financial institutions and other donors will take place with the PFM working group under the umbrella of the PAR sector coordination mechanism. The dialogue will be based on the government's own monitoring and reporting and will follow up implementation of the PFM reform program. Serbia is eligible for sector budget support, provided that the following four preconditions are met: a stable macro-economic framework; a credible program and relevant to improve public financial management; transparency and oversight of budget; and credible and relevant sector strategies consistent with the EU accession strategy. Assistance will be provided primarily through twinning, technical assistance, supplies of equipment and possibly also through calls for proposals and direct grants to relevant national authorities. Sector budget support can be considered, especially to support the ongoing structural reform process, provided that Serbia meets the relevant pre-conditions.
GENDER AND ENVIRONMENT
EQ27: Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?
Gender-disaggregated data has not been foreseen in the project design explicitly but in the capacity building and training activities, there was a balanced gender representation. On a sector-wide level all programs contributed to equal participation by women and men and also to gender-responsive governance. Both genders equally participated in program planning, implementation and producing lessons learned from projects. The sector is heavily populated by females, as over half of employees are women, including also the critical mass of decision makers or senior management.
EQ28: To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?
There has been no environmental damage noted or the need to cope with critical risks. The evaluated programs are expected to eventually contribute to greater control and adherence to environmental standards, as the mentioned developments of macroeconomic policies and improvement will eventually lead to improved environmental protection.
LESSONS LEARNT
<ol style="list-style-type: none"> 1. IPA II improved the coordination mechanisms and now all key subjects are involved in programming, implementation and steering of the actions. IPA II uses lessons learned and now includes all beneficiaries in the design. 2. SEIO has been over-stretched with donor-related responsibilities that prevent it from contributing inputs systematically and allocating more time and resources on individual projects. In its case it is a matter of good distribution of HR, and improved time management. 3. Continued commitment and coordination between political and operational sides is critical to keep focus and priority and to translate that into practical action. 4. A strong level of policy support to the SME sector by the GoS will ensure that the first steps achieved through the projects are developed further to the benefit of the private sector and the targeted indirect. 5. E-business and e-commerce expansion in Serbia includes the development of an environment that will benefit highly innovative enterprises, and consumers who will know the market and technology and recognize its benefits. 6. High beneficiary involvement in both early months and during implementation reinforces local ownership and ensures project success. 7. Experiences of countries in the region as well as recent EU member are the most useful for the beneficiaries. 8. Any further assistance in the field of E-business should be based on a very detailed analysis and with the active inclusion of all the policy decision bodies (to ensure the institutional and political support) 9. Risk management arrangements need to be in place to prevent negative project impact. The sustainability (exit) strategy has to be conceptualized and should be developed by each contractor well before the end of project interventions to prevent adaptation of the project design or lack of result achievement.
RECOMMENDATIONS

- EUD should push the national authorities to speed up the legal harmonization process, so as to assure legal and regulatory framework for e-Business is actually improved. This should be done through the strategic dialogue mechanisms with the Ministry of Trade, Tourism and Telecommunications and the Government of Serbia.
- GoS should improve the provision of targeted active labour market policies to facilitate the reintegration of workers made redundant in the resolution of state-owned enterprises and public administration rightsizing. The modality is to increase the capacity of the National Employment Services to roll out such measures to larger numbers of beneficiaries.
- GoS in line with the ERP recommendations and in order to support long-term growth, should continue improving revenue collection in efficient and business-friendly way by implementing the tax administration transformation programme and fighting the informal economy;
- GoS and the donor community should consider increasing the capacity building programs for the tax administration on specific areas of interest where such aptitude is lacking;
- GoS should encourage private investments and improving prioritization and management of public infrastructure projects;
- Contractors implementing sector-specific projects are advised to improve the quality assurance/technical backstopping for future projects and include a risk management strategy in the technical offer that could be then adapted during the project.

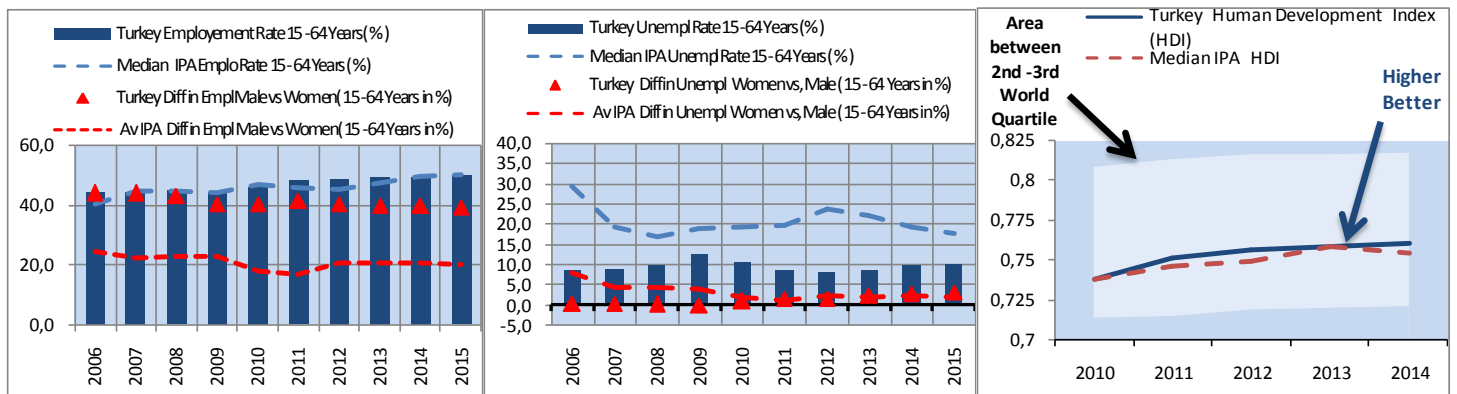
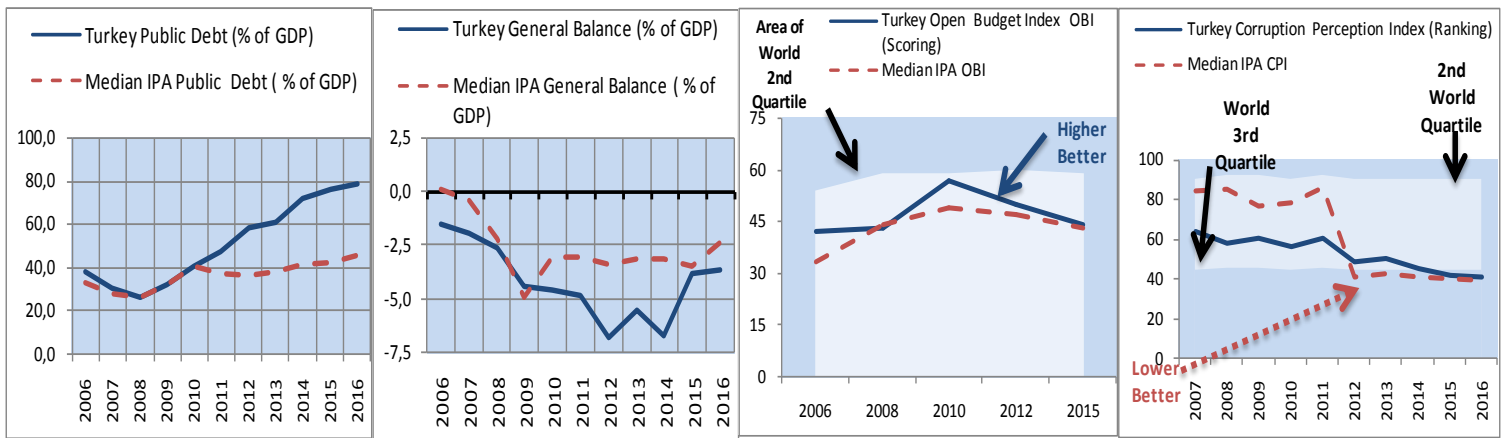
TURKEY

Macro Balances and Imbalances



Fiscal Balances and Imbalances

Governance



The following projects have been taken into consideration for the evaluation in Turkey, where the fieldwork took place between 2 and 4 November 2016.

N°	YEAR	Number	Title
1	2003	TR0303.08	Setting up a well-equipped investment promotion agency to fulfil promotion functions
2	2003	0302.04	Public internal financial control (Alignment of the Turkish Public Internal Financial Control System with International Standards and EU's Practices)
3	2003	0302.05	Strengthening the audit capacity of the Court of Accounts
4	2005	315	Capacity building for compilation of accounting data in all institutions and agencies within general government sector in the context of e-government
5	2008	TR0802.06	Decision making and performance management in public finance
6	2011	TR2011/0136.04	Strengthening local investment planning capacity with participation of local actors
7	2012	TR2012/0740.14-2/TWN/011	Capacity building concerning presentation and usage of general government financial statistics
8	2007	TR0702.04	Introduction of Quality Management in the Revenue Administration
9	2007	TR0702.09	Strengthening the implementation of Financial Management and Control System with an aim to develop best public internal control in turkey
10	2008	TR0802.19	Improving data quality in public accounts

RELEVANCE
EQ1: 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?
Differently from other IPA beneficiaries, Turkey is subject to a structural transition from a centrally planned to a market economy, and the one hand and its key government institutions reflect the continuity of its institutional framework since the creation of the modern Turkish State today. This overall context can help explain the nature and the focus of the EU's support to economic governance in this country, in a specific context which is also marked by absence of other multilateral and bilateral main donors, active in other IPA beneficiaries. Consequently, and on the basis of the sample retained by the EC for this evaluation, it can be considered that this EU's intervention has been generally very relevant and that its objectives have been appropriate.
EQ 2: How relevant is the EU assistance in view of the priority needs of the countries in the region?
Turkey's priority needs have been primarily found in the realm of capacity building in certain clearly defined domains of the governmental action (including different relevant state agencies and regulatory bodies) on the one hand (virtually all twinning contracts in the national evaluation portfolio), for the creation of new bodies in line with EU standards (P1 Investment promotion), and for introduction and development of more integrated approaches focusing on local authorities (P6 Local investment planning capacity).
EQ 3: To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?
All EU funded support in this domain is entirely in line with the national government approach and, as mentioned above, with the EU's support framework. As concerns any need for coordination with other assistance, this has not been an acute issue in Turkey, in absence of corresponding action and presence of other donors.
EFFICIENCY
EQ4: IPA: To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession?

In the particular situation of Turkey, it cannot be considered that the evaluated EU assistance has helped the country achieve many strategic objectives; it has nevertheless definitely helped Turkey in aligning with the Madrid Criteria for Accession, i.e. enhanced administrative structures for implementing the acquis. The corresponding needs, in the overall domain of economic governance, have indeed not had any strategic character, thanks to the level of development of the Turkish economy and of the relevant governmental presence. However, most of these projects have brought their contribution to reinforcement and enhancement of a wide array of capacities, management modes and tools which the government has taken on board and further embedded into its currently applied procedures.

EQ 5:

What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

It is not possible to compare the comparative efficiency of different instruments on the basis of the evaluation portfolio, which is composed only and in majority of twinning contracts, and several service contracts. Turkey has not been involved in any budget support programmes so that a possible advantage of this instrument cannot be supported given the specific context of the country. On the other hand, majority (6 out of 10) of projects have been implemented for and within (twinning) the Ministry of Finance and its different departments. Moreover, most of the projects were implemented several years ago, since 2003 on, and only one (service contract) has been ongoing at the time of the evaluation's fieldwork in the country (P6, in November 2016).

EQ 6:

How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?

In absence of larger and more comprehensive support programmes such as can be found in certain IPA beneficiaries, and, in particular, in Neighbourhood countries, the EU's support has mainly focused on the capacity building of the Ministry of Finance, together with certain state agencies such as Turkish Court of Accounts and Turkish Revenue Administration. One project only has benefited the Ministry of Economy and another the Ministry of Interior, focusing respectively on investment promotion and on local investment planning capacity. This distribution or "architecture" of the delivered EU's support in the wider domain of economic governance has had the advantage of delivering well targeted assistance for certain crucial needs in terms of capacity building, and the disadvantage of not having had a critical mass of support in order to streamline it into a more structural assistance.

EQ 7:

How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?

This question will necessarily depend on the political framework of further EU accession negotiations with Turkey, being stated that good governance, including PAR and improving economic governance and PFM have been clearly underlined as key priorities³⁶. Assuming that there will be significant progress in these negotiations and that this will activate the process of Turkey's accession, a more solid and sustainable basis will be set up for formulation and programming of EU's support aimed at a stronger strategic support in economic governance.

EQ 8:

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?

Twinning has been the dominant implementation instrument and has responded well to the need of targeting specific needs in specific domains and with specific tools, while setting up a peer to peer relation, more appropriate given the development level and maturity of the Turkish Administration. A significant weaknesses or shortcomings have been on the one hand lengthy (national, CFCU) procedures in launching the twinning contracts and, on the other hand, difficulties induced by problems in procurement components of these twinning contracts (P 10). In addition, the implemented service contracts have also been efficient, although the P6 (completed end 2016) has not tried to "transcend" the mere institutional frame of the Ministry of Interior in order to initiate certainly interesting synergies with certain other Ministries (e.g. Development, Sciences) and some of their projects also targeting local/regional capacity in developing competitiveness, as in the case of the tourism development programme for Mardin, et cetera.

EFFECTIVENESS

EQ9:

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?

As underlined above, the considered EU support projects have not had a structural weight in enhancing economic governance in the country, although their combined effect can be considered as positive, in particular so since their respective contributions (creation of the investment promotion agency and its development, reinforcement of legislation, new methodological toolboxes, et cetera) have been taken ownership of by the concerned beneficiaries. This is true not only for the Ministry of Finance, where its composite and heavy structure has hosted 6 out of 10 observed projects, but also in other beneficiaries. One can therefore consider that the EU's support has been effective in narrowing the gap(s) between Turkey and the Acquis, although this effectiveness is not very visible, from an overall point of view.

³⁶ Indicative Strategy Paper for Turkey 2014-2020 (adopted on 26/8/2014), page 7.

EQ 10: How did the assistance provided respond to the real needs, in terms of quality, timing and duration?
Basically, and with one or two exceptions, all the twinning projects have been considered as appropriate and responding to real needs. Some of them could have tried to introduce complementarities and synergies (P7: possible cooperation with civil society platforms), and some have been hampered by slow preparation procedures (P5). One can also note an effective complementarity between twinning and additional small scale support by TAEX/SIGMA (P3), and a coherent follow up of a twinning project by a service TA contract (P8, P5).
EQ 11: How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?
It is evident that the twinning contracts, representing the majority of implementation modalities, have had the twofold advantage of allowing for a peer to peer participative approach, from the very start of their preparation and of focusing on precise and high priority needs. This has led to avoid any excessive “sprinkling” of the EU’s funding over areas that may not be on top of the needs’ agendas, and to fully concentrate on the identified priority needs.
IMPACT
EQ12: To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?
The evaluation has not observed any significant factors that have hampered the achievement of the planned results of the covered projects, thanks, generally taken, to their appropriate formulation and efficiency and the fact that they have for most of them focused on specific and clearly identified needs, addressed throughout an effective “peer to peer” cooperation in twinning contracts. It can also be stressed that the global cumulated budget of these projects represents 16.5 Million Euros only.
EQ 13: 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?
None of the projects in Turkey portfolio have had a structural and policy-wide scope and weight, and they have all supported the capacity building and introduction of a number of tools in line with the EU standards; this has clearly facilitated the achievement of their planned results and ensured a solid impact and sustainability. Most if not all of these achievements have been built into the institutional capacity of the Turkish beneficiaries, and above all of the Ministry of Finance. In areas where impact and sustainability have been hampered to a certain extent, this has been due to inconsistencies of the overall project’s set up – several components, including supplies – or/and very slow pace of the projects’ launch and implementation by the national authorities.
EQ 14: To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?
It is important to look at this EQ in the light of the overall current situation of Turkey in its accession process and as concerns the economic criteria. A very recent EU report has stressed that, in particular, “The Turkish economy is well advanced and can be considered a functioning market economy . Still, the large external deficit makes the Turkish economy vulnerable to financial uncertainty, changes in global investors’ sentiment and political risks. The central bank cut interest rates even though inflation remained well above the official target. The business environment continued to deteriorate due to targeted actions against critical media and business people and political opponents through the active use of the tax authority, the financial crimes unit and courts. The implementation of structural reforms to improve the functioning of the markets for goods, services and labour has stalled. Overall, there was backsliding ³⁷ .” One can therefore not dissociate the question of the EU assistance to Turkey’s economic governance from an overall context of EU’s relations with Turkey, in particular if the question bears on the prospect of a positive effect of EU’s support to economic governance that would positively impact the facilitation of the strategic accession process.
EQ 15: Which are the appropriate SMART indicators that should be embedded in the upcoming projects?
No major issue or problems have been observed by the evaluation as concerns the indicators of the projects’ progress and benchmarking of their achievements. There is naturally a constant need of improving the indicators, and this has now been placed within an overall and more integrated DEVCO’s framework in order to boost the projects’ effectiveness, where much more systematic attention is/will be paid to the formulation and monitoring of the EU-funded programmes and projects’ results. It is therefore expected that the question of SMART indicators will be fully responded to in the frame of this approach and method, once it will have been introduced in DG NEAR.
SUSTAINABILITY
EQ16: To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

³⁷ European Commission - Fact Sheet “Key Findings of the 2016 Report on Turkey”, Brussels 9/11/2016

Most of the projects in the Turkey portfolio have been already completed, for some of them several (10 or more) years ago, and their achievements have been built into the tools and capacities of the concerned national beneficiaries, in a sustainable way. Some of them have been followed by a different implementation instrument (twinning followed by TA service contract), or have led to a new tranche of twinning, with the purpose of covering any remaining needs and requirements. The only very recent project has been P6, in support of local investment capacity, benefiting the Ministry of Interior and its regional/local structures in Provinces, the impact and sustainability of which is not yet fully ascertained. Nevertheless, an upcoming UN-funded local administration reform project is expected to also address these needs, with a privileged focus on citizen oriented services.

EQ 17:

How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?

In the particular context of Turkey, the EU support in the overall domain of economic governance has been characterized by dominantly peer to peer twinning assistance and a focus on specific needs and capacity weaknesses, it is not considered that there would be matter for a radical change in programming, unless the global accession context would be clarified and boosted, leading to the obvious need of a strong policy-level support, in form of heavier integrated programmes. It is not possible to have a clear picture of this situation at this very moment (March 2017).

EQ 18:

To what extent are the beneficiaries with strategic policy and management responsibility have and still are, demonstrating ownership of the results?

Most if not all of the projects taken into consideration by the evaluation have been implemented in cooperation with the beneficiaries' executives on a level beyond the highest policy and decision making strata. On the other hand, a majority of these projects have been completed several years ago. It has been observed that in spite of some rotations in the staff, the ownership of the achieved results have been basically preserved.

EQ 19:

How much has the economic governance structures evolved thanks to IPA funding?

EU's support in the considered period and by the considered projects have not been aimed at any more significant structural evolution of the economic governance and it can therefore not be concluded on its decisive impact to reinforcement of the country's economic governance as a whole.

COHERENCE

EQ20:

**To what extent is the EU assistance coherent with other interventions which have similar objectives?
To what extent is EU assistance coherent with other actions on the field?
Is EU assistance coherent?**

The situation of Turkey has been quite specific since there has been no significant involvement of any other donor, whether multilateral or bilateral, except for the WB, in support to the economic governance. The EU's support has consequently had to coordinate only with the national strategy and priorities in identifying the needs and the corresponding interventions. Indeed, the World Bank has been the other donor active in the field of PFM. Donor-coordination has been ensured between the EU and the WB via the EU-WB PFM Working Group. The WB and the EU projects in this field have been complementary to each other. Furthermore, the OECD SIGMA annual assessments on Turkey has been guiding EU in identifying the needs of the Turkish administration, some of which has been addressed under IPA assistance.

EQ 21:

To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?

Most of the projects taken into consideration have been implemented in favour and "embedded" in the composite structure of the Ministry of Finance. In certain situations, more than one Ministry's department has been involved, and in a couple of projects, participation of other government (Ministry, Agency et cetera) or public (Turkstat) organizations has been enabled and has no doubt contributed to reinforce the culture of cooperation and coordination between national stakeholders. In the particular case of the P6 (Local investment planning capacity), this effective cooperation could/should have been developed with more ambition, given the integrated dimension of local governance and the presence on the ground of other EU-funded projects that have had matter and capacity for synergies. The Ministry of Development was also co-beneficiary of this project as recommended by the EUD at the level of programming.

EQ 22:

To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

All the projects have contributed to reinforce the technical institutional capacity of the beneficiaries and have had an appropriate visibility within the wider domain and context of their implementation. This visibility has not been hampered or reduced by presence and interventions of other international partners/donors. Most of the projects have contributed by promoting and delivering to the beneficiaries a number of approaches that can be considered as innovative in the light of the current national practices in these fields and the observed shortcomings and weaknesses, while contributing to bring the national capacity closer to the ruling EU standards and good practices.

VALUE ADDED

EQ23:
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?
As in all IPA Beneficiaries, the EU assistance has been fundamental in order to assist the Government streamline its efforts to adhere to the Acquis requirements; this has also been emphasized by absence of other international donors.
EQ 24:
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?
As underlined above, Turkey is has not received any significant international donors' support in this particular field, other than the EU's and the WB's, so that there has not been any particular need of inter-donor coordination beyond this level.
EQ 25:
To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?
EQ 26:
To what extent can Budget Support and/or a mix of instruments lead to further improvements in policy and reforms?
There has been no mention of the possibility of budget support instrument such as practised, for instance, in a number of Neighbourhood region countries.
GENDER AND ENVIRONMENT
EQ27:
Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?
Support to Economic Governance is by nature fairly neutral to gender equality issues and no particular negative effect has been observed in that matter in the projects retained for the evaluation in Turkey.
EQ28:
To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?
None of the Turkey projects has had any specific and more direct relation with or effect on environment protection and climate change issues.

Multi-country Programmes and Projects in IPA Region

The following three programmes or projects have been retained in the evaluation portfolio, and a specific fieldwork has been carried out in order to cover them and the (intergovernmental) organizations that have been implementing them, i.e. Regional School for Public Administration (RESPA, Danilovgrad), Regional Cooperation Council (RCC, Sarajevo), and Centre of Excellence in Finance (CEF, Ljubljana).

		Ongoing	Strategy SEE 2020
MB IPA 2012	310295	Completed	Strategic Planning and Budgeting
MB IPA 2014	358797	Ongoing	Strengthening EG and PFM

This fieldwork took place as follows and the corresponding main findings are recapitulated below:

- RCC: Sarajevo, BiH 8 November 2016;
- ReSPA and line Ministries involved in MB Programmes: Podgorica & Danilovgrad, Montenegro – 24 and 25 November 2016;
- CEF: Ljubljana, Slovenia, 15 and 16 December 2016;

RCC – Strategy SEE 2020

Employment growth is part of the inclusive growth pillar of the 2020 Strategy to enhance employment via employment creation and labour market participation by critical groups. RCC has endeavoured to develop and maintain a climate of dialogue, tolerance and openness towards cooperation throughout the SEE region and among its participants, promoting the European and Euro-Atlantic aspirations of its participants and supporting the reforms related to their preparation for EU accession.

The RCC Strategy and Work Programme 2017-2019 (SWP 2017-2019 or Strategy) defines the principles of operation, the priority areas of interventions and the goals to be achieved in the coming three years. In line with the statutory mandate and the evolving regional challenges, operating under the political umbrella of the South East European Cooperation Process (SEECP), the first and the second triennial strategies and work programmes have guided the work of RCC in developing and supporting the implementation of regional programmes to address the needs of South East European governments in the areas of economic development. The SEE 2020 Strategy has advanced on most fronts but additional efforts will be needed to support intra-governmental coordination. Information on activities and commitments taken within various regional structures are in some instances not communicated in a structured way through proper channels to enable full oversight by the SEE 2020 National Coordinators. RCC will be working with the SEE 2020 governments to identify possible areas of assistance and streamlining to strengthen this coordination. This could potentially be linked to other needs for intra-governmental coordination, such as the development of Economic Reform Programmes (ERPs) in areas relevant for SEE 2020. The context for SWP denotes that the approach to accession that has emerged since has placed a strong focus on ensuring the economic viability and securing long-term socio-economic growth through the sustainable implementation of EU compliant policies and regulations. The 2015 enlargement package has further reinforced this focus on fundamentals. This policy shift is fully in line with SEE 2020's holistic integrated approach across the 5 pillars as illustrated also in the clear link between the ERPs and the SEE 2020 measures and targets. Given the alignment of SEE 2020 with the economic governance priorities, at its meeting on 21 May 2015 the SEE 2020 Governing Board endorsed the proposal to substitute the SEE 2020 National Action Plans with the ERPs as the main tool for implementation of SEE 2020 priorities in the national context.

ReSPA and involvement of MNE Government in MB Programmes – General Overview

Several fields of RESPA's intervention are directly or indirectly related to EG, such as quality management, Open Data, and an integrated Better Regulation (BR) covering EU integration, PAR and Governance for Growth. More particularly a link between BR and Competitiveness is the baseline analysis of the regulatory reform in the region.

However, there still remains a conflict between national priorities in law making and these linked to Acquis: as an example, in Montenegro, about 80% of laws avoid RIA since they are dictated by Acquis priority and thus avoid public consultation. This has reportedly had an impact on business environment, growth of grey economy et cetera.

RESPA does not have leverage and decision-making power, and its recommendations are regretfully not always taken into consideration to the needed extent. One should note that, among others, RESPA's deeper comparative study on better regulation and competitiveness directly feeds into the OECD's publication on "Competitiveness", and it also contributes to the OECD's "Regulatory Outlook", through a very good cooperation, including SIGMA. RESPA also cooperates with USAID/AMCHAM's business survey, which is relevant for donor coordination, with very good practice in MK and AL (cooperation with businesses, databases, et cetera).

Data quality and human resources management are the weakest points in the region; RESPA has worked with OECD on ethics and integrity, as well as on fight against corruption, with a focus on IT sector (50% of corruption): this methodology was presented in February 2016 on a regional level.

It can be considered that RESPA appears as an innovative good practice, and this is now extending beyond IPA scale (Israel, Moldova, ENI) with RESPA taking on board good practices from these regions (such as "one-stop shop" from Georgia and Azerbaijan). To this is added good cooperation with the academia in the region.

As for ERPs, they are a new element and RESPA considers that the countries are able to prepare good programmes (e.g. MNE); there are nevertheless difficulties in preparing multi-annual budget frameworks, and RESPA plans to be more involved in that, in particular PIFC, which will reinforce RESPA's role in this overall domain of quality of Public Administration (PA) and links with Economic Governance. In this regard, inter-sectoral cooperation in PA is a very hard task, due to vertical barriers, and is hampering more effective sector-strategy consultation and formulation. As for SEE 2020, the country actions plans have now been dropped since ERP replace them. RESPA also stresses the need of stronger and more proactive coordination with certain large regional (multi-country) programmes, such as the Western Balkans Investment Framework (WBIF).

The following can be retained from the assessment of the national stakeholders' involvement in MB programmes (case of Montenegro):

- NIPAC Montenegro takes part in programming MB programmes on a wider scale and considers that, as concerns the RESPA's contribution, the countries should go into implementation and not solely remain on the level of recommendations, so that more tangible actions should be taken downstream. Moreover, NIPAC stresses that RESPA should make better use of national achievements and good practices;
- As concerns the Ministry of Finance (MoF), its Directorate for Financial System and Business Enabling Environment has not been directly involved in MB Programmes, but plays a pivotal role in animating the national action for enhancement of business environment (the Council for business environment to be transformed into a Competitiveness council), and is active in cooperation with international organizations that publish surveys on business environment. There is a privileged cooperation with the UK, in particular on "light" Regulatory Impact Analyses" (RIA), to be boosted into "full" RIAs in 2020, under the PAR strategy. This Directorate also stresses very low performance of public consultations for legislative issues;
- The Directorate for budget has taken part in certain workshops on budgeting (Project 310295), considered as useful for peer to peer learning on other countries in the region, and there is also cooperation with the CEF in programming the workshops and other events. It is noted that the Department for international cooperation and EU integration of the MoF is reportedly not fully informed on the ongoing MB Programmes' activities;
- The Ministry of Economy ensures national coordination for overall strategy and communicates directly with RCC (SEE 2020, committee to monitor overall strategy of implementation). It is

noted that there does not seem to be any direct correlation between the RCC SEE 2020 strategy indicators and these prepared for IPA II sector strategies.

Centre of Excellence in Finance (CEF)

Placed within its overall learning programme for public finance officials in South East Europe (SEE), the CEF's learning programme on budget preparation and execution has been implemented by the EU-funded project N° 310295 "Strategic Planning and Budgeting" (SPB, IPA 2012), completed in September 2015.

A part of this programme has been co-delivered with the International Monetary Fund's Fiscal Affairs Department (IMF/FAD), also EU-funded by the Project 358797 (IPA 2014).

As highlighted in its Final Report, the SPB has focused on developing capacities of public finance officials in WBT countries in the following areas: medium-term macroeconomic and fiscal frameworks, fiscal programming of structural reforms, policy coordination and planning process, and consistency of strategic documents. It has been implemented in cooperation with several partners, IMF/FAD, ReSPA and the Joint Vienna Institute (JVI): its 21 learning and networking activities have been all delivered and highly appreciated by its beneficiaries.

The project has allowed flagging the major challenges with respect to its beneficiaries' capacity to design and implement medium-term macroeconomic and fiscal policy, all high relevant to the economic governance:

- Ineffective medium-term macroeconomic framework;
- Ineffective medium-term fiscal framework;
- Insufficient incorporation of structural reforms, and
- Weak integration of national processes and reporting to the EC

The CEF has managed to ensure the needed continuity and momentum of its structural support action, on an MB level; reportedly, a new EU funded project is planned to provide a comprehensive learning package for the financial officials in Line Ministries, in order to promote their capacity development in public financial management (PFM).

This project is expected to start early 2017; planned as a transition towards a new 2018-2019 programme, will comprise the following main activities:

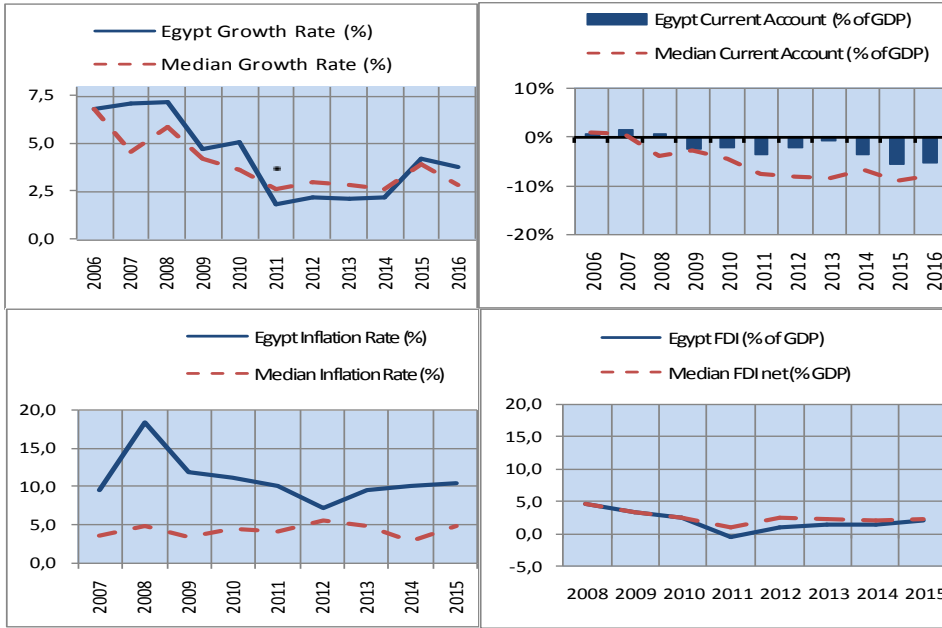
- Training of trainers;
- EU funding sources or constituent countries;
- Fiscal programming of structural reforms;
- Managing public investments, and
- Programme and performance budgeting.

All these activities are planned to be implemented in the CEF Ljubljana.

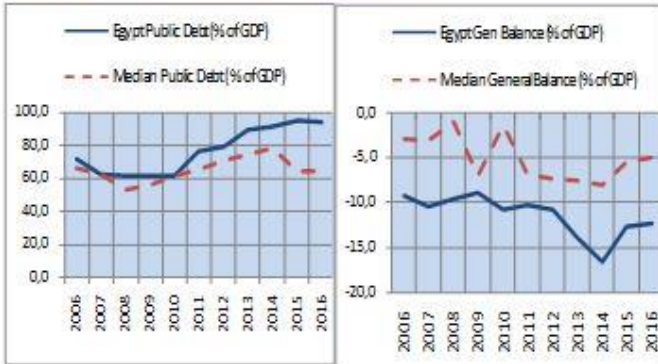
Annex 4.2 Neighbourhood Region

EGYPT

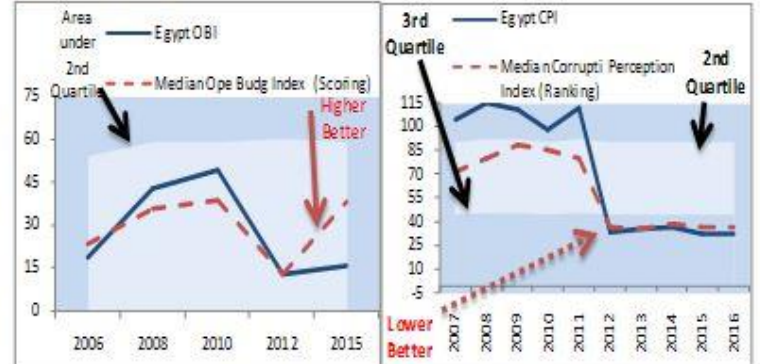
Macro Balances and Imbalances



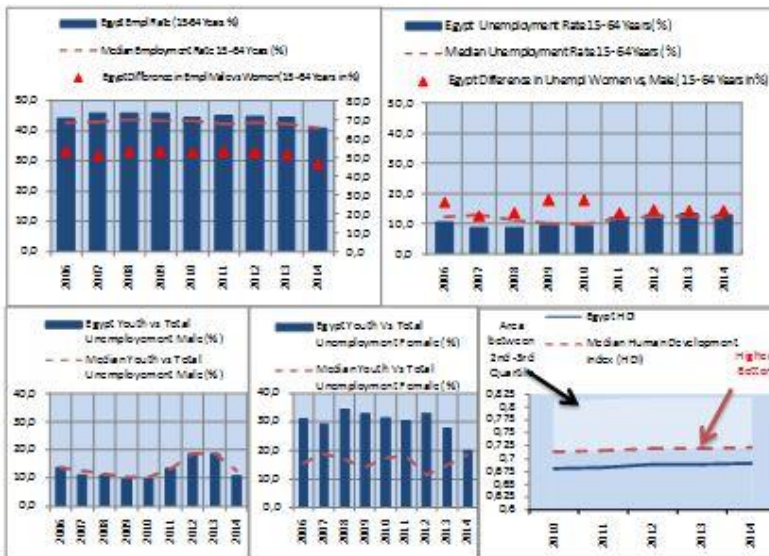
Fiscal Balances and Imbalances



Governance



Growth Outcomes



The following projects have been covered for Egypt, where the fieldwork was carried out in September 2016:

Year	Project Title	Contract or Decision N°
2014	Support to PFM Reform	ENPI/2014/347284
2011	Trade and Domestic Market Enhancement Programme (with two components: external trade and industrial policy)	ENPI/2011/22767
2011	Support to Agricultural SMEs (project in collaboration with AfDB)	ENPI/2011/23245
2015	Inclusive Economic Growth Programme	ENPI/2015/38273
2014	Capacity Building of PPP Units in Egypt (tendered with Framework Contract Beneficiary 2013 Modality)	353571
2014	Twinning project: Enhancing Accountancy and Auditing Profession in Egypt	EG14/ENP-AP/FI 25)

RELEVANCE
EQ1: 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?
<p>PFM project was foreseen as a component of a Public Administration Reform Programme. In spite of programming documentation being formulated in time and in advance, the tendering/ contracting phase has been delayed for the following reasons:</p> <ul style="list-style-type: none"> • political turmoil/upheaval, • frequent changes of contact points on the side of beneficiary's counterpart, • changes of priorities of government during tendering and programming stage. <p>In the same field and others, the national priorities have started to be part of the discussion for the new strategic country document (2016- 2020). Part of the same strategic document is also the one dedicated to issues of advancement in the matter of PFM and Trade Policy. The question of likelihood of a clear track of results, remains however to be answered in the future.</p> <p>In the field of PPP, the project is considered highly relevant from the beneficiary (PPP Central Unit) first of all because it provides a wide range of EU experience and expertise in virtue of access to all modalities and schools of PPP (e.g. Anglo-Saxon or Continental in the character and PPP types of contractual arrangement). MoF is in charge of both projects PFM Reform support and PPP- this is a good way to guarantee the synergies between both projects' intended results in the sense that PPP need to take into account the advancements in PFM reform implementation.</p> <p>Foreign Trade and Export Enhancement together with Domestic Market Enhancement Programme are considered also relevant in terms of the approach: horizontal coordination between reform sectors and strategic planning of reform that is to have a large economic impact. The support to Strategic Planning Unit in Ministry of Trade and Industry in order to come up with a sector strategy related to Economic Development Strategy of Egypt until 2030 is highly appreciated from the beneficiaries because it provides an example of how to deal with national contexts in order to get important reforms implemented.</p>
EQ 2: How relevant is the EU assistance in view of the priority needs of the countries in the region?
<p>Until now it doesn't seem that Egypt is very much aligned with EU neighbourhood policy (like Tunisia and Morocco) as the national market interests are moving towards East and at the same time the main fiscal balance support is coming from regional funds such as Saudi Arabia and Qatar. The conditions are changing however as the oil price remain on the down side; hence the financial support from IFIs becomes rather indispensable. To that end the soundness of PFM system is one of the first preconditions in order to show the credibility of national commitments to the course of agreed supported actions.</p>
EQ 3: To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?
<p>The PFM Project, initially was foreseen to be based on the results of PEFA exercise in 2009; at the time, the government has stated its intention to reform PFM area according to a strategy and action plan that had to follow the PEFA exercise. Two documents were advised to Government in order to prepare this strategy: IMF Road Map for PFM reform and a document prepared with the World Bank support that was prepared after 2009. However, because of subsequent changes in Government, there have been changes in national; thus, no progress has been made in advancement of tendering and contractual stage for PFM Project.</p>

PFM project was supposed to implement a PFM strategy that never has been drafted from national government. In line with best practices in the field such a strategy needs to be a national document showing a political will and commitment to reform the sector. An external substitute is not advised as it will be of limited in long term for the future of the sector. With this state of play in the field, the EU funded PFM project had to adapt its action course in line with the national context as follows:

- The team has advised the government to do a kind of PEFA in self/assessment mode in order to overpass the reluctance of national authorities to engage in PFM reform.
- Another activity is to provide expertise from PFM project in order to realize an assessment of particular elements of PFM in need of improvement such as IT Systems and Internal Control and Audit as initial focus entry points in order to awaken the appetite for reform based on identified expected improvements or results.
- Leverage on the agenda of measures proposed from international IFIs like IMF and World Bank and emphasize the necessity of having the basics in place in PFM area as a precondition for Budget Support or Balance of Payment Support (e.g. the question of VAT asked from World Bank, the question Fiscal or Contingent Liabilities emphasised from IMF, which concerns also PPP projects that is supported from EU et cetera).

EFFICIENCY

EQ 4:

To what extent has the EU support contributed to the beneficiary meeting its obligations under the Stabilisation and association agreement with the EU?

The PFM Project has been tendered through direct negotiation rather than open tender and the contract has been awarded to external service departments of Public Institutions in EU MS. The aim has been to increase the efficiency of project implementation given the complexity and risks associated to national context and deliver the largest array of benefits for national beneficiaries involved in the project.

A similar reasoning has been also in the case of Trade Facilitation Project where the approach adopted is the indirect centralized mode of implementation, which has reduced administrative charge/cost/workload required from beneficiary in order to cope with EU requirements in the field of procurement.

EQ 5:

What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

PFM project delivered as a grant is providing to beneficiaries some kinds of services, which would have been impossible speaking from a strictly contractual point of view under a different modality of TA delivery (e.g.: institutional support provided from the equivalent twinning arrangements, short term service contracts).

EQ 6:

How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?

All the projects that were considered in this exercise are important in order to increase the internal stability of Egypt and improve the quality of governance. Yet as they are still ongoing project. The net result remains to be seen in the future.

EQ 7:

How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?

Strategic Planning as a process of Public Administration Management is still weak in Egypt. Consequently, from a programming point of view, the risky environment, where the strategic guidance and policy dimensions are lacking, suggests that the risk management and flexible project design approach with stages are more suitable than well encompassing and “Bing Bang” projects unless there is a strong coordination on the side of donors. EU programmes did succeed in advancing the project implementation according to milestones for all other projects except PFM’s project. Here, the field of intervention is supported from different donors whereas their coordination from national authorities is weak. The issue is recognised from EUD and therefore substantial efforts are made to address it with authorities with the option of EU taking the leading role considering the Importance of PFM project for good governance as a whole.

EQ 8:

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?

The implementation of several twinning projects in different sectors (e.g. accounting Profession, SPSS, Standards and Metrology et cetera) has been beneficial in terms of having a good progress in separate sector field. Yet, the overall horizontal progress and cross/sharing of best practices remains a challenge in a highly non/coordinated public administration; hence the push from EU for adopting a more strategic and policy dialogue. This is the case in Ministry of Trade and Industry where the support of EU for more coordination and Policy dialogue has been done in consultation with Strategic Policy Department, which has adopted more proactive role in favour of coordination efforts among sectors that benefits from TA.

EFFECTIVENESS

EQ9:

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?

It's quite early to assess whether projects, selected for this exercise, with focus on economic governance in Egypt have been effective because they are still being implemented. They are also of a strategic nature and that means that their effect will need time to be detected and therefore thus accounted for. Yet, as both main projects of PFM and Trade, Domestic Internal Market and Twinning are associated not only with strategic plans but also of action plans to be implemented they are well geared to be effective at the end i.e. in medium to long term.

EQ 10:

How did the assistance provided respond to the real needs, in terms of quality, timing and duration?

Although it seems that EU is well positioned to increase the efficiency of projects' implementation because of its important role in the coordination of PFM reform and, through Strategic Policy Department, in Ministry of Trade of Industry, the necessities of short term measures to address the lack of liquidity, fiscal deficits and balance of payments may dilute national government's commitment to long term reform path.

Judging from comparison of project disbursement rates and achievement of milestones, none of the projects has been in line with targets initially designed in logframes and monitoring systems and that's understandable when considering the recent high volatile environment in Egypt. In spite of continuous efforts from EU counterpart, the PFM project was experiencing difficulties to have the beneficiary delivering on its commitments because of a continuous shift in national priorities and the lack of efficient coordination compared to other programmes considered (e.g. in Ministry of Trade and Industry).

When asked for the perception of effectiveness of the project/programme at question to real results/outcomes in the future, only the representatives from Ministry of Trade and Industry were confident because of hard commitment of political leadership to advance/push the agenda of implied reform in the right direction and the assistance from the team of experts on implementing the project.

The PFM support project is finally back on truck but its likelihood to bring about the intended benefits and outcomes is compromised from several factors:

- The change of high management levels in the Ministry during the kick off period and
- The political economy and administrative culture in the MoF and partner line ministries characterized from solipsist attitudes in work environment, lack of communication and information sharing, maintain of secrecy as means to preserve the status and power in the hierarchy of public administration. One of the experts interviewed expressed the golden rule of Egyptian public administration as "don't be exposed".

EQ 11:

How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?

The macroeconomic trends in Egypt (fiscal deficit, exchange rate, public debt, balance of payments and trade balance) are of such that make the chosen areas of support from EU of a critical importance in order to achieve sustainable results for economic governance in the future. The same may be said also for economic inclusive growth project that is at the end of programming stage. However these projects and programs are only potentially effective in the sense that the actual effects of them need still to be seen in the future.

From the point of effectiveness of aid activity, it seems that Egypt still lacks the comprehensive aid coordination and national ownership in various areas. Donors do exchange the information on documents and intervention among themselves rather than in a coordinated way from national beneficiary.

IMPACT

EQ12:

To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?

The projects are aiming at assuring a large impact as they are concerned with strategic reform and action plans, which t affect separate sectors and sometime several sectors at once. All of them have a large component dedicated to capacity building, which intends to provide public officials with right skills in order to implement effectively the necessary actions that lead to the desired impact.

In the project of Trade and Industrial Policy a new management concept design has started to be implemented. It involves a new system of monitoring and also of change management in order to match the new developed capacity with indispensable capabilities for enacting the change in the right direction.

EQ 13:

**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?**

There's an important external element that is critical and still outside the control of project design: Human Resource Policy and Management. Civil Service work force in Egypt is overwhelming with 8 ml officials (not including military and public employees in local administration). Anecdotal evidence during interviews suggested that only 10% of the work force is effective, which gives an idea about how challenging is a change management effective strategy. The career development is also very much subject to political power and status rather than related to professional skills and capabilities. This reality motivates the most talented and skilful professionals to leave the public sector towards more dynamic private sector job openings. The final effect for both change management and capacity building is therefore on the negative side. Larger programmes and support is needed in order to assure for the irreversibility of reforms as the results/outcomes (e.g. legislative changes. HR Policies, work attitudes, management culture, et cetera need time to become sustainable).

EQ 14:

To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?

<p>This question doesn't apply to Egypt. Yet, the projects and programs chosen in line with economic governance dimension are critical for the effort of international community to keep Egypt in the right path of social and economic development and avoid any radicalization that may be a threat to the stability in the country and beyond. To these projects/ programmes, the last one of with focus on Inclusive Economic Growth has to be added; it will support and increase even more the impact of EU support. This programme, while being compatible with EU objectives in the field of external relations, is also in line with Egypt's own agenda for having Egypt in 2030 one of the most industrialized countries in the world.</p>
<p>EQ 15: Which are the appropriate SMART indicators that should be embedded in the upcoming projects?</p>
<p>SMART indicators, which may be embedded in the future projects, include the kind of qualitative and quantitative indicators that are reported from international aid agencies similar to EU in order to benefit not only the project/programmes monitoring but also the exchange of information and capturing of last development in national contexts (especially at programming stage) at least cost.</p>
<p>SUSTAINABILITY</p>
<p>EQ16: To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?</p>
<p>The projects evaluated are still in the course of implementation; hence, only minor considerations can be made with regard to their sustainability. The main consideration is that, although the projects and programmes i) have a large technical assistance component, ii) are focused on Strategic dimensions and at highest political level, they are still unlikely to be sustainable in long run because of the political context of the country, still in an ongoing transition, unless the country continues to be supported from similar large interventions in the future. This was the view of implementing teams of experts interviewed by consultant during the mission.</p>
<p>EQ 17: How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?</p>
<p>With regard to programming stages of similar programmes, as a good practice, the process of programming of inclusive growth programme has provided for general inclusion of representatives from Civil Society, central and local public officials and other stakeholders. The nature of the programme is very important to public in the ground; hence the precondition for sustainability of outcomes seems to be in place.</p>
<p>EQ 18: To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?</p>
<p>Except projects in Ministry of Industry where a strategic PMU unit is formed in order to share and multiply the projects' results across the board in other projects, the ownership of results in the long run remains a challenge. EUD is aware of the problem and are looking for additional means to boost the good experience of this Ministry. Another way to enhance the sustainability was to have projects' and programmes' outcomes embedded in legislative changes. The twinning project on accounting and auditing was is example at the point.</p>
<p>EQ 19: How much has the economic governance structures evolved thanks to IPA funding?</p>
<p>This question does not apply to Egypt whereas in relation to ENPI funding in programmes/projects considered the evolution remains still to be seen.</p>
<p>COHERENCE</p>
<p>EQ20: To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other actions on the field? Is EU assistance coherent?</p>
<p>The EU funded projects/programmes considered were coherent with EU policy and guidelines on EU external action for neighbourhood countries. The programming foundations such as country strategic partnership documents, aid effectiveness principles and coordination with the country have been taken into account and respected throughout PCM cycle. The projects and programmes evaluated were also coherent with other interventions supported by other donors in the respective areas and this coherence was assured through continuous exchanges among donors in their respective areas of activity.</p>
<p>EQ 21: To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?</p>
<p>In all projects evaluated the coordination between stakeholders has been considered quite important from EU task managers and consultants especially given the lack of strategic and institutional coordination between different levels of administration in the beneficiary institutions. EU has been almost the only donor that has taken the responsibility of coordination in various fields unless the national capacities were fully in line with what was needed (e.g. in the case of PFM project the actual task manager is providing to beneficiary not only services related to PFM project but is helping and providing assistance also in questions of coordination with donors).</p>
<p>EQ 22: To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?</p>

EU programmes/projects have enhanced the visibility of EU approach with innovative ways of dealing with the problems in a difficult country; whenever the case the visibility guidelines for events have been implemented as well.

VALUE ADDED

EQ23:

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?

The considerations for value added are somehow mixed between projects where beneficiary was quite aware of the strength of EU technical expertise (e.g. PPP project where clear reference to large EU legal corpus/practice on the matter was forwarded from beneficiary as one of the main reasons why there has been a request for EU support in the area) and other cases where the EU support was seen as suitable to the actual stage of public administration management in Egypt (e.g. the twinning projects see below EQ26)

EQ 24:

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?

In the field of PFM, the added value of EU project (e.g. the kind of flexibility of contract, the richness of expertise from consortium's partners) is not understood by beneficiary because of lack of sufficient knowledge on the side of national counterparts in virtue of high turnover of national officials dealing with the project. Consequently, that the national counterparts were asking for costly services from IFIs when they could have had the possibility of the same quality services from EU projects with no additional costs (i.e. as grants).

EQ 25:

To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?

EU officials through innovative approaches of funding have largely promoted the visibility of funding to national authorities. The flexibility of instruments adopted by EU and the variety of expertise/experience that was offered under respective instruments was recognised as attractive by public officials interviewed, while other public officials, not aware up to date were revising their requests in order to incorporate larger demands for EU assistance to meet their specific needs (e.g. PFM project).

EQ 26:

To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?

The twinning projects were considered as a preferred mode of technical assistance especially for a very conservative public administration body like Egypt and EU was quite in good position to provide for that because of availability of horizontal intervention instruments already in place in several ministries (e.g. Ministry of Trade and Industry)

GENDER AND ENVIRONMENT

EQ27:

Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

The aspect of gender and environment in Economic Governance focused projects was difficult to detect because of the nature of actions supported (especially when strategic elements were the core of intervention such as PFM strategy and action plan, industrial and internal market policy, export policy et cetera) and particularities of Egypt's culture. However the gender consideration in programmes related to poverty reduction was in place as women were considered an important stakeholder in the action plan.

The same considerations were highly present in the new programme of Inclusive Economic Growth Programme; concrete actions to support the economic activity of SMEs or income generating activities, where women were highly present, in this programme were more explicit.

EQ28:

To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?

In the case of Inclusive Economic Growth Programme, the concern with environment protection and sustainability of resources in line with local traditions and culture was occupying a central place in the project design.

LESSONS LEARNT

1. Understanding the country needs is a critical issue especially in countries with a national culture based on self-esteem or after recent political turmoil. Decision making process on the kind of needs, which a programme/project has to meet is something that has to be based on general consideration of the whole, political context, awareness of own capabilities, expertise, timing et cetera.
2. In highly risky contexts and environments, like Egypt, there are different agendas, competing managerial strategies and unclear power relation and patterns.
3. Risk Management didn't seem to have functioned as the delays of re-launching the projects have been too long and experts and people in EU Delegation have been left with almost no room for manoeuvre in face of particular drastic changes.
4. Culture background, management attitudes (e.g. skills grounded power, introverted rather than open to exchange and communication public officials) have had a major impact on project's implementation. In the case of the Twinning Project in Accounting Profession, the duration of the project had to be extended because of efforts/time required to fully

coordinate between three national stakeholders at the absence/ lack of commitments from the main beneficiary (in this case Ministry of Finance).

5. Efficiency failures may undermine the credibility of project or be risky as they may shape the perception of outcomes away from objective view on delivered outputs.
6. The effectiveness of projects of programs that have strategic elements is highly conditioned from effective action and coordination of strategy implementation. This is not a one-off exercise but requires continuous coordination, leadership and efficient monitoring and evaluation systems that are lacking in highly unstable political contexts
7. One of the biggest challenges of many important reforms, dealing with economic governance, is the reform of Public Administration and within it the Human Resources. Building an efficient Civil Service workforce remains out of the reach for the largest part of developing countries for different reasons (e.g. cultural background, heritage and development path).
8. The sustainability of outcomes in high volatile environments where programmes/ projects of the type “state building” are at play is hard to be achieved unless components with forward looking character are included in the project or programme design.

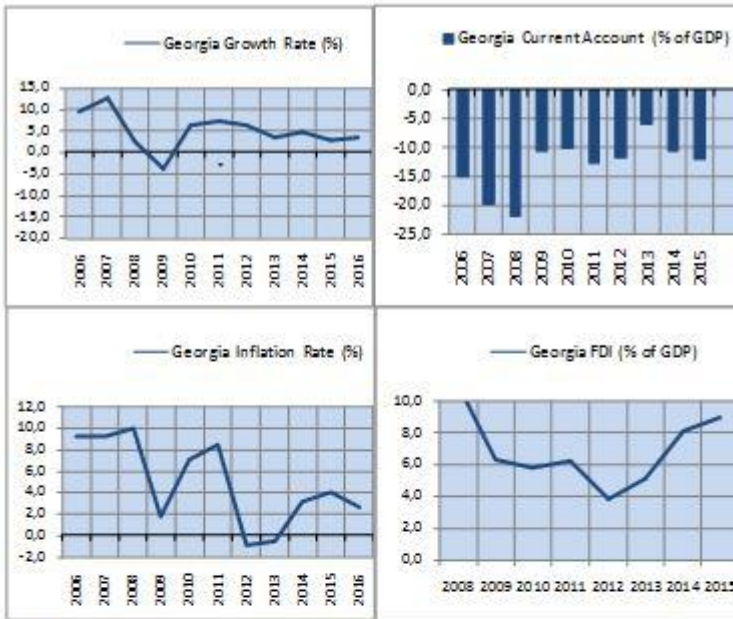
RECOMMENDATIONS

1. Programming exercises are there crucial and in need of constant adaption with the current practical realities.
2. The project design and programming although very much influenced from Political Economy can benefit from careful Risk assessment and management techniques that not always are oriented towards the exit strategies especially in countries where in spite of political crisis the country is “too big to let it fall”.
3. Risk Management and mitigation measures have to be rethought in order to give more practical room for guidance to people in place for acting in the right direction.
4. Country Experience and Affinity with the Culture is primordial/ critical for success in such environments. Having the time to meet with people and assessing such elements is a necessity for ex/post assessment. There is a need to refer to such elements for designing the project rather than only Terms of References from firms that apply in such projects.
5. Constant monitoring of monitoring capabilities of service providers is therefore crucial.
6. “Bing Bang” kind of interventions are very hard in unstable environment despite large support from international community as the degree of absorption of support from the country is a function its reform appetite, political stance and change management capability. The direct implication is that the focused interventions with flexible design and ‘build as you go approach” may be another more effective way of intervention complemented with horizontal coordination at latter stage of the reform.
7. Substantial efforts and financial resources are required in order to assure the impact of large reforms. They need to be well thought in advance of the process of project/programme design in coordination with beneficiary and all other donors through effective programming techniques (e.g. joint programming is one of them advised from Busan Commitments on Aid Effectiveness).
8. The development of new elements in legal corpus of beneficiary, which aim to insure the sustainability of outcomes in the long term, is a good way to enhance the sustainability. Yet, in order to respect and be in line with the principle of legal economy such legal developments need to be done in close cooperation/coordination with beneficiary as an answer to their needs rather than imposed on them. The feasibility consideration of such developments needs to take into account not only the cost of legislative changes but also the necessary cost for legal action and social scale implications from implementation of such legal initiative. Twinning projects are a good instrument that may bring qualitative changes of this kind because of intensity of relation with beneficiary and depth of exchanges of technical expertise in concerned areas or topics.
9. In spite of the difficulty, the added value of EU intervention needs to be elucidated from the start with intensive interaction and visibility techniques as it has an important role for the impact and sustainability of outcomes in the future. In addition, it has a huge important consequence for the reputation of EU in important countries like Egypt and beyond in the region: such countries have an important role in regional and even international relations configurations.

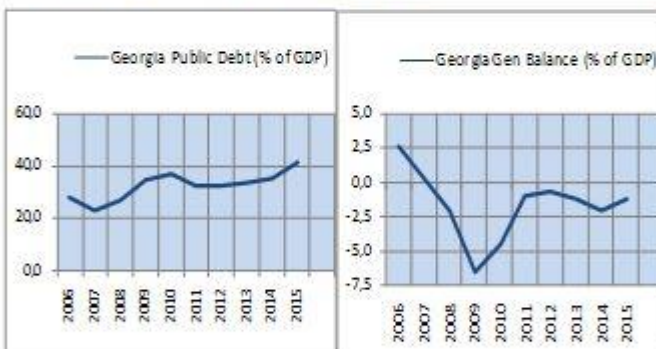
GEORGIA



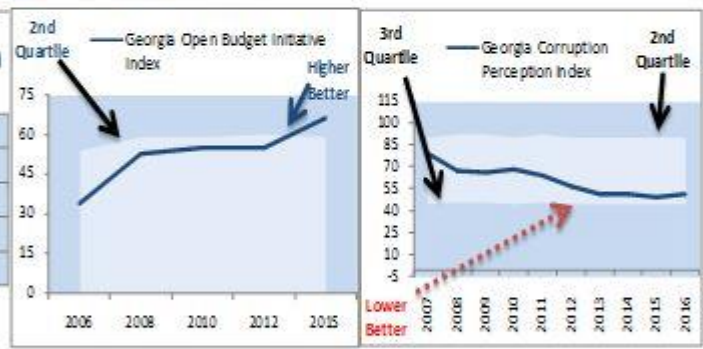
Macro Balances and Imbalances



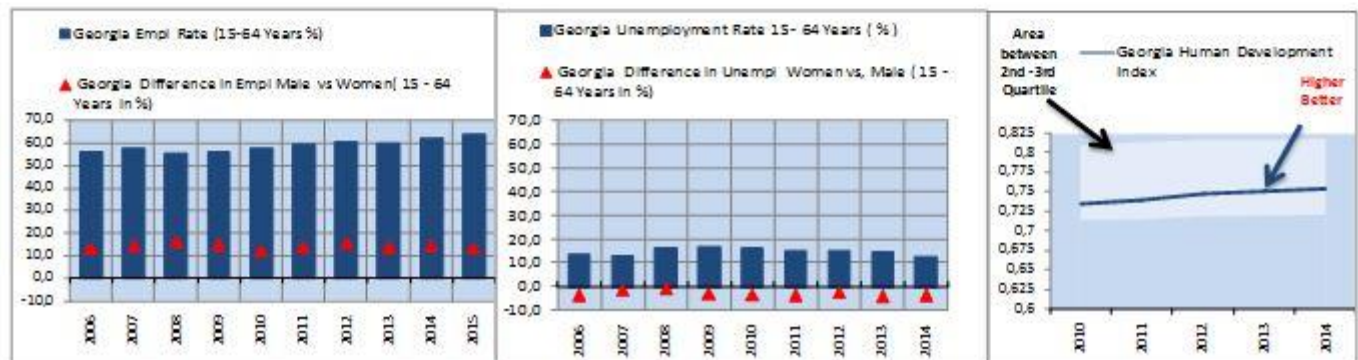
Fiscal Balances and Imbalances



Governance



Growth Outcomes



The evaluation covered one EU Funded programme - ENPI/2013/024-705– Support to Public Finance Policy Reform (PFPR) – and the fieldwork was carried out from 27 to 29 June 2016.

RELEVANCE
EQ1: 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?
<p>PFM Budget Support Programme in Georgia is coherent in the sense that it follows previous successful support of EU to the sector since 2008. In so far, PFM main outcomes consist of improvements in terms of quality and performance. These improvements are evidenced also from higher PEFA scores in 2012 compared to 2008. The report is disclosed in 2013 and is available in PEFA Secretariat website.</p> <p>PFM budget support is strategically important as well; in the period of reference, it has been supporting a sector that has an important impact in all other sectors in view of relevance of PFM procedures and practices to economic governance at national scale.</p>
EQ 2: How relevant is the EU assistance in view of the priority needs of the countries in the region?
<p>The focus of new budget support is on the policy areas, which, consistent with findings of PEFA 2012, are in need of further improvements (e.g. policy budgeting, internal audit and control, and external oversight).</p> <p>Budget support modality is well designed to support policy and reform measures taken from Government of Georgia in order to improve the quality of economic governance in the country.</p>
EQ 3: To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?
<p>The programme of PFM is part of other programmes supporting Georgia (see the Question 4) and is coordinated as part of these intervention. At the same time, the project is also coordinated with other EU funded thematic programmes that have supported Georgia in last years (e.g. TAIEX and Sigma).</p>
EFFICIENCY
EQ4: IPA: To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession? ENI: To what extent has the EU support contributed to the beneficiary meeting its obligations under the Stabilisation and association agreement with the EU?
<p>The actual PFM Support programme and other predecessors were part of ENI Programmes, designed for Georgia, aimed at supporting the country in its association path to EU membership. The priorities of these programmes were related to important structural reforms like:</p> <ul style="list-style-type: none"> • Public Administration Reform • Agriculture and Rural Development; • Justice Sector Reform. <p>PFM support programme is intended to provide advancement in key intended results/outcomes and objectives especially under Public Administration Reform Programme.</p>
EQ 5: What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?
<p>The EU approach of PFM sector support, consists of a good aid modality mix of programme and project support. Budget support Programme itself includes a technical assistance component delivered according to project and centralized management; in addition, it provides s technical assistance to national authorities for overall coordination of budget support and also technical assistance upon demand to main stakeholders of the project. At the same time EU provides other support in the PFM area through other instruments, which are not related to reform and policy measures (e.g. twinning projects intended mainly for technical capacity improvements in beneficiary institutions). During the interviews, the efficiency and effectiveness of twinning arrangements was highly appreciated especially by the State Audit Office, which was one of the main beneficiaries of twinning support projects.</p>
EQ 6: How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?
<p>PFM Support programme in general has met the needs of beneficiary for various purposes as expressed in previous question.</p>

EQ 7:
How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?
<p>Given the extensive support from various donors in the sector, the design of specific conditionalities of budget support has been proven to be highly effective for monitoring programme performance and assuring that the intended results and outcomes are delivered. The European Delegation has remained objective in maintaining the firmness of conditionalities in order to increase their credibility for effectively ensuring the compliance and programme performance targets</p> <ul style="list-style-type: none"> • There was a concern of Status Audit Office for having a specific conditionality related to the consideration of SAI'S annual report in parliament throughout the entire period of budget support, rather than in a particular year, in order to support the momentum in performance improvement. • Parliament Budget Office asked for the revision of a specific conditionality that applies to them in view of its new status, that is as independent office from Supervisory Committee in Parliament. <p>Both suggestions were discussed with EUD and the consultant was notified that the proper feedback to national stakeholders will be based on Budget Support Guidelines grounding the approach.</p>
EQ 8:
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?
<p>The most efficient methodology of implementation of the programmes mentioned so far has been the combination of different implementation modalities: Budget Support for supporting Reforms in different sectors, twinning arrangements for specific sectors, and focused TA projects for specific needs upon demand from beneficiary. The mix of support instruments has been chosen in coordination with Beneficiary.</p>
EFFECTIVENESS
EQ9:
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?
<p>It's still very early to judge on the effectiveness of this programme in the overall success of Georgia's efforts to improve economic governance but things are going in the right direction. Given the extensive support from various donors in the PFM sector, the design of specific conditionalities of budget support is found to be highly effective for monitoring programme performance and assure that the intended results and outcomes are delivered. The European Delegation has been objective and maintained the firmness of conditionalities, in order to increase their credibility for effectively ensuring the compliance and programme performance in line with targets.</p>
EQ 10:
How did the assistance provided respond to the real needs, in terms of quality, timing and duration?
<p>The support given through programmes was highly shaped in line with beneficiary needs. National authorities have been involved in programme design and monitoring evaluation process since the beginning. From the discussion held with beneficiaries' representatives, it was confirmed that they were continuously updated on project's activities and expected implications of their results/outcomes in respective domains for national beneficiaries.</p> <p>So far the release of the payments of tranches has been according to the plan. Ministry of Finance confirmed and expressed its satisfaction for the effective compliance with contractual terms of financing agreements. Overall the payments, have been in line with budget and treasury cash management operational guidelines and procedures.</p>
EQ 11:
How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?
<p>In all programmes (including also other programmes besides PFM for instance twinning, TA projects et cetera) considered the design has been done in close consultation with beneficiaries. The meetings confirmed that the beneficiaries were fully aware about the kind of assistance they were going to have and timing. The collaboration between beneficiaries' representatives and EUD seem to have been very intensive with EU TM being very active and present during the meetings in beneficiaries' headquarters for discussing technical details of programme' activities to be implemented.</p> <p>PFM programme support to State Audit Office and Parliament Budget Office are highly appreciated by beneficiaries in terms of sustainability of results for the PFM sector as a whole. The improvement of independence of these two institutions is a factor that has played an important role in the improvement of their credibility at national scale for providing independent judgment and objective information on the quality of PFM system at national scale.</p>
IMPACT
EQ12:
To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?

It's still early to conclude on the impact of this project as it's still in the implementing period. However, it's going in the right direction. The assessment of general conditionalities in external reviews missions has been particularly relevant for elucidating external challenges to overall national macro-fiscal stability. This is particularly important in the situation where there is a time mismatch between the information given from International Financial Institutions referred in the chapter of general conditionalities and assessment needs for releasing tranches in line with contractual stipulations.

EQ 13:

**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?**

The programmes were conducive to major legal changes that are believed to provide a strong ground for sustaining the impact in the future. In a similar way the development of internal rules, procedures manuals and guidelines in addition to extensive programmes of capacity building are supposed to provide another additional important corner stone for supporting this sustainability in the future.

EQ 14:

To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?

Although this question doesn't apply to Georgia in the sense that it applies to other IPA countries the programme will be crucial in providing a strong support to intended outcomes for reaching objectives and overall goal of support programs in the area of Public Administration Reform.

EQ 15:

Which are the appropriate SMART indicators that should be embedded in the upcoming projects?

SMART indicators, which may be embedded in the future projects include the kind of indicators that are related to PFM field especially the ones related to PEFA Indicators (New version 2016).

SUSTAINABILITY

EQ16:

To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

Up to date PFM related assistance in Georgia, at least as EU is concerned, is done in close coordination with other international donors such as GIZ with Caucasian PFM Support Programme, USAID Good Governance Programme and WB Budget Operation Support Programme. Legal documents, procedures and manuals developed and also capacity building activities have been done according to best practices and standards, thus, in terms of the most recent information, the programmes' outcomes so far, most likely, are going to be sustainable in long term.

EQ 17:

How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?

Following the discussion with stakeholders of this project, some particular recommendations for improving the sustainability of similar interventions would be as below:

- For budget support modalities, the structuring of general conditionalities and sources of verification is particularly critical in order to assure the smooth implementation of selected support modality. Attention should be paid to the wording and information provided in the respective section of external revision of compliance and its relevance to the criteria at stake. In case of IPA countries, the relevance of these conditionalities to country paths of accession and economic governance issues are particularly crucial.
- The specific conditionalities and their evolution need to be structured in such a way that they support the momentum in the improvements of national practices of sector supported. At the same time they need to be carefully revised, providing that an agreement with beneficiary and compatibility with programmes' operational guidelines is assured, in order to reflect the changes in status and operations of concerned institutions or procedures in the focus areas.

EQ 18:

To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?

In case of Georgia there was a high number of programs and projects funded from EU in the field of PFM and also from other donors, as explained in EQ 16, implemented in a relatively short time. The scale of absorption of such programmes/projects is quite high and national authorities are still keeping at the pace foreseen in programming documents (including EU PFM programme). National authorities seem quite motivated to continue with the rest of such programs. However, the degree of effectiveness of such intervention is still to be seen. The next foreseen PEFA exercise will be able to provide a more detailed and objective in the matter.

EQ 19:

How much has the economic governance structures evolved thanks to IPA funding?

This question does not apply to Georgia in terms of IPA funds but rather in terms of ENI Instrument. The programme of support of PFM reform is still going on so it's still quite early to give an opinion on it.

COHERENCE

EQ20: To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other actions on the field? Is EU assistance coherent?
The support and EU action has been largely coherent with other actions going on in the field especially the support from international organizations WB, IMF, GIZ, USAID and OECD (through Sigma). The evidence is found: <ul style="list-style-type: none"> • In matrix of conditionalities of PFM's programme, which make use of information provided from other programmes/projects funded from other donors. • Coordinating mechanisms and consultation that includes continuous dialogue between donors' community and national beneficiaries in order to increase the coherence of action in line with national policies, • Monitoring indicators used and flow of information.
EQ 21: To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?
The question may be answered in the same way as the previous question in as much as the implementation or support delivery is done based on general, rather particular, view shared by the multitude of impacted stakeholders, which emerges through the structured processes of coordination and communications. In case of Georgia it seems that the coordination of support programmes has been quite important and has involved also Members of Parliament (MPs); this process has brought about improvements in supervisory capability of MPs for the developments in PFM area
EQ 22: To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?
From discussion with beneficiaries, it seems that the visibility of EU approaches and funding was considered very important in all project activities and it was widely present and promoted in media communication at local and regional level.
VALUE ADDED
EQ23: <i>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?</i>
From the discussion with beneficiaries, the EU support especially budget support was considered quite important in relaxing budget constraints especially as structural important reforms were concerned. EU was largely perceived as the major funder of this kind of support, although the severity of conditionalities was recognised as heavy, but still fair in terms of value for money.
EQ 24: 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?
In the field of Economic Governance, the strategic planning was covered from other donors like USAID; the support for improving the capacity of Parliament for an independent view on the soundness of Budget Formulation process based on own forecast through "Parliamentary Office for Budget Forecast" was also covered from USAID although the TA for developing the macro model was provided from EU. In a similar way, GIZ was active in supporting PFM in local/regional scale and SAI, at the same time, yet in different areas of activity of SAI compared to the areas where EU was assisting with the twinning project.
EQ 25: To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?
In addition to answers, given in previous questions, the visibility of EU funding has been increased because of the large scope of EU funding instruments that fall within the scope of activities under the dimension of Economic Governance and other thematic programmes where Georgia benefits (e.g. TAIEX and Sigma).
EQ 26: To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?
Budget support from EU was recognised as quite important for national authorities especially in terms of support for reforms' measures being undertaken in the field of PFM (e.g. extension of MTBP at national and regional level; forecast and treasury expansion et cetera).
GENDER AND ENVIRONMENT
EQ27: Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

The program's activities that were evaluated included increasing participation by women and men. Both genders participated in all stages of PCM in line with national practices and realities of the country.

EQ28:

To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?

PFM support program in Georgia is not directly linked with environmental considerations. However it's expected to promote friendly policies and actions through support of more effective and accountable of PFM practices, some of which have an important impact on the environment (e.g. public investments assessment in local and regional level).

LESSONS LEARNT

- For budget support modalities, the structuring of general conditionalities and sources of verification is particularly critical in order to assure the smooth implementation of this form of support.
- The information and diagnostic tools need not to be limited only to PEFA in case of PFM support as PEFA framework doesn't include all dimensions that have an important impact on the progress of PFM Support Project (e.g. elements related to political economy influencing PFM reform).

RECOMMENDATIONS

- Attention should be paid to the wording and information provided in respective section of external revision of compliance and its relevance to the criteria at stake.
- The specific conditionalities and their evolution need to be structured in such a way that they support the momentum in the improvements of national practices of sector supported. At the same time, they need to be carefully revised in order to reflect the changes in status and operation of concerned institutions or procedures in the focus areas.
- In order to have objective judgment on impact and effectiveness of support modality in question. The sources of verification may include also diagnostics standards instruments particularly relevant for the sector. In the case of PFM, PEFA, Macro Assessment, Fiduciary Reviews, Public Expenditures Reviews, SIGMA Reports may be considered.
- Information for assessing the added value of EU intervention is hard to detect in policy support intervention therefore more standard information should be produced and collected by development coordination bodies at highest level of national government.

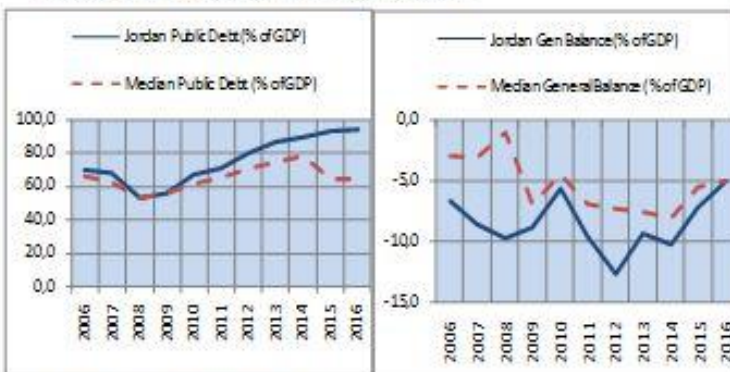
JORDAN



Macro Balances and Imbalances



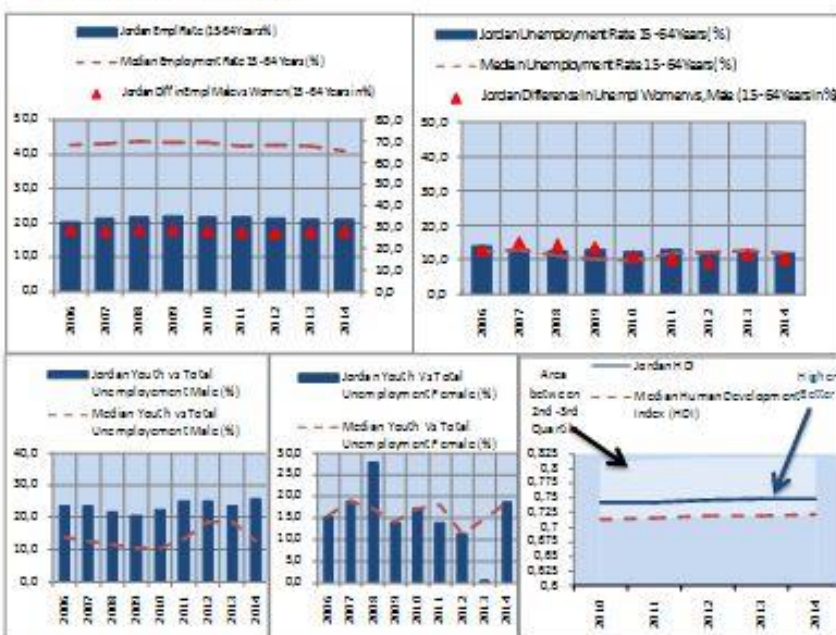
Fiscal Balances and Imbalances



Governance



Growth Outcomes



The evaluation covered the following two programmes and the fieldwork was carried out from 7 to 10 November 2016:

- ENPI/2010/021-932: Support to the Public Financial Management Reform Programme (44 MI Budget Support, 0.4 MI TA, 0.6 for Audit and Visibility Issues)
- ENI/2014/033-664: Support to Public Finance and Public Administration Reform (PFPA) 47.5 (40 ML Budget Support; 7.5 ml TA Complementary Budget Support)

RELEVANCE
<p>EQ1: 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?</p>
<p>Both programmes were highly relevant to the country needs. Jordan was experiencing a high growth period until 2009, then the trend changed mainly because of conflicts in the region (e.g. Syria and Iraq) and the flow of refugees in the country. These developments were external in nature compared to other factors that were considered in the 2005-2015 Vision Agenda and programming document for PFM related programmes, which because of their focus on governance issues, were considered instrumental to national growth and development agenda.</p> <p>-1st Programme was in line with Reform Strategy in PFM area as specified in IMF/World Bank PFM Reform Agenda document of 2009 and was considered beneficial to country needs in several PFM pillars like Budget Formulation, External Audit, Fiscal Revenues and Revenue Administration et cetera.</p> <p>-2nd Programme tried to link PFM reform with Public Administration Reform based on the concept of Service Delivery, which is, by the way one of the dimension linked to PFM reforms (in the new PEFA methodology issued after February 2016, the dimensions related to service delivery are extended and given more weight compared to PEFA's versions prior to 2016)</p> <p><i>The original objectives of the 1st programme are still relevant today:</i></p> <p>-Policy Budgeting, as one of PFM pillars, was introduced in the practice of national budgeting because of EU Budget Support Programme with the general aim to develop it further in consecutive steps. (Reference is made here to PEFA 2011, and IMF/World Bank 2011 reports on the state of play in the PFM field)</p> <p>-Budget Classification up to activity level for current public expenditures increased even more the budget transparency as highlighted in the results of PEFA 2016 compared to PEFA 2011.</p> <p>-Debt Strategy was published for the first time in 2010. It was considered highly relevant for Jordan as the country experienced increasing levels of Public Debt during 2010 and consecutive years until 2014 .A new version of debt strategy, which is more aligned to recent developments concerning the public debt, was published in September 2016. Its publication, as an update of the former strategy supported by EU, is one of the requirements of of Extended Fund Facility (EFF) agreement Jordan has with IMF.</p> <p>-The effectiveness of collection of tax arrears, tax audit and investigations on the basis of risk assessment and management techniques are considered highly relevant even today because of the urgent need to increase internal revenues.</p> <p>-In the 1st PFM BS programme, the EU emphasised the importance of donor coordination in the programming document. It is still crucial today in order to objectively measure the impact of support from different donors and avoid overlapping effects of respective donors' support activities. The donors' coordination in general continues to be a matter of concern. This opinion was expressed in the interviews with the consultant not only by EU officials but also other donors (e.g. WB, USAID).</p> <p>-The objective of making the Audit Bureau -in Jordan Audit Bureau plays the role of SAI- withdraw from ex- Ante audits continues to be relevant as well. It's one of the specific conditions in the 2nd PFM BS. Its relevance is related to practical requirements of aligning Audit Bureaus' activity to INTOSAI standards.</p> <p><i>The objectives of 2nd Programme:</i></p> <p>-Classification of Functional Expenditures at the lowest level (that is programmes and activities) is rather a necessity for a sound budget and macro-fiscal analysis. By providing this level of detail, Jordan is going to meet the needs for accurate information on public spending/funding in many areas, which are constantly discussed with other donors beside EU. In spite of the progress, it's equally important to provide the same level of details also for economic classification of expenditures (Reference is taken from PEFA 2016 Report). In this respect, 2nd PFM BS is supporting the further improvement of public chart of accounts. With the improvement of GFMIS (Acronym for Financial Information Management Information System for Jordan) and its functionalities, which are required to meet also the revised version of Chart of Accounts, the improvements in expenditures classifications are expected to improve the quality of all stages of budget cycle.</p> <p>-Budget analysis in some of the sectors of highest risks (e.g. fiscal, political, climate et cetera), which will be chosen in agreement with the General Budget Department, will be crucial in order to highlight what is the risk impact and related challenges for the macro-fiscal outlooks (e.g. environment, fuel prices, refugees, food prices et cetera)</p> <p>-The objectives related to External Audit and Tax Investigations/Audits are a follow up of the conditions of 1st PFM Support Programme and as we report the public authorities are still in the way of achieving them.</p> <p>-Cash and Debt Management is an important element of the current national PFM Strategy.</p> <p>-Improvement of Public Service delivery is highly relevant as it's important for facilitating budget oversight and therefore increasing the accountability of public officials in the future.</p>

**EQ 2:
How relevant is the EU assistance in view of the priority needs of the countries in the region?**

EU is support Jordan to improve economic governance. In general terms, the support is important for Jordan in order to assure that it remains a country that promotes peace in the region. This general goal is highly relevant in view of tensions, political turmoil, wars in the region (e.g. Syria, Iraq and Afghanistan) and conflictual situation in Palestine. It's more of the same, when one considers the fact that more than 1 ml Syrians, Egyptians, Libyans, and Iraqis have entered Jordan as refugees. Considering the fiscal balance of the government, after the Arab Spring, the government has increased social spending and salaries to meet popular demand and discontent and contain the risk of social conflict. This action had a direct impact for national budget and fiscal balance; the flux of refugees and related public expenditures have increased even more the vulnerabilities of public finances for Jordan with fiscal deficits increasing to more than 7% in 2010 and debt more than 80% - currently it is beyond 90% after 2011 (which by the way was beyond the maximum allowed in national laws of Kingdom of Jordan). Supporting PFM sector in Jordan, as part of measures to address this critical situation and relax the budget constrain in order for Jordan to improve the level of public services, is therefore vital.

**EQ 3:
To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?**

There are several programmes that are being implemented in Jordan in the PFM or related areas:

- USAID has a large programme with all components pertaining to PFM System (e.g. Macro-Fiscal Forecasting, GFMS, MoF Support, Accounting, Customs and Tax Agencies, Business Registration),
- IMF, after a Stand-By Article 4 Agreement has engaged in an Extended Fund Facility agreement, which supports among other stakeholders, MoF and GDB.
- EU/OECD Sigma as well has been active in supporting the External Audit
 - World Bank has supported the Audit Bureau with a technical assistance project in the field of PPP Audits and as from 2016 is going to support PFM at local level in general, whereas at central level, it's going to provide support on one aspect of PFM, namely Public Investment Management.
 - GIZ has supported for a long time the PFM area in the area of Budgeting and medium-term budgeting (e.g. MTEF) – though currently there is no ongoing PFM programme funded by GIZ.
- And finally, EU with the two programmes of budget supports.

IMF and EU have a focus, which includes all PFM related aspects; USAID is active in areas that go beyond PFM area (e.g. Business Registration), which is a feature of holistic approaches of external aid and assistance; therefore, the donors' coordination is important in order to increase the overall effectiveness of external support. In reality, the coordination between donors although has been good until the closure of 1st Budget Support (as per one of its conditions) is actually far from satisfactory. From the discussions in EU Delegation and with Donors (e.g. USAID team, World Bank local official responsible for good governance and members of IMF mission assisting the MoF), it was understood that:

- The donor coordination meetings supporting the PFM area are not held in a continuous and programmed manner and they are donor-driven (not government-led),
 - The exchange of information is not smooth and regular but rather sporadic and based on own preferences of the ones sharing it,
 - And the knowledge of "who's doing what" in the area is lacking.

MOPIC, which is in charge of this coordination doesn't circulate any letter, briefing, statements in order to make donors and stakeholders aware of for the state of play in PFM area, and the milestones in terms of deadlines, outputs/outcomes expected et cetera.

EFFICIENCY

**EQ4:
IPA: To what extent has the EU assistance helped ENI beneficiaries achieve the strategic objectives of EU accession?
ENI: To what extent has the EU support contributed to the beneficiary meeting its obligations under actual agreement with the EU?**

1st PFM support aimed at enabling Jordan to meet the objectives of Country Indicative Programme in the framework of Action Plan. However the exogenous shocks of conflicts in the region and the refugee crisis (that is with its impact for national budget outlays) influenced the programme's capability to effectively reach the targets in at least one of the fields, namely External Audit being withdrawn from ex ante audits. The evolution of fiscal revenues from improvement of tax administration procedures and compliance measures, although not entirely related to EU 1st budget support, is another element where the impact of outcomes of EU budget support did not materialize.

In a way, there are improvements because of EU support. These improvements are evidenced from international reviews such as PEFAs and IMF's assessments but the success is mixed. 1st budget support has been instrumental in the improvement of the transparency of government action: the modification of the chart of accounts provided room for more information on budget planning and execution at the level of activities, which now are closer to reality of daily activity of public spending units than the programmes (e.g. reporting on the activities of compensation of certain categories of population is much more concrete for citizens than reporting on social inclusion programme as a whole)

In addition, 1st Budget Support was at the origin of policy budgeting through introduction of Policy Paper for Policy Budgeting that has been crucial for the improvement of respective

PEFA indicators in last PEFA (2016) and also highly appreciated in the IMF assessment of capabilities of national budgeting framework (e.g. Fiscal Transparency Document of IMF for Jordan).

2nd budget support is expected to be beneficial to Jordan for instance in the matter of budget analysis. The analysis of impact of associated risks is going to provide the government with a methodology and tools to identify the associated measures during the budget formulation in order to contain the undesired effects of identified risks (which is by the way one of the pillars of EU approach on economic governance). The same goes also for the direct interface between cash management activity and debt management, which is another direction where 2nd budget support is expected to provide substantial benefits to national practice of budget execution.

EQ 5:

What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

Budget support of course is highly appreciated in time of crisis, as it creates more fiscal space for cushioning the crisis' impact; as such it is highly appreciated from the national government. It has provided means to deal with certain necessities and keep the reforms going on under difficult circumstances. Yet the disadvantage of it, is that it's very difficult to make government responsible for non-achieving the targets when there are exogenous factors that increase the action burden/cost government have to face in order to reach those targets. Hence a modification in the way the performance is assessed is required in order to accommodate for increased burdens/costs of shocks. This was the case with EU (EU 2nd Tranche Review, September 2016, p. 12) and IMF programme at the same period. From a technical point of view, the project modality with exit options could have been more efficient. However, from the point of economic governance as a whole where the flexibility of programmes is required during the crisis in exchange for a fast track of performance under more stable condition, and judging from the importance of having an improvement overall in Jordan, as a guarantee of stability in the region, the budget support may be considered as more efficient overall. In addition a strong technical assistance/ expertise related should be there in order to push for greater performance in stable times. 1st Budget Support had a limited TA component, a shortcoming that is addressed in the 2nd Budget Support where the TA component is much more important.

EQ 6:

How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?

In a way both budget support programmes and the Macro-Financial Assistance that was added at a later stage have helped to reach EU policy objectives that were stated in the country strategy: supporting political stability, social and economic development of Jordan as an important factor of promoting peace in the region. The objectives of increasing the quality of public administration seem to be well served from both programmes as well although one of the most important elements for EU economic governance practice, namely the External Audit has still to improve its working practice (namely complete withdraw from ex ante audits) in line with international standards. These improvements are expected to be accomplished during 2nd Budget Support.

EQ 7:

How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?

There is a case for concrete, efficient and effective donor coordination for PFM area: a Matrix Coordination with time framework, outputs/outcomes and national stakeholders in order to monitor, measure the progress and identify the bottlenecks, and the comparative advantage of different stakeholders needs to be established and continuously updated from national authorities. The multiplier effect (e.g. the Policy Paper for Policy Budgeting, which was one of the outcomes of 1st EU budget support did turn the attention to the fact that a strategic planning system is a precondition for a good budget formulation process; this fact was evidenced in both IMF Fiscal Transparency and PEFA 2016 Assessment Report) needs to be clearly anticipated in the programming phase in order to facilitate the ex-post evaluation and also highlight the factors that have an impact on the sustainability of results. In similar ways the interplay between risks and mitigation measures needs to highlight critical factors of success such as:

- The lack of a comprehensive PFM law in Jordan that includes all public-sector spending units.
- The lack of effective independence of External Audit,
- Management culture, which is pushing towards overambitious commitments (e.g. IPSA accrual standards to be fully met until 2019 is an objective that is not found in many countries with a much more advanced degree of PFM practices than Jordan) increases the actual overload on public administration resources and affect negatively the focus on achievable results/outcomes,
- Effective policy and practice of HRM (Human Resources Management) system and its components, which can assure the sustainability of outcomes (e.g. In Jordan there is a high migration rate of the most skilled people towards Gulf Countries. The skills they possess, namely numerical and analytical skills, are crucial for a successful implementation of series of activities supported in EU funded PFM budget supports for instance budget analysis, interface between cash and debt management, debt strategy combined with debt sustainability analysis et cetera)
- Mitigation measures (e.g. in case of HRM system failures to provide an available constant pool of highly skilled people for public offices, the mitigation measures consist of alternatives such as building up knowledge base, coordination with other donors in order to increase the leverage for effective HRM policy and mechanisms to limit the negative impact from the flow of brain overseas).

EQ 8:

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?

Supplementing the budget support with sufficient TA that can support the beneficiary (e.g. train, and coach them, provide for immediate assistance upon urgent requests from the beneficiary) is a more efficient way, at least as Jordan is concerned, than having only a budget support with TA assistance related strictly to coordination of activities supported in the area of PFM (as in the case of 1st budget support) especially when the national resources are under high pressure from external developments. In the present situation, where TA support is large and with an EU, which is eager to push for the division of labour and effective coordination amongst the donors, the efficiency gains are expected to be higher.

EFFECTIVENESS

EQ9:

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 framework governing EU /ENI Country?

Jordan entered the 1st budget support in 2010 after several years of high growth (more than 5%), which decreased considerably (2.5%) after the conflicts in the region followed the events of Arab Spring and the refugees from neighbour countries and beyond flooded the country. Consequently, the country had to deal with the fiscal constraints related to high deficits and public debt. In this context, the 1st PFM budget support main objectives consisted of supporting the country to fix budget imbalances whereas IMF programme was active in the area of macro imbalances (Note: Jordan was having structural budget deficits even before the crisis and the unemployment was high. These imbalances worsened after 2010). In this respect, the programme did have tangible effects as at the end of 1st Budget Support Jordan had:

- A more credible medium-term budget framework taking into account policy intentions of national authorities (Ref. PEFA 2016, reports of IMF for the stage of PFM reform underline this fact)
- Improved transparency in budgeting through adoption of activity budgeting,
- Debt strategy for managing the increasing debt level (Ref. the same documents)
- Improvement measures in tax administration aiming at increasing the efficiency of tax collection as a way for narrowing the overall balance deficit.

The 1st budget support didn't succeed, however, in the objective of making Audit Body's working practices fully in line with Intosai standards (as it was not withdrawn from ex ante controls) as far as the activity of ex post audit is concerned. Yet, this objective was retaken in 2nd budget support and in view of the discussions with national authorities and

representatives of Audit Bureau, this objective is on the way of full accomplishment (Note: External Audit is withdrawn already from ex ante audit in 12 out of 45 central institutions, it is planning to withdraw from 20 other institutions until the end of 2016, and from the rest of the institutions until 2018).

For the other objectives of 2nd budget support it's too early to judge as the activities of 2nd budget support are still ongoing activities in the course of implementation.

EQ 10:

How did the assistance provided respond to the real needs, in terms of quality, timing and duration?

The 1st and 2nd budget support tranche delivery has been executed in line with commitments and no complaints were forwarded from the part of national authorities.

EQ 11:

How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?

The question applies mostly to 2nd Budget Support as here the technical assistance is larger and more consistent. However the TA has been deployed only in first half of 2016 and it seems that national authorities' requests so far have been fulfilled (e.g. one of the experts was assisting national authorities for publishing the full list of government financial statements in Cash Mode fully compliant with IPSAS. The long-term TA for 2nd BS is preparing also a plan for recruitment of short term experts as well)

For 1st Budget Support the TA services being agreed with beneficiary (e.g. PEFA assignment and training on PEFA methodology) were done in line with national requests.

As it regards budget support components, the programming documents show that the agreement on the activities supported and outcomes/targets were fully agreed with beneficiary in advance. BS assessment documents sent to consultant show no disagreements or complaints from beneficiary. No complaints by national authorities were received also in direct interviews with the consultant.

IMPACT

EQ12:

To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?

The support provided in 1st budget support did succeed in achieving the results required from objectives mentioned in Question 9 and the donor coordination. However, it did not succeed in achieving the results regarding the domain of transparency and accountability because the objective of Audit Bureau for being withdrawn from all ex ante audit wasn't achieved. It seems that the major factor affecting the possibility of achieving this result has been the lack of independence of Audit Bureau. As we report the president of the institution doesn't have a clear mandate in terms of length of office and guaranteed independence from government (Note: the actual law postulates that although the president of Audit Bureau is

appointed and discharged from the Parliament, it may be removed from the Office when the Parliament is not in session and it's exactly what the Head of Government did with the former Head of Audit Bureau).

EQ 13:

**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?**

The factors that hampered the impact and sustainability of the results achieved from the assistance are listed below:

- The high turnover of skilled people with numerical skills migrating to Gulf countries
- The national strategic management planning system of central government is still weak and needs to be improved
- Legal backing of certain initiatives that require most comprehensive legal framework for example law of External Audit, Law of PFM (Note: these shortcomings of legal framework are mentioned in reports of IMF, PEFA 2016 and came up also during the discussions with national authorities and Long TA of 2nd BS) Improvements needed:
- knowledge documentation needs to be further improved, while the linkage of activities supported with an effective HRM policy and mechanism needs to be established,
- strategic management needs to be improved in order to improve the quality and accuracy of policy development process on the level of national government,
- improvement of legal framework in areas related to PFM like comprehensive PFM law and revised Audit Bureau legislation,
- adoption of best practices approach that require also coordination with donors in order to avoid overlapping and trademark recognition (in the sense that any of the donors should know who's doing what and build consecutive activities on a clear recognition of former achievements from own or others' activities in the same area).

EQ 14:

To which extent will the EU assistance have an overall positive effect on the facilitation of the EU-ENI Country respective process?

The programmes of support revised in this exercise have improved the governance in general. All in all, they have played an important role in supporting Jordan for advancing in the association path to EU.

EQ 15:

Which are the appropriate SMART indicators that should be embedded in the upcoming projects?

In the economic governance related programmes, similar to the ones that were considered for Jordan, the indicators that may be suggested consist of those indicators, which are developed internationally and are used from national governments in their day to day work. Below some suggestions:

- Macro Fiscal Forecasting: assuming that it exists internally, the time horizon of macro-forecasts (3 years as minimum) and the degree of accuracy compared to benchmarks
- Macroeconomic Imbalances: existence of Structural Deficits beyond certain level (e.g. in high growth periods), existence of Structural Unemployment (e.g. beyond certain levels), Financial Sector: NPL-non-performing loans- level compared to Credit to Private Sector levels of countries in the same category of development or in the same region.
- Budgeting Framework: Existence of MTFE and the degree of accuracy of them (e.g. t_0 versus t_1 , t_2 outturns).
- For Fiscal Rules Credibility and Reliability: Do they exist or not? Do they provide for adjustment versus the normal path in time of crisis or not?
- External Audit Independence: Is the external audit institution member of Intosai? Is the head of SAI, independent in the sense that she/he can be elected and discharged only from Parliament in case of criminal offence?

SUSTAINABILITY

EQ16:

To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

- One of the outcomes, which is highly likely to produce effects even beyond the end of budget support is policy paper as part of policy budgeting process. This is an element that is taken from the other donors (e.g. IMF) and emphasized as crucial in order to increase the quality of budgeting overall in Jordan.
- Budget Analysis although not yet fully implemented is also very likely to be sustainable in view of high demand from national authorities for this kind of activity (considering the challenges the country faces in the future and impact of external risks for fiscal balances of the country).
- Cash and debt management analysis will make debt management strategy more realistic in the future.

EQ 17:

How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?

The factors that may increase the impact and sustainability of financial assistance are already underlined in detail in EQ 7. They can bring about additional improvements through increased efficiency and effectiveness of implemented activities

EQ 18:

To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?

In one particular case, namely the Policy Paper, the national authorities are strongly using it and eager to improve the process leading to it. Another result that they are fully in possession and have found highly useful is the budgeting down to the level of activities that provides more information and transparency on budget formulation and execution for the public at large. Consequently, Jordan has been improving its transparency rankings according to the Open Budget Initiative. The Donors' Coordination and Debt Strategy results, which were developed in the 1st budget support programme, are not yet internalized in from national authorities (Ref. last PEFA 2016 report) hence additional work is needed.

EQ 19:

How much has the economic governance structures evolved thanks to ENI or (other EU) funding?

PEFA 2016 compared to PEFA 2011 shows improvement in budget formulation, policy budgeting, budget reliability and predictability. IMF assessment of quality of PFM systems shows the same.

COHERENCE

EQ20:

To what extent is the EU assistance coherent with other interventions which have similar objectives?

**To what extent is EU assistance coherent with other actions on the field?
Is EU assistance coherent?**

Budget Support has been coherent with the rest of interventions from other donors and international organization: at the start has been in line with IMF/WB document in 2009 for the status and the future of Economic Reform in Jordan. During 1st budget support period, it has built upon results achieved by GIZ programme in the PFM area. It has been aligned also to Stand by Agreement of IMF. Currently 2nd budget support is aligned with USAID activities for improving GFMIS.

On its turn, the results of EU funded activities have led to the extension of Chart of accounts for current expenditures, which are in use from other donors; the same may be said also for other results like policy budgeting or debt strategy.

2nd Budget Support is building also on twinning project for External Audit funded from EU, while cash and debt management focus area of activities is going to provide additional improvement to GFMIS. Also, EU programme is working hand in hand in the areas of tax administration with USAID, namely in areas like tax investigation and audits.

EQ 21:

To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?

EU has been among the donors that has pushed very hard for donor coordination in the PFM area by making it one of the main objectives for 1st Budget Support. However, and in view of unsatisfactory performance after the end of 1st budget support, it's clear that the progress in this regard cannot be sustained unless the national authorities (in our case MOPIC) share the same view. Yet, and that in line with Busan and Accra principles of Effectiveness in Aid, EU officials are persisting in their approach. As an example, we can mention that during the time of the mission in Jordan, a meeting was organized by EU with all donors in order to have the conclusion of IMF mission during the same period. Long term TA also meet with their counterparts of other donors; yet this cannot be successful and effective as far as there is no effective coordination about deadlines, time schedule and deliverables among donors from national level.

EQ 22:

To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

Budget support events have been implemented in line with visibility requirements. Technical assistance component too, is meeting with their counterparts from other donors, thus, assuring the visibility of EU support in the PFM area. Yet, there is room for improvement because there are cases when other donors although refer to outcomes achieved by the EU budget support programmes do not explicitly quote EU support enabling those outcomes (e.g. IMF in policy budgeting or open budgets quotes the improvements because of good practices in budgeting, however it doesn't make it explicit the support of EU for delivering these outcomes ; hence more attention needs to be paid to proper documentation and reference of deliverables and outcomes).

VALUE ADDED

EQ23:

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?

No other donor has provided budget support as EU to Jordan in the field of PFM. USAID's support is TA delivered through the grant modality; yet the EU support is more focused in the PFM area than USAID's grant, which is supporting other areas beside PFM. . To give a general idea of the extent of support of EU for PFM area one needs to emphasise also that EU has been supporting budget cycle steps from policy budgeting, debt management, tax administration, and providing assistance to external audit in fulfilment of its role as key actor for enhancing the accountability of public officials. In all these fields the EU Budget Support has been clearly adding value to other ongoing actions in this area.

EQ 24:
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?
Accounting and Reporting part of budget cycle are covered from other donors (e.g. USAID and IMF) so no interference is needed from EU here unless there is a direct demand from beneficiary and the recognition of donor for the necessity of involving EU in it. The same goes for Macroeconomic department and development of macro fiscal forecasts and MTF, which seem to be well supported from IMF and USAID as well.
EQ 25:
To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Neighbourhood region?
EU Budget Support Programme in Jordan and deliverables associated with it have contributed to visibility of funding in at least two elements: <ul style="list-style-type: none"> Regional networks of exchange of experience and data with stakeholders (e.g. in the case of METAC EU officials have been exchanging important information on macro fiscal data concerning Jordan and the region) Use of standard exercises that are used as benchmarks for building blocks of economic governance regional networks(e.g. PEFA 2016 is financed from EU)
EQ 26:
To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?
The question here has been answered already in previous questions: budget support provided room for improvements at policy level, debt management and budget formulation; thus 1 st and 2 nd budget support programmes have had an impact in improving elements, which strictly speaking are important in constitutive blocks of the EU concept of economic governance (e.g. budgeting framework, fiscal governance and transparency et cetera).
GENDER AND ENVIRONMENT
EQ27:
Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?
All programmes that were considered include increasing participation by women and men. Audit Bureau, which supported from the programmes, is following a positive discriminatory policy in line with the gender criteria and laws, which states that open places for women are kept in public sector. Design of service delivery, which is also one of the component of the programmes being supported, has also no bias for men versus women.
EQ28:
To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?
In line with Programming document, there will be a series of public expenditures reviews (PER) and budget analysis for some individual sectors. In those documents, the environmental assessments and audits are considered as crucial, which shows that the environment and climate issues are becoming increasingly important in the process of budget formulation and execution.
LESSONS LEARNT
<ul style="list-style-type: none"> The economic governance related reforms depend on several factors that have to do with internal and external environment. Internally the legal setting is important whereas externally the negative shocks may influence the pace of their implementation but at the same time reveal the necessity of economic governance related reforms in order to increase the capability of national systems in face of future shocks. The part of economic reforms that have to do with the enhancement of national capacities especially in Macro Fiscal and Budgeting Frameworks is closely related to HRM policies and practices especially in countries with high turnover of people with advanced numerical skills. Hence additional measures are needed in order to increase the size of national intake by national authorities such as building up knowledge base and transfer mechanism, and use of incentives in order to assure the availability of national human resources for sustainability of outcomes. The national coordination of external assistance is crucial in order to implement an adequate process of monitoring of reforms with regard to effectiveness, impact and sustainability. There is a case for concrete, efficient and effective donor coordination for the PFM area, namely in establishing is a Coordination Matrix with time frameworks, outputs/outcomes and national stakeholders in order to monitor, measure the progress, and identify the bottlenecks and the comparative advantage of different donors involved in it. Hence, EUD is right in insisting for the necessity of this coordination and should continue to do so in order to make national authorities aware of that necessity. The multiplier effects of EU supported activities need to be clearly anticipated in the programming phase in order to facilitate the ex post evaluation and also highlight the factors that have an impact on the sustainability of results. In similar ways the interplay between risks and respective mitigation's measures needs to highlight critical factors of success

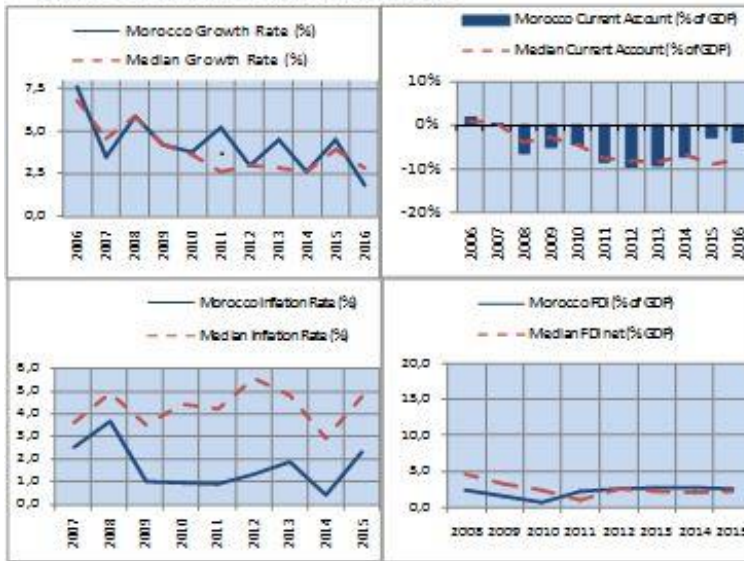
such as:

- the lack of a comprehensive PFM laws (or as commonly known “ organic”) that ground the practice of budget cycle for all public sector spending units , the lack of effective independence of External Audit,
- management culture in public administration and its effect on the performance of public officials,
- effective policy and practice of HRM system and its components that can assure for the sustainability of outcomes, mitigation measures against macro fiscal risks related to internal and external factors that affect the peace of supported reforms (Ref to EQ 7).

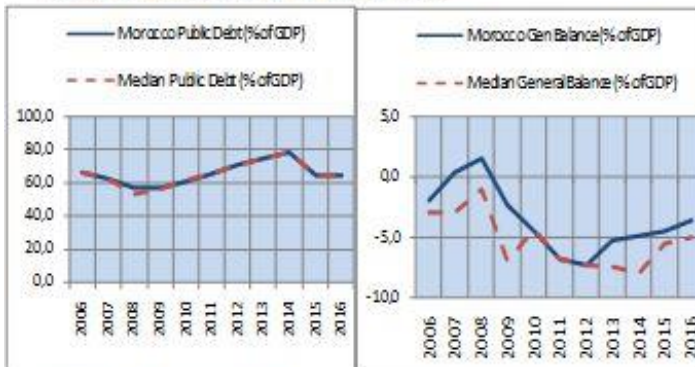


MOROCCO

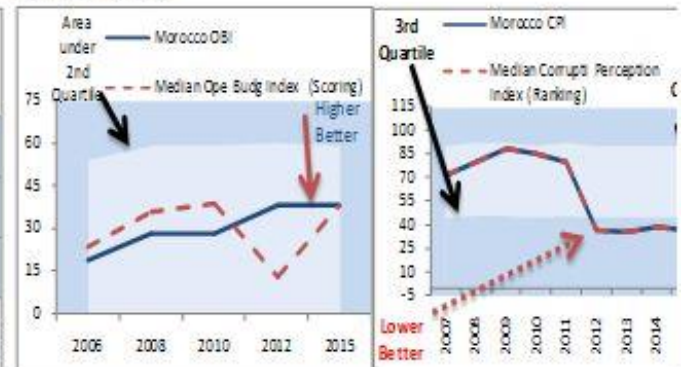
Macro Balances and Imbalances



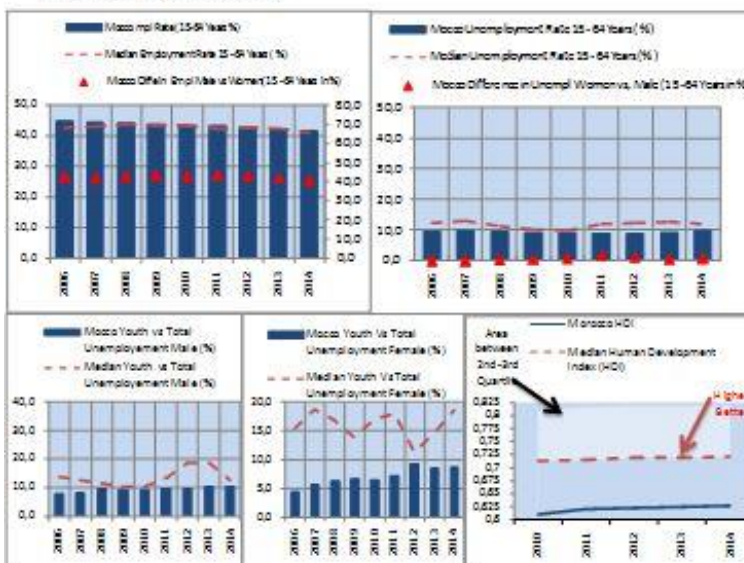
Fiscal Balances and Imbalances



Governance



Growth Outcomes



The evaluation covered the following programmes and projects in Morocco, and the fieldwork was carried out in September 2016:

1. *Initial portfolio*
 - Programme 1 – 22778/23532 – Réussir le Statut Avancé (RSA) I;
 - Programme 2 – 24875/37845 – Réussir le Statut Avancé (RSA) II
2. *Added on request by the EU Delegation:*
 - Programme d’Appui à la Réforme de l’Administration Publique (PARAPI)
 - ENPI/2007/0186-817- Programme d’Appui à la Réforme de l’Administration Publique (PARAP II), and
 - ENPI/2012/023416- Hakama (Gouvernance)

RELEVANCE
EQ1: 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?
<p>All programmes considered are still relevant to country’s needs. The design of them has been based on a strategic frame of reforms from national authorities, which goes back to early 2000 and builds upon successive achievements on a gradual path of actions from national stakeholders.</p> <p>With regard to the aim of this exercise in question (economic governance) there are differences: RSAs have a less direct connection with economic governance because its main activities are centred on regulatory convergence with EU in view of Privileged Status that Morocco has with the EU. The areas on which this regulatory convergence is aimed to consists of transport, fishing, standards and metrology, agriculture, water, high education and employment; as such they have an indirect link to economic governance objective of this mission. On the contrary, the other programmes (PARAP I, II and Hakama) while in line with country needs and priorities are directly linked to the question of economic governance as they are concerned with strategic planning, public finances, public procedures and systems that shape state’s interventions in the economy and governance in general.</p>
EQ 2: How relevant is the EU assistance in view of the priority needs of the countries in the region?
<p>The programmes were fully in line with country needs and moreover designed in close collaboration with national authorities. They were initiated a long time ago, back in 1996-1998, when the government introduced a set of important structural reforms (6 large reforms consisting of good governance measures). They were complemented later, in 2000, with a white paper spelling out the need for reform in public administration and a large national conference in 2002, which proposed around 162 measures for improvement of public administration. A new programme and several amendments of existing laws in PFM area were done in 2003 and 2004. A new programme including all forms of support to reforms, in an integrated manner, all under one and the same umbrella was designed: the PARAP I. There were three large donors inscribing to it: WB with its programme of Support PARL that was a kind of “policy lending facility” similar to budget support modality, African Development Bank that was supporting on the same and EU that provided Budget Support as a grant. In 2008 the continuation of PARAP into its new phase PARAP II was signed with a group of donors, which included also the EU. In 2011, the country adopted a new constitution, which presented a series of new provisions with regard to good governance (e.g. transparency, accountability and performance related measures in the management of public administration). PARAP and other programmes’ measures have been conducive to new provisions of and very much oriented towards their implementation. In 2015 a new integral Organic Law in Public Finances (LOF) has been approved after almost 2 years of consultations with all interested parties. From the discussions, the consultant had with beneficiaries it was confirmed that PARAP in many ways was a driving force behind it. Since 2014, Hakama is the new programme of support to reforms in the field of governance. It’s a programme, which includes BS, and other instruments of TA like twinning projects and more focused TA projects, and it has one of its central axes focused on the implementation of LOF.</p>
EQ 3: To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?

The previous programmes and the ongoing one are implemented in close coordination between different donors and beneficiary. The coordination is done via Ministry of Foreign Affairs and Departments of International Cooperation for different line Ministries that are supported from donors. Assistance's delivery as far as support programmes of Economic Governance are concerned, have been based on a matrix of conditionalities that have been agreed first and stayed the same until 2008; t since PARAP II, upon the request of national authorities, different donors' matrixes of conditionalities.(especially WB and EU) have been integrated in one and the same, in order to save the time and increase the efficiency of coordination and monitoring efforts from responsible parties for both Beneficiaries and Donors.

EFFICIENCY

EQ4:

IPA: To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession?

ENI: To what extent has the EU support contributed to the beneficiary meeting its obligations under the Stabilisation and association agreement with the EU?

Morocco is the largest recipient of EU external assistance in the framework of ENI. This is a direct implication of country's achievements in the association path to EU: After the Association Agreement, which entered into force in 2000, Morocco has progressed in the association path and acquired the status of a Privileged Country. Consequently, the resulting agreement became the framework of external relations between the EU and Morocco. As we report, the main features of this relationship are expressed in ENP Action Plan (2014-2017), mutually agreed, which follows the previous agreements before 2014. The advancement of Morocco from a Country in the status of Association Agreement with EU to the status of a Privileged Country, has been largely supported from TA provided in the programmes already quoted in EQ1 (especially RAS I and II and Governance Related Support Interventions)as besides support for achieving the milestones in Action Plan they have been instrumental in providing the preliminary foundations for Morocco to benefit from other large thematic programmes (e.g. civil society, human rights, environment and also other regional thematic programmes in Northern part of Africa and Mediterranean region.

EQ 5:

What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

In general, A provided from EU is highly appreciated from beneficiaries not only because it costs less in financial terms (as grant, it is interest free) but first of all because of delivery instruments. The different modalities chosen (Budget Support for supporting reforms at large, and TA via twinning or more focused TA projects in various domains according to beneficiaries' needs) were reported as "highly appreciated" from beneficiaries in meetings with consultant. The package of support under large programmes is also highly appreciated as it gives the possibility to national authorities to rationalize their coordination -with other important donors-efforts and keep the peace of programmes' implementation. Another important element is also the tailoring of the support according to a gradual approach- the one that national beneficiaries opted for - in the path of reforms supported from these programmes. Although, as mentioned from beneficiaries during the interviews with the consultant, the negotiation for delivery of respective tranches of assistance in BS, sometimes, were time consuming and somehow slow, that the EU has shown the maximum flexibility to discuss and agree in different modus operandi about the working out of specific variable conditionalities, which turned out to be very good multipliers and accelerators with regard to the peace of reform efforts and support delivery. In Evaluation reports of PARAP I, it was recommended that EU proceeds with more long-term TA in order to evaluate the tranches rather via short term expertise that was time consuming for the procedures and will need time to be updated on Morocco's reform environment. This was something that EUD took into consideration and has delivered on it. Twinning instrument and long term expertise are also highly appreciated as a modality of aid delivery. For the time being, Morocco is in the phase of negotiation for around 30 Twinning instruments and plans to go for 40 more. The popularity of the instrument is high. Although the extensive efforts for being successful at it are recognised from Beneficiary to be important; thus, in order to make possible that all national administration benefits from TA through twinning instrument, the national authorities have created an information flow process from successful applicants on Twinning the instruments to new applying departments in order to share the knowhow and the technical expertise needed for a successful application track.

EQ 6:

How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?

The large programmes have made the country a safer and more reliable partner for EU as Morocco has progressed from the status of a ENI Country in the association agreement with EU to the privileged country status. In terms of trade, Morocco has EU as its main trade partner. As regards the political stability, the political turmoil of aftermath of 'Arab Spring' in other countries of the regions has spared Morocco; thus a politically stable Morocco has de facto been instrumental in providing more stability in the external borders of the EU. For Morocco, the reforms of governance in general and economic governance that have been supported largely from EU in particular have played a supporting role in maintaining political, macroeconomic stability and promoting growth. The regulatory convergence also, which is rated as on high demand from Morocco's national authorities, has contributed for the facilitation of exchanges with EU in many areas of common interests (e.g. tradable goods and services).

EQ 7:

How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?

The EU funded programmes/ projects in Morocco have been successful in the sense that they have supported a gradual reform path, which it has brought about results in the long term and contributed in preserving the macro financial stability and growth. In so doing, EU has embraced country's own approach, in line with Aid Effectiveness principles, even before these principles were made explicit from Accra or Busan, which means that country ownership of reforms and aid related activity has been always respected. Another dimension is the one related to transparency, anticorruption and governance matters; these matters have been highly on demand and strongly supported from EU and more importantly with efficient instrument such as BS, twinning and focused TA projects. Improvement measures have been adopted during the action in order to increase the efficiency of intervention as a whole (e.g. the adoption of a long-term contract of assistance from individual experts through direct contracting modality, the integration of conditionality matrixes from different donors, in this case WB and AfDB - with EU matrix). Another thing that has increased the efficiency is the inclusion of stakeholders from the start of project/programme design, especially with regard to tailoring variable conditionalities related to processes or outputs, which have had a multiplier or accelerating effect on the rest of programme of reforms to be implemented. This was highly appreciated especially in the Ministry of Reform of Public Administration. Another positive measure is the inclusion of marginal groups in the programming activity and the kind of stakeholders consulted: from the consultation with Association of Very Small Enterprises it seems that EU is the only donor which seems to have accepted and consult them in a meaningful way during the programming stage of different activities. However, being present rather in mountainous regions away from large cities, their constituencies have been excluded from support of activities of large programmes like RSF I and II because of efficiency reasons (in this case the delivery through cabinets, which have the centres in large cities and do keep the action focused in these cities or regions near to them, in order to keep the action costs down). This last element emphasises the importance of more innovative approaches towards project implementation through alliances with bodies like the a.m. association or other bodies that have the possibility of access in these areas in order to be both efficient and effective with regard to objectives aimed at in respective actions.

EQ 8:

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?

The most efficient methodology of implementation of the programmes mentioned so far has been the combination of different implementation modalities: budget Support for reforms related support, twinning arrangements for specific sectors or capabilities and focused TA projects for specific needs upon demand from beneficiary. The suitability of instruments has been chosen in coordination with beneficiaries. There have been however delays in all instruments, in starting off or in the award of projects/contracts or because of preparatory work and procedures implied. Nonetheless, the learning curve of national beneficiaries has been quite steep hence the delays have been decreasing making Morocco one of the countries with the highest portfolio of aid disbursed compared to other ENI countries.

EFFECTIVENESS

EQ9:

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?

The TA provided through these programmes was part of a large support program from different donors intending to support Morocco for different reforms after 2000. EU played his fair share and, although the results are good in general, it is not easy to allocate the due part to EU programmes because of various elements of economic governance included in the support. When it comes to social government spending, its rationalization and extension in order to reduce absolute poverty the results are impressive as the percentage of absolute poverty in Morocco has been decreasing steadily whereas access to health and education has improved. As it concerns other economic governance elements such as fiscal policy and tax administration also Morocco has made substantial improvements: the fiscal deficit has been decreasing. In general, the economic growth has been strong in last 10 years, yet it is not sustainable in the sense that it remains open to risks and exogenous shocks in the international environment. The employment remains still high in the young generation while large skills gaps compared to market demands for this generation continue to exist. In general Morocco has performed quite well in quantitative terms whereas the quality of growth and its sustainability (considering it in relation to sustainable job creation, regional and international competitiveness, skilful human resources et cetera) remains still to be assured. The four programmes considered here were concerned with different elements influencing these economic developments either directly or indirectly; in addition EU remains the largest trade partner and international interlocutor of Morocco in this growth path, thus the contribution of EU in terms of effectiveness maybe considered as satisfactory.

EQ 10:

How did the assistance provided respond to the real needs, in terms of quality, timing and duration?

The support given through programmes was shaped in line with beneficiary needs, while national authorities have been involved in programme design and monitoring evaluation process since the beginning. The strong ownership of projects/programmes 'results/outcomes in terms of policy objectives has motivated a follow up of delivered activities through all programmes' life span . From the discussion held with beneficiaries' representatives, it was confirmed that they were continuously updated on project's activities and results/outcomes' implications in their respective domains. In addition they were continuously asked to provide comments, contributions in the future course of action. Even in the cases where the activities had not reached the most vulnerable groups (e.g. very small enterprises in EQ7), EU programmes' officers were credited to be the representatives of the only donor at least willing to hear their concerns and consider ways to improve the unsatisfactory status quo with regard to agreed measures for improving it.

EQ 11: How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?
In all programmes evaluated the design has been done in close consultation with beneficiaries. The meetings confirmed that they were fully aware about the kind of assistance they were going to have and timing. The collaboration between beneficiary representatives and EUD seem to have been very intensive with EU Officials and Task Managers participating in meetings in beneficiaries' headquarters and discussing technical details of programmes' activities to be implemented. In addition, the changes or modifications required from Beneficiary were quickly assessed about the soundness and rationality in terms of priorities and objectives to be attained and quickly enacted when they were found as efficient and drivers of effectiveness.
IMPACT
EQ12: To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?
The impact from actions supported by these programmes was in line with objectives especially in terms of reform targets before subsequent steps being undertaken. The evidence is found not only in EU documents but also of international organizations assisting Morocco in various areas such as IMF, WB, AfDB and others. In terms of milestones or concrete outcome the major legal acts such as LOF (Organic Law of Public Finance) and regulatory convergence related legal drafts were fully adopted and now are in the course of implementation. Given the gradual approach of Morocco in reform sequencing, the above-mentioned outcomes had to be sustained by intermediary results consisting of internal incremental changes in working procedures, rules, guidelines and manuals heavenly supported from technical capacity building activities in order to motivate and support the necessary leap towards the next step of the reforms being undertaken. As an example, we may mention the programme and performance budgeting in some of pilot government institutions before being extended at large, the changes in fiscal policy and tax administration policy measures et cetera. It was referred during the meetings that sometimes the action has suffered from external factors outside the programmes' control variables(e.g. political relation between EU or MS and Kingdom of Morocco), which as such have been out of programmes' designers' knowledge although. Yet, they effectively were taken into consideration through the risk assessment and mitigation measures. However, this handicap has been surpassed with the subsequent intensive inputs from programmes officials in EUD and coordinators as soon as the relation between EU MS and Morocco got stabilised again and the work restarted. The failure to reach out all vulnerable groups (e.g.EQ7) has been nonetheless dealt with additional intermediary measures (e.g. financial institutions that may be reached in a more efficient and less risky way through EBRD rather than directly from programmes themselves).
EQ 13: 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?
The programmes were conducive to major legal changes that are believed to be a strong ground for providing the sustainability of the impact in the future. Also, the provision of many internal rules, procedures manual and guidelines in addition to extensive programmes of capacity building are supposed to provide another important corner stone for supporting the sustainability of impact in the future.
EQ 14: To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?
Although this question does not apply directly to Morocco, the country has been progressively advancing in the status of "Privileged Country" with regard to EU. This has been the main objective of Programme RSA I whereas RSA II aims to go even further in this regard by aligning even further country systems to EU in view of the special relationship the country has with EU and the importance the economic relations with EU have for the country.
EQ 15: Which are the appropriate SMART indicators that should be embedded in the upcoming projects?
SMART indicators, which may be embedded in the future projects, include the kind of qualitative and quantitative indicators that are reported from international aid agencies similar to EU in order to benefit not only the project monitoring but also the exchange of information and therefore capture the latest developments at least cost. They are also much more useful to beneficiaries in terms of alignment with national priorities because of the size of the support, and the importance of interlocutors (e.g. IMF, WB, OECD et cetera) concerned with the dimension of economic governance.
SUSTAINABILITY
EQ16: To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

As the technical assistance in Morocco has been done in close coordination with other international donors' legal documents, the procedures, manuals developed and also related capacity building activities have been done according to best practices and standards; thus, in terms of the most recent information the programmes' outcomes most likely are going to be sustainable in long term. In addition, the tailoring of programmes' activities to country preferences has enabled a national intake that hasn't been forced or unfit for the country; hence, it's unlikely to need other support in the future when EU support comes to an end. The capacity building projects have been important and, given the highly bureaucratic nature of Morocco's public administration system, are going to be another pillar for enhancing the sustainability of programmes' outcomes in the future
EQ 17:
How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?
While the approach for assuring the impact and sustainability of supported actions in the case of Morocco has worked well in the country context, further improvements may be achieved with regard to the reaching out to the most poor and marginalized parts of society. An orthodox concern only with the efficiency in narrow terms is the correct one; hence another more comprehensive approach that takes into account social opportunity costs of leaving out the marginalized (as undergone project benefits in long term) should be considered. .
EQ 18:
To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?
From discussion with beneficiaries' representatives it was confirmed that Morocco's main institutions that were participating in the programmes' design are still the ones that have continued to shape the future of policies in the same areas (e.g. Ministry of Finance with all divisions, like Treasury and Budget, Ministry of Public Administration, Ministry of Commerce and Industry or Ministry of Education. On the other hand, long lasting relationship has been crafted with non-public actors that continue to participate actively in policy planning cycle for Morocco.
EQ 19:
How much has the economic governance structures evolved thanks to IPA funding?
This question doesn't apply to Morocco in terms of IPA funds but rather in terms of ENI Instrument. Up to date Morocco is the largest recipient of this kind of support in northern part of Africa although at national level the support of other donors (e.g. WB with project Sarl and AfDB with Compact and all together with PARAP I and II) has been larger than EU. The support from these large donors has been in the form of policy support lending instrument, whereas EU support has been mostly in the form of grants. Nonetheless, although grants come with zero financial cost, they are much more demanding in terms of requirements and results/outcomes to deliver in exchange for financial support delivery (that is there is no free-lance in the case when Aid Development is transferred in the form of grants).In this regard, the interviews with beneficiaries confirmed that the process of agreement for conditionalities and performance assessments have been tough, but still fair and objective; as such they have motivated national beneficiaries' efforts for implementing commitments with regard to intended reform actions. All in all, it means that if there is an objective and continuous progress of Morocco with regard to economic governance to talk about, the EU has played its fair role as catalyst in supporting it.
COHERENCE
EQ20:
To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other actions on the field? Is EU assistance coherent?
The EU support and action have been largely coherent with other actions going on in the field especially the support from international organizations WB, IMF, AfDB and OECD (through Sigma). The evidence is found: <ul style="list-style-type: none"> • in the matrix of conditionalities that after PARAP II have been integrated for different donors working in the respective areas, • coordination mechanisms and consultation of action that has involved continuous dialogue between donors' community and national beneficiaries in order to increase the coherence of action in line with national policies, • monitoring indicators used and flow of information.
EQ 21:
To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?
The question may be answered in the same way as the previous question in as much as the actions' implementation or aid delivery is done not with a view focused on particular stakeholders but rather considering the whole impacted stakeholders through structures of coordination and communications.
EQ 22:
To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

While there are no innovative approaches in case of programmes considered in this exercise in Morocco, the degree of tailoring the activities to intake- capacity of beneficiaries through a continuous support with long term expertise from accredited specialists on the matter, is quite particular compared to other countries visited so far. As for innovative approaches there are other programmes that need to be discussed and assessed in other exercises for instance: the EU is supporting a new form of mobility in Morocco capital that promotes cleaner environment through public transport (e.g. Rabat parking facility intended for users of Rabat tram services). Although this project was out of the scope of evaluation it provides an example for the presence of innovative aid delivery approaches and openness to new ways of out of the box thinking. Visibility was assured from various events in the programmes evaluated in virtue of EU having the status of the largest economic partner and one of the largest supporters of most important reforms concerned with Economic Governance in Morocco.

VALUE ADDED

EQ23:

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?

Although other donors like IMF, AfDB and WB provide support in the different realms of Economic Governance, the EU is in strong position to offer all the kind of expertise and requested from national beneficiaries:

- as it combines different approaches of MS into the matter hence it may offer beneficiaries all related expertise (e.g. French, English and German),
- some of the areas that were especially important for Morocco for instance the shift from ex ante to ex post control, which were highly demanded from national authorities, have been supported by the EU by virtue of a large corpus in the matter (EU has its own crafted approach in the matter, recognised internationally in the theory and practice of PFM, namely PIFC). Similar examples include PPP, Public Procurement, Fiscal Policy especially VAT et cetera.
- Another added value element in EU support to Morocco has to do with the delivery instruments that Morocco can benefit in the framework of EU support (e.g. the Twinning Instrument is something that the other donors do not provide. As such, twinning is a TA in classical sense but at the same time it involves also coaching and on the job training. Also as the twinning is made with public institutions of MS, national beneficiaries get at the same time not only the expertise but also the experience of certain practice, methodology or tool as it is implemented in a particular national context country. Up to date it is one of the main instruments used and in high demand in Morocco).

EQ 24:

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?

In the field of Economic Governance and as much as PFM is concerned the field of Treasury and Fiscal Policy is covered jointly with IMF and WB. The Industrial Policy and Policy management is covered with AfDB, WB and UNIDO.

EQ 25:

To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?

In addition to the answers given in previous questions the visibility of EU funding has been benefiting also from the large scope of EU funding instruments that cover the scope of activities under the dimension of Economic Governance. They include among other regional and cross border instruments where Morocco benefits as well or technical assistance projects covered from SIGMA (OECD) through which EU is providing an important support to the reform of Public Administration in many countries.

EQ 26:

To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?

The question here has been answered already in previous questions: budget support provided room for improvements at policy level especially under PARAP I, II and currently Hakama (as far as LOF implementation is concerned). Twinning and Project focused TA provided more calibrated assistance in order to start incremental positive changes leading to major leap changes like LOF or Accountability/ Transparency elements embedded in the new national constitution of 2011.

GENDER AND ENVIRONMENT

EQ27:

Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

All programmes that were considered include increasing participation by women and men. The genders participated in all stages of PCM in line with national practices and realities of the country.

EQ28:

To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?

One of the programmes namely RSA I and II is related with elements of environment protection whereas the others in PFM or Governance matters are expected to provide indirectly incentives for improving environment and adaption of climate changes as they are intended to make public decision-making bodies accountable in front of those that are mostly impacted from environmental changes.

LESSONS LEARNT

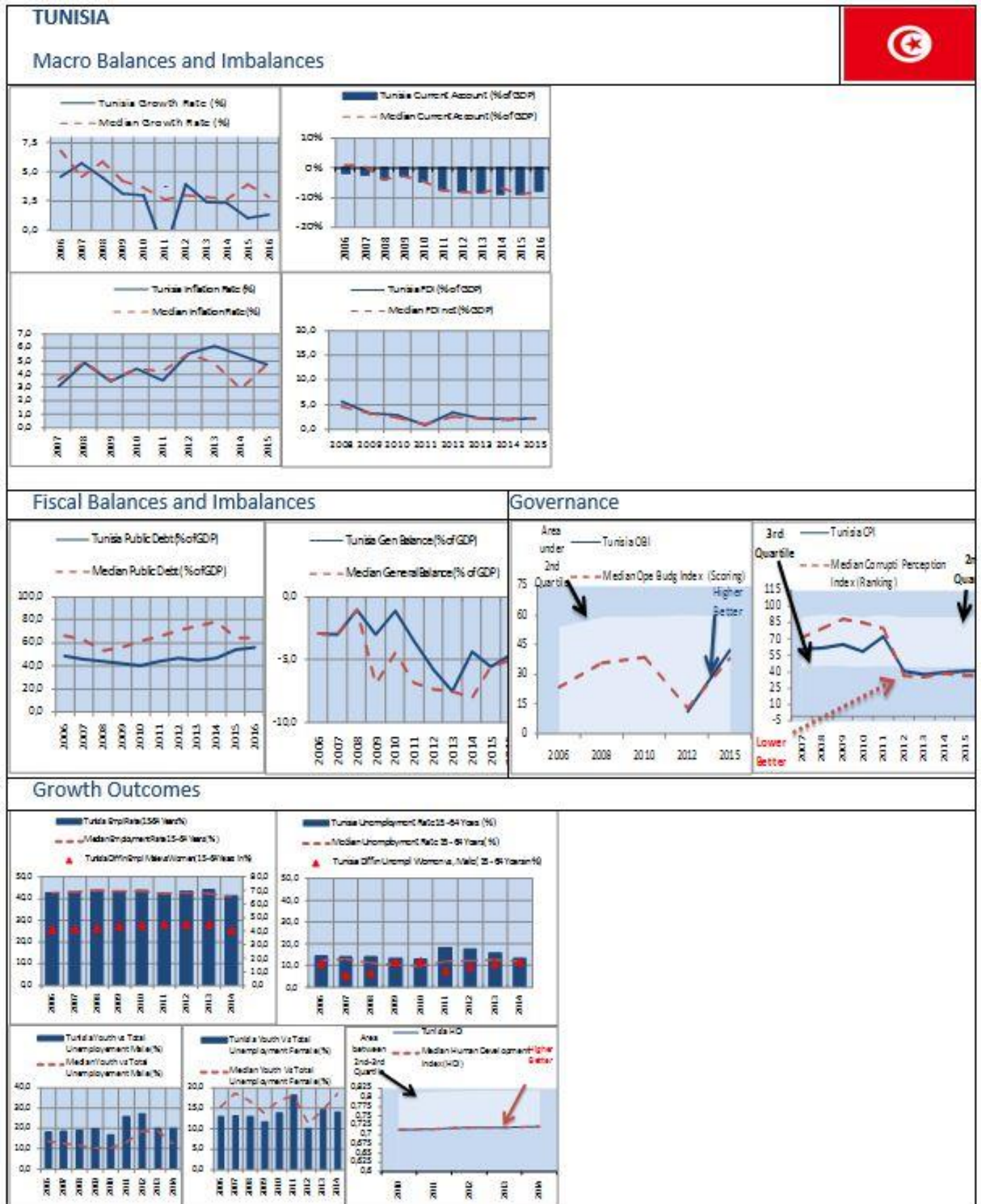
- The Impact and Sustainability of Programmes depend from effective action, which takes into account the national realities rather than remain only focused on donor perspectives.
- The efficiency of action's implementation cannot be considered without taking into consideration the effectiveness of action with regard to objectives and intended impact. That means a larger view on efficiency is more rewarding in terms of effectiveness rather than a narrow focus on the related cost of action.
- When considering economic governance related actions, there is no "one size fitting all" in the matter of reform and policy cycle; they need to be tailored to national realities (e.g., appetite for reform, drivers for change and political will).
- Coordination and coherence are important in assuring the success just as ownership of results from beneficiary.

RECOMMENDATIONS

In order to provide for the most efficient alternative of projects/programmes 'implementation the EU officials need to take into consideration the alternatives that bring about the most effective outcomes in terms of intended impact and sustainability.

SMART indicators in the field of economic governance whenever possible need to be tailored as much as possible to the kind quantitative information produced and updated regularly from international organizations in order to lower the cost of efforts and increase the speed of communication and coordination between different involved national and international actors.

TUNISIA



The following programmes have been covered in Tunisia, where the fieldwork took place in December 2016:

1	MED/2007/019-508	Programme d'appui à la GBO (PAGBO) (30 MI Euro) Budget Support
2	MED/2006/18438	Programme d'appui à la compétitivité (38 MI Euro Budget Support + 3 MI Euro Complementary Support). Modified in November 2013 to "Programme de Renforcement des capacités des autorités locales" for a value of 30. 291 MI Euro
3	ENPI/2011/023-143	Programme d'appui à la relance I" (55 ML from a total of 100 ml Budget Support) in a joint support with WB (loan for 500 ml USD), BAD loan for 500 ml USD and Agence Française de Development loan for 185 ml Euro).
4	ENPI/2012/024-074	Programme d'appui à la relance II" (63ML Euro Budget Support+ 5 MI Euro Complementary Support) in a joint support with WB (loan 387 MI Euro) and BAD (loan 387.5 MI Euro)
5	ENPI/2013/024-469	Programme d'appui à la relance III" (65 ML Euro Budget Support) in a joint support with WB (Loan 250 MI USD).

RELEVANCE	
EQ1:	
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?	
<p>All programmes were highly relevant to Tunisia in the period before and after the revolution (January 2011) , which in a similar way to the other countries that experienced political upheavals during Arab Spring, was motivated from the following reasons:</p> <ul style="list-style-type: none"> • High employment rates for young generation 15-29 years • Weakening employment prospects for those in higher age brackets or stagnating real wages • Widening and increasingly visible income disparities and the sense that the differences were unbridgeable even for the most educated ones. • Insecurity feelings about capitalism and globalism effects in the near future for national societies • Differences perceived with other countries and realities elsewhere in the world from the physical exchanges and also social media. • Increasing malaise with the growing and evident State capture by the family around Ben Ali <p>Although Tunisia was macro-economically, politically stable until 2010 and managed to reduce the poverty in general, the growth outcomes were unevenly distributed. Inequalities, polarization and regional disparities amounted through years increasing the popular discontent. In short the economic governance suffered from practices (e.g. corruption and clientalism, state capture) that limited or put the economic opportunities out of reach for a larger share of population especially the youth.</p> <p>EU Programmes , which were conceived at the time, and lasted even after the regime change in January 2011, were in line with the country priorities before and after the revolution:</p> <p><u>Before the Revolution:</u></p> <p>PAGPO: was conceived as a programme aiming at the improvement of quality of governance in the domain of public finances by introducing the elements of performance public finance management. The idea was to make public administration more modern and efficient and also accountable to citizens with regard to performance achieved in different public programmes of activities.</p> <p>PAC: was intending to improve the general competitiveness of Tunisian economy and its performance in the framework of Free Trade Agreement with EU by supporting the quality management practices and culture in the private sector, combined with a reform of modernisation of public sector (through automatization of processes and introduction of ICT technologies), enhancing privatisations and PPP, and restructuring the heavy economic incentives system.</p> <p>Both programmes followed up on previous interventions implemented with other important programmes from donors like WB and AfDB in the framework of Structural Adjustment Facility (FAS I-IV) that were aiming at i) macroeconomic consolidation ii) improvement of investment climate and iii) new investment opportunities. (Ref to UNCTAD publications on Complementarities in Export products of Tunisia)</p> <p><u>After the Revolution:</u></p> <p>PAGPO: continued and is one of the programmes that is highly appreciated from different stakeholders (national and international) in Tunisia in terms of outcomes. It was one of the important factors that motivated the Organic Budget Law, which is currently in the General Assembly awaiting the approval. In the meantime, this programme has already started to give its benefits: programmes and their respective objectives in different Line Ministries, which were chosen in a progressive way (from 4 in 2010 to 22 Departments in 2016 and at expected to reach at 25 in the end), are posted in the website of respective Department for GPO, and are visible in order to orient the accountability, transparency debates with</p>	

different stakeholders. In the future, there is an intention to supplement them with the information of actual performance, conditional on the availability of performance audit (internal or external). Hopefully with approval of OBL in 2017 the action plan for its implementation is foreseen to end somehow around the end of 2019, which will path the way for more information in the website in order to hold public officials more accountable.

PAC: given the changes in public structure the EU has been reorienting the funding towards important elements pertaining to regional disparities and reinforcement of fiscal capacities of local government units especially in Internal governorates, which were one of the main sources of global inequalities motivating the civil unrest PAR I, II, III: In a joint support with WB, AfDB, and AFD, the EU was engaged in a programme of Relaunch of Economic Growth in a series of three consecutive Budget Support Programmes. The measures were aiming to first i) relaunch growth in short term to medium term and ii) support the structural reform at long term. The first measures were aiming at supporting employment measures especially in private sector by enhancing growth opportunities (both increasing the access in finance and improving the investment climate), supporting employment programmes of unemployed people and also target social transfers to the poorest. The second group of measures were aiming at structural reforms in financial sector, public subsidies, public investment, PPP and others in order to unleash the fully development potential of Tunisian economy. These measures were organized around 4 pillars:

i) Pillar Governance: concerning the right of Access to information, Performance Budgeting, PPP, Public Procurement, Audit, Competition and Restructuring of Public Enterprises (especially public Banks)

ii) Pillar Employment: AMALI 1 and ANETI, National Fund of Employment, Local Finances

iii) Pillar Reforms in Financial Sector: Microfinance Law, Central Banking Law, Bank Governance Laws, Venture Capital related Regulation et cetera.

iv) Pillar Social Reforms: Lunch of Participatory Monitoring process of Public Services, Targeting the social Transfer, Programmes in Marginalised Areas, Audit of National Solidarity Funds, Improvement of Social Services (Health Ministry).

EQ 2:

How relevant is the EU assistance in view of the priority needs of the countries in the region?

EU assistance is quite important especially for Tunisia as the most important trade partner of the country; the support, which EU has provided and is providing so far, is an important element for helping Tunisian economy to take off at its full potential. In addition and as already confirmed with national stakeholders (Ministry of Planning and Development Cooperation) EU support is enlarging the fiscal space (grants rather than loans that have increased the burden of public debt for Tunisia to almost 60% of GDP. (Ref. Graphs of Fiscal Balance Indicators 2011-2016). EU's support is relevant also because of its important support to civil society actors in order to exercise the necessary pressure forth advancement not only with urgent but also with structural reform measures (Source: Interview with Euro Mediterranean Human Rights Network):e.g. through PAGBO and conditionalities of Budget Support, invitation to meetings and programme identification exercises); EU is enabling them to engage in amore qualitative dialogue and positive change in the reform path and peaceful transition to a post conflict society with national authorities . The same is true also with regard to access of Information. At regional scale EU is supporting the peaceful transition in Tunisia (Note that next to Constitution of 2014, Tunisia is one of the countries that has managed to organize a credible general election process and is trying to develop a model of a democratic s and rule of law state and processes; hence in a way Tunisia is becoming an example for the region. Also the importance of the support is critical in order to contain the risk of spread of radicalisation in the area through unstable neighbour countries like Libya).

EQ 3:

To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?

All the programmes that are evaluated in this programme were quite well coordinated especially with donors. The identification and reviews mission especially for PAR programmes have been organized with WB, AfDB and also with AFD. This is confirmed by documents provided at desk review phase and also was evidenced with information coming from interviews with international donors and national authorities. There is also a unit of coordination in place that is following all the coordination from the perspective of national beneficiary that is Ministry of Development and International Cooperation. Groups of coordination are established also in each institution where support is given.

In addition, EU programmes are coordinated also at the level of instruments (e.g.EU support provided at PAR I and from other donors is coordinated with Twinning Projects in Central Bank or in MoF for PAGPO projects).

The coordination between EU programmes evaluated and Macro Financial Assistance needs to be improved: It seems that the results of such Assistance although are capitalizing in EU Budget Support Conditionalities are not well-coordinated in terms of timing or measures with EUD (Source: EUD Briefing Meeting). The same perception was shared from national authorities (Source: Ministry of Development and International Coordination)

EFFICIENCY

EQ4:

ENI: To what extent has the EU support contributed to the beneficiary meeting its obligations under the Association Agreement with the EU?

The first Association Agreement with EU was signed in July 1995. It provided a legal framework for mutual cooperation in different fields of common interest like public and Private Sector Development, Trade and Competitiveness, Regional Development and Poverty Reduction et cetera. After 2011 EU support was oriented toward the demand of new governments and population in order to guarantee a peaceful transition towards a democratic society and rule of law in line with three priorities i) Socio-economic reforms for inclusive growth, competitiveness and integration ii) Strengthening fundamental elements of democracy and iii) Sustainable regional and local development. The framework of these priorities allowed both EU and Tunisia to continue prior programme projects and sometimes reorient them in line with new realities (e.g. case of PAC) and also start new programmes in a joint support with other donors (e.g. WB, AfDB and AFD). The evidence of these programmes is mixed:

- on one hand, the continuation of support was essential for guaranteeing a peaceful transition in the period 2011-2014 (Note that the fiscal balancing needs of Tunisia were more than 3 Billion US\$ per year during this period; EU provided around 5-7% of that amount in form of Budget Support in Grants. Source: EU, IMF, AfDB and WB disbursement reports) and meet the demands of population in short term especially the poorest and unemployed people. In addition, the support to Civil Society was essential in reinforcing the democratic environment conducive to reform in medium to long run and maintaining the support towards democratic measures at large. It's because of these measures that EU and Tunisia have agreed in according Tunisia the status of Privileged Country in 2014 and move towards a new stage of cooperation after 2014.
- On the other hand, the economic reforms that were supported from EU as part of joint support with other donors (WB, AfDB and AFD) were lagging behind. Important laws such as Investment, PPP, Public Procurement, Risk Venture and Investment Capital took too much time to be approved from General Assembly. The organic budget law and the law for court of auditors are also waiting to be approved in Parliament. It seems that multiplying effect of financial support has been channelled mostly through consumption; hence the opportunity to support the economy through public and private investment was not realised. The main driver of growth on the side of demand is the consumption, with private consumption as the most important factor and then government consumption coming in the second place fuelled especially from food subsidies (Note that the inflation of energy component of Consumer Price Index has been in low levels because of low import price of energy related items). The contribution of export to economic growth for both merchandise and services (tourism) has not been realised as result of political instability (6 governments have transited in power since the political change of the regime) and the terrorist attacks recently in Bardo and Sousse. Unemployment reduction is due to massive public officials hiring through public sector contracts to population categories in order to compensate for unfair treatment during the time of Ben Ali's Regime (Source: Progress Report on PAR II and Identification of PAR III, 2013) rather than to new jobs in private sector.
- Concomitant supervision missions of the different partners in budget support operations had the merit of reducing the transaction costs for the authorities. The elements that have affected the peace of implementation of such economic reform programmes are mentioned in EQ 12.

EQ 5:

What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

Budget Support of course is highly appreciated in time of political crisis especially in times of fiscal constraint like Tunisia is experiencing in the present. It has provided an essential support to deal with fiscal deficit and meet the popular demand after revolution in Tunisia. However, the disadvantage of budget support in the case of Tunisia has been that it's very difficult to make the government responsible for non-achieving the targets when they are in a political impasse and with unclear political mandate to fully push for certain ambitious reforms (Note that in Tunisia this period lasted until the general elections were realised in 2014 and new constitution was adopted). Hence substantial modification of programmes is required in order to accommodate the shocks in the way it was done for PAC. However, from the point of economic governance where the flexibility of programmes is required during the crisis in exchange for a fast track of performance under more stable condition, and judging from the importance of having an improvement overall in Tunisia as a successful transition to democracy in the African Region, the budget support of all Programmes may be considered as more efficient form of state building support overall and also in the case of Tunisia. That being said there is a need for more realistic and credible -conditionality in order to meet the targets in more stable time (Source: In the interviews with MoF the message was no more loans or budget support before the results but after the results). This is more important especially when certain mechanism for reception and efficient use of funds needs to be well established (Source: IMF Fiscal Transparency Assessment shows that Tunisia in most parts of Budgeting Reforms needs to make substantial progress). From demand side: there is also i) a great appreciation for Budget Support from beneficiary and ii) sufficient evidence that twinning projects have resulted in great benefits for reform especially in the Central Bank and PGBPO especially given the vacuum of technical expertise next to public officials' high turnover after the revolution.

EQ 6:

How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?

The aim of EU policy objective in Tunisia is to support a country that is democratic and also provides for the well-being of its citizens, generates peace and stability in the region and beyond with the last aim the guarantee of the peace and stability in EU frontiers. It seems that these policy objectives are achieved in general until the time we report however the conditionality should be carefully considered as Tunisia moves beyond state building stage where the reward needs to be for self-sustaining results rather than results that increase the dependency to the external support.

EQ 7:

How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?

- First of all more political economy factors of reforms aimed at should be taken into consideration and this is especially important in transition economies like Tunisia where new political influences and powers are developed and the old ones are reconfigured because related interests condition the way reforms are implemented.
- In spite of a rich literature of studies concerning economic reforms in Tunisia and its characteristics it seems that the new public administration has not formed a well-articulated view on the diagnostics of the economy's problems and the reform priorities lying ahead. Obviously, there is a lack of awareness of such literatures for public officials assuming the offices when extensive hiring was done in the period 2011-2013. Yet the extensive demand for TA rather than the lack of reference to already available knowledge base, points to misdirection of TA to inefficient uses. Hence a more organised literature of past EU contributions in the field is needed. This can be reached through dissemination of reports and studies at the benefit of national authorities in order to use the money for more advanced topics of TA. This remark concerns especially the studies about the effect of agreement with EU on free exchange with EU (In spite of much evidence studies in the past for benefits to Tunisia of such trade relationship and the move towards further advancements there is a rumour and discussion in local media about the harmful effects of it without any substantial backing arguments or studies of the same)
- There is a need for more dissemination and communication of these documents also to civil society actors in order to increase their capability for professional dialogue with national authorities during different phases of programmes at stake and in general (Source: Interview with Civil Society Representatives).
- There is also a strong case for Public Administration Reform and Cross Cutting benefits in related areas with Economic Governance especially in the areas of Strategic Planning. It seems that the vision for Tunisia development in the future finally is taking a final shape at the national level (MCDI) and this is a move that needs to be supported in order to increase the capability of national authorities for buy in of reforms and sustainability in the future.
- Although one needs to consider the institutional settings, one still needs to advise that the coordination between Macro Financial Assistance and Budget Support has to be reinforced and also made visible in order to avoid the confusion of messages to national authorities and wrong perception about the worthiness of support at stake (Note that budget support although is grant is as much important/hard as Macro Financial Assistance that is loan and vice versa)

EQ 8:

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?

The joint identification, review and programming of support with other international donors has played quite well in the ability of EU to leverage its own influence in Tunisia and also motivate the national course in the democratisation path. Good synergies took place between budget support, twinning and classical TA. A central service/person in charge of negotiating with the different partners of budget support operations has proved more efficient and effective than letting the different partners to negotiate with their respective vis-à-vis (i.e. different Directorates Generals in the same Ministry).

EFFECTIVENESS

EQ9:

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?

The evidence is clear about the past

- EU programme focus on competitiveness of Tunisian Economy (PAC) was heading at the right direction in order to support Tunisian growth in general through productivity growth. At the same time, the programme of PAGBPO was also going in the same direction as a measure to increase the efficiency of Public Sector in the field of Economy by providing a factual basis on which its performance could be controlled and monitored. In the last one, EU was quite ahead in time as after the revolution, the new governments have further taken the idea, developed and made one of the most important cornerstones of their projects of Organic Budget Law to be approved from General Assembly. This result is going to have a great impact if it's approved for MTBP and PIP at national and local level.
- There is also overwhelming evidence that growth was unfairly distributed hence it fuelled discontent of the population that waste root of revolution in 2011, which points to the importance of Economic Governance as such; hence the modification of PAC to target individual and regional inequalities is a right move. There is an evidence also that the transfers to the poorest, the heavy employment in the public sector and also the transfers towards the local and regional needs, which were made also possible through EU support, helped Tunisia to contain the unemployment and also provided local authorities with ability to provide social services.

In so far EU programmes were effective in reaching EU policy aim in general for Tunisia in the transition and state building phase. In order to increase the effectiveness of the effort in the future please refer to answer in EQ 13

Also, important to note is that private investment as a share of GDP was decreasing even before the revolution despite important growth of FDI. This hints at the fact that in addition to generating inequities, the pre-2011 economic model was losing its potential to raise national income in the long run.

EQ 10:

How did the assistance provided respond to the real needs, in terms of quality, timing and duration?

The delivery of tranches has followed the calendar foreseen in the Agreement so no complaints were evidenced except the requirement of advancing the deadline of 4th tranche in order to coincide with the calendar of national budgets.

EQ 11: How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?
<p>Besides what has been already explained so far (EQ 9) there are is one additional element that seems to have no clear anchor in PAR I, II and III: the fiscal reform; as such it has escaped effectively the menu of needs of the country catered from the reform. The work in that front has started too late (end of 2014) and with improvement of tax administration at Small Business Level rather than at Large Tax Payers that are contributing around 80% of national revenues (Source: IMF Country Report No.15/285). In addition, tax policy measures for broadening tax base -especially for professional services- seem to have been neglected, so the focus of the measure has been narrowed down to indirect taxes (e.g. VAT, Custom Duties) and Personal Taxes for Public Sector employees- in a way all these measures are affecting mostly the less well off. Leaving other elements aside (e.g. large tax payers, professional services that are generating higher incomes), when the private investment haven't been picking up, only has transferred the fiscal transition burden on the less well -off part of the population without any additional compensation from the better- off part of the individuals/businesses in terms of jobs creation (especially in the most marginalized areas of interior governorates). Together with the delays of targeting the neediest for social transfers, the net result is stagnating inequalities between individuals and regions as the fiscal space for proactive productive spending policies is lower.</p>
IMPACT
EQ12: To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?
<p>It's already explained in the previous questions that the assistance has been quite effective in the component of PAGBO and also in reorienting the PAC to meet the most urgent needs at local level.</p> <p>With regard to further progress at least three elements seem to have impacted the peace of economic governance reforms that were supported from EU and the community of Donors:</p> <ul style="list-style-type: none"> i- Political Instability that is the multitude of governments (6 in total) that have been transiting to power in the period 2011-2015, which impacted both their ability to push for hard core reforms (because of lack of mandate) and also affected the ability and motivation of public administration to deliver on the programme of reforms (Source: Interviews with national beneficiaries MF, MCDI, DGPO and individual former public officials). Political Economy related elements that were intervening during the reforms (e.g. new ministers coming to power starting anything anew, lack of continuity in public administration because of many departures of authoritative and competent public officials and therefore the increase of quantity of TA required for until -then internally provided expertise, lack of communication or internal friction between representatives of political parties in the "Troika", lack of efficient and quick decision making et cetera. Source: Interview with former Public Officials, MCDI and also International Donors and International Crisis Group). In relation to these elements of political economy, there are other elements that may be considered important but are not included in the package of reforms so far for instance: elements of fiscal policy, that were explained in the Question 11 or elements that had to do with transitional justice reform and institutions and the way they affected several important expectations in the progress of economic governance reform (the way the transitional justice was designed, the institutions to implement it and the blockage from different political actors vested with interests in the process). If such elements were going to be taken into consideration it will help a lot to refine scenarios for economic governance reform before going into proposals like: Emergency Law for execution of certain Public Investment projects or Law of Economic Conciliation. ii- The problematic security situation in the country especially in interior governorates apart from Tunis and Cote East because of either problematic reform in Security Forces (dependent from Interior Ministry) or conflictual pattern between economic and powerful old economic groups/elites and new emerging ones (Source: International Crisis Groups).
EQ 13: 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?
<p>The mechanism by which EU could make possible that TA is providing supports the advancement towards further stages of sustainable development is having difficulties to deliver expected results in due time; the investment or productive spending (both public and private investment) is not picking up (hence it seems that there is a risk for inflation/ currency depreciation vicious circle through increase of salaries in public sector or social transfers in order to contain the risk of radicalisation of the poor). This is a symptom rather than the cause of the problem, which is linked rather to political economy of reforms in Tunisia. Furthermore, the package of reforms designed is negatively affected from factors such as the political instability and political frictions. Given the lack of investment from private sector, the public sector investments needs to play their part. PIP especially at regional and local level could have been also effective in lowering the regional disparities so completing the assistance of EU in these areas. Yet, PIP execution rate remain still modest ; hence there is a need for EU to strengthen its political role either in community of donors or bilaterally in order to motivate stronger efforts in the right directions either through better targeted conditionalities (e.g. after the accommodation of first shocks by which the EU was able to support national government, the benefits/ fiscal space from rationalization of social transfers need to be channelled to public investments in local regional areas rather than in growth of salaries according to this or that range benefits) or through support of independent informed voices from Civil society in order to keep the pressure sufficiently high for reform delivery.</p>

EQ 14: To which extent will the EU assistance have an overall positive effect on the facilitation of the Association process?
Already explained from the signature of Privileged Country Status in 2014.
EQ 15: Which are the appropriate SMART indicators that should be embedded in the upcoming projects?
In the case of Tunisia (similar and in addition to the list offered for Jordan) given the large scope of economic governance reform the below would have been suitable when discussing the specific conditions: <ul style="list-style-type: none"> • Macroeconomic Imbalance: Existence of Structural Deficits, beyond certain level (in high growth time for example), Existence of Structural Unemployment (beyond certain levels), Financial Sector: NPL (Non-performing loans) level compared to Credit to Private Sector level to countries in the same category of development or in the same region, Investment from Public and Private Sector in Capital Formation. • Policy Planning Document: Exist or not? • Macro Fiscal Forecasting: Assuming that it exists internally: the time horizon of macro-forecasts (3 years as minimum) and the degree of accuracy compared to benchmarks • Budgeting Framework: Existence of MTFF and the degree of accuracy of them (deviation of t_0 versus t_{-1}, t_2 forecasts). • External Audit Independence: Membership of Intosai? Is the head of SAI independent in the sense that she/he can be elected only from Parliament and discharged in case of criminal offence?
SUSTAINABILITY
EQ16: To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?
For PAGBPO if the OBL is approved in the parliament as it's the deal with IMF and also with international donors, the likelihood that it produces the outcomes in time is high because of a credible plan of implementation exist in there. The same can be said also for some of the structural reforms that are already approved and started to be implemented like the central banking law. For others programmes/projects supported by the EU, the likelihood of the outcomes to be there depends highly on political consensus. Given the "etatist" culture and high weight of public administration in Tunisia, if the political consensus is achieved and a credible plan of implementation is there then there is a certainty that the outcomes will be sustainable in the future. It's expected that this political consensus will be more motivated now that IFM has also joined the international community of donors with the Extended Fund Facility arrangement for Tunisia.
EQ 17: How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?
<ul style="list-style-type: none"> • In the case of Tunisia the things have been complicated because of labour division between donors and the focus of EU with Governance issues. Financial Institutions have provided loans associated with hard conditionality on reforms in some of the strategic areas (e.g. PPP and Public Procurement for example, Venture Capital et cetera). Yet, the promise to deliver on these areas and the hard constraint from the conditionality was not there at the moment of agreement on the reform targets (as the payment of interest and principal for the loans start only after 2017), so the political responsibility of high officials is not felt in the immediate. In order to cater for that dynamic the conditionality of Budget Support needs to be more focused and according to complementarities that enhance the peace of reform (refer to EQ 13). Also the coordination with Macro Financial Assistance will help to increase also the EU Leverage in order to actually influence the move and the speed in the right direction. • In cases of large programmes, like the ones packed for Tunisia under PAR, there is a need also to connect the dots in the chain of elements that free the fiscal space for supporting reforms in medium to long term in order to reduce the dependency from external assistance. Some of these elements consist of fiscal policy, reform of the state and public administration, reform of labour market, which may be hard to enforce from the start. Nonetheless, sufficient attention should be paid to the fact that a clear and credible programme of initiating them (in the near future) should be agreed with the beneficiary (Source: Interviews with international donors and also with former high public officials).
EQ 18: To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?
For PAGBPO there is a credible process and clear ownership of the result. The same can be said also for the central bank. In the other areas especially of PAR the results have still to come in order to give a full answer to this question.
EQ 19: How much has the economic governance structures evolved thanks to ENI funding?

<p>The envelope of the reforms being so large, there are many economic governance institutions that have evolved:</p> <ul style="list-style-type: none"> • A central Banking law has passed and the independence of Central Bank and its mandate have been reinforced. • Institutions dealing with employment policy and support also have been evolving and have been more decentralised (e.g. National Fund for Employment has passed from President under the supervision of a Line Ministry) • The access to Internet and Information is not centralised to Tunisian Authority for Telecommunication but is liberalised; thus, the government is providing more access to Information and enabling the capability of service providers to grow and expand in services where Tunisia has comparative advantage (tourism for example) • There is a new competitive law that has enforced the central authority to deal with cases of abuse of power and non-competitive practices. • Financial sector has also started to change with governance measures adopted for banks.
COHERENCE
EQ20: To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other actions on the field? Is EU assistance coherent?
<p>As already explained in former sections, the coordination of EU with other donors and also with other programmes has been there from the start. Joint identification mission with WB, AfDB and AFD have been carried out, joint review missions as well. There is a minor case however of coordination with Macro Financial Assistance that needs to be fixed whereas the coordination with other EU interventions through other instruments (e.g. twinning projects) is excellent.</p>
EQ 21: To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?
<p>EU assistance is coordinated from Ministry of Development and International Cooperation at the level of public stakeholders whereas for the rest of stakeholders and throughout the support, especially for civil society actors, EU is actively pursuing promotion activities in order to include them in the economic governance activities and agenda.</p>
EQ 22: To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?
<p>Articles and items that are bearing the signature of EU are constantly held/given to stakeholders in order to increase the visibility of EU Aid. The consultants themselves were also provided with such items and were advised to use them during the meeting with beneficiaries.</p>
VALUE ADDED
EQ23: 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?
<p>In a transition period, like the one Tunisia is experiencing at the present, the kind of assistance EU is providing especially concerning the reforms of governance is something that clearly is out of the capability of national stakeholders. On the contrary for the implementation side there are certain kind of activities (e.g. studies and programming activities), which clearly are within the reach and capability of national and regional networks or institutions (e.g. public or research institutes).</p>
EQ 24: 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?
<p>There are certain elements that are covered from other donors and there is a clear division of labour within donors with EU focusing on the elements of governance and other donors (e.g. WB, FMI and AfDB) focusing in the kind of structural reforms that have to do with liberalisation of the economy and structuring of public sector in different areas (e.g. manufacturing and services).</p>
EQ 25: To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Neighbourhood region?
<ul style="list-style-type: none"> • There is a large corpus of studies being done about transition in Tunisia and the activities and outcomes supported from EU are quite heavily quoted: GBPO is one example, Central Banking and their forecasting model is another one. Also the fact of having a good coordination among donors during identification and implementation of PAR I, II, III and recently IV clearly has contributed to visibility of EU action in Tunisia and beyond. • Recently there is also another important exercise that is supported from EU in Tunisia: PEFA exercise whose report is expected to enhance further the visibility of EU funding

within the development community.

EQ 26:

To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?

Besides programmes already mentioned, the twinning projects in Central Bank and GBO Department in Ministry of Finance clearly have improved the quality of policy and outcomes of supported reforms.

GENDER AND ENVIRONMENT

EQ27:

Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

There is an evidence for equal treatment of gender especially in new support to local authorities where support for marginalized women has been of high concern. The rest of activities also have been adequately paying attention to gender dimension (e.g. training of public officials, participation in meetings and consultations, support to Civil Society).

There is a body of studies supported from international donors that have paid attention to gender impact of different reforms being implemented (e.g. Employment, education and training, social status), which are considered and consulted in the discussions about reforms being supported.

EQ28:

To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?

In the programmes revised this component is catered in terms of Country needs that need to be taken into consideration from different programmes that are identified and supported. Among these, the limited endowments with water, the need to invest in renewable energy as a substitute for energy supplies from Imports are the most important constraints that are taken into consideration when discussing the macro fiscal frameworks during programming phase in future economic governance related programmes.

LESSONS LEARNT

- The political economy factors, which influence the pace of reforms play a very important role in countries in transitions like Tunisia when the power patterns are shifting towards new configurations in line with new contexts.
- The capability and motivation of public administration is an important factor conditioning the success/failure of the reform.
- There is a priority of structural reforms affecting economic governance in the sense that not all of them can be introduced at the beginning, yet the important ones that are left may undermine the success of the former if forgotten down the road.
- The budget support is a very effective mode to enforce the drive for results compared to loans that can result in ineffective public action. Yet, it needs to be enhanced through complementarities of conditionalities to incentivize the move in right direction at a faster pace.
- The knowledge base developed during TA is an important factor sustaining the reform efforts in the future as it offers the opportunity of learning and expertise sharing across generations and reform platforms.

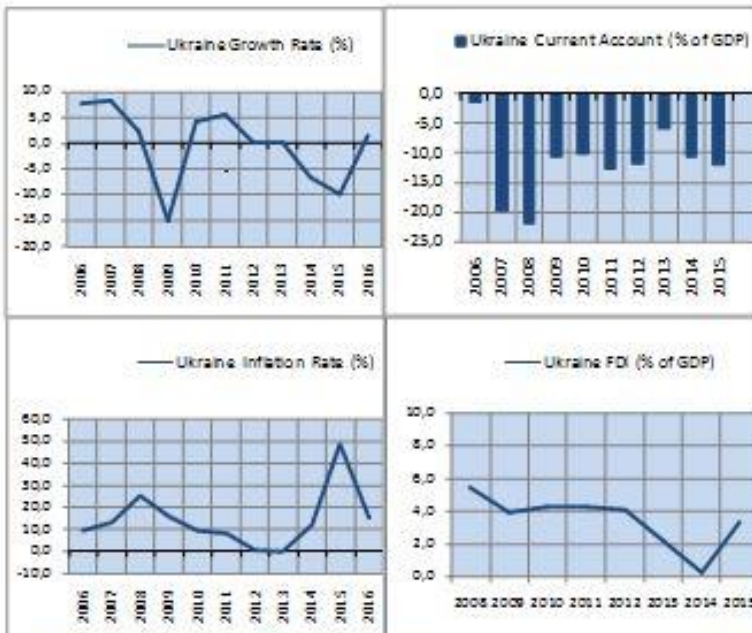
RECOMMENDATIONS

- The coordination between donors especially in the transition period is highly recommended in order to increase the impact of supported structural reform.
- The political economy factors need to be considered thoroughly before setting the agenda and also the timing of reforms in order to choose the right mechanism to support/motivate the move in the right direction.
- The capability and motivation of public administration is an important factor that should be weighted when designing the action plan for the reform.
- A credible programme for introducing all structural reforms important to the country should be in place in order to provide for sustainability of outcomes and reduce the dependency on the external support.
- The complementarities between conditionalities of budget support needs to be fully used in order to enhance the progress at the implementation of reforms.
- EU can and should provide dissemination of knowledge base developed during its programmes in order to enhance the multiplier effects especially during important reforms agenda.

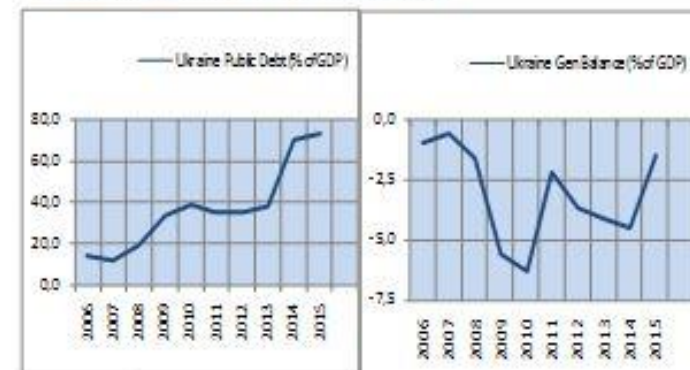
UKRAINE



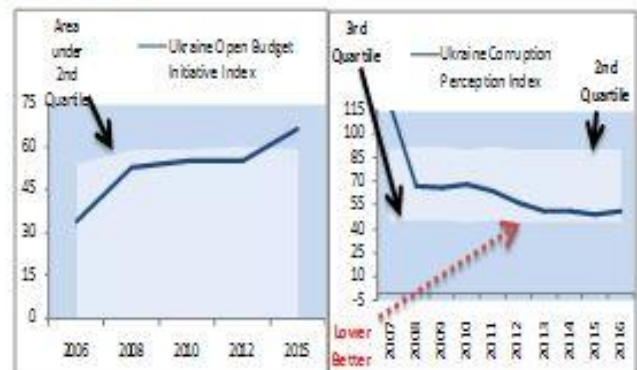
Macro Balances and Imbalances



Fiscal Balances and Imbalances



Governance



Growth Outcomes



The following programmes and projects have been covered in the evaluation for Ukraine, where the fieldwork took place in October 2016:

N°	Project Title
1	EU Support to Ukraine to Re-launch the Economy (EU SURE)
2	EU4Business: Network of Business Support Centres in Ukraine
3	Sector Competitiveness Strategy for Ukraine Phase 3 - Sustaining Reforms (ENPI/2013)
4	Harmonisation of Public Procurement system in Ukraine with EU standards
5	Harmonisation of Competition and Public Procurement Systems in Ukraine with EU Standards
6	State Building Contract for Ukraine
7	Twinning project to Customs
8	Creation and Implementation of Public Funds Utilization Monitoring System
9	State Cost Promoting the Public Monitoring of state Budget Process
10	Twinning "Strengthening NBU potential through approximation of EU standards of central banking"
11	Technical assistance In the Financial Sector's priority areas (FINSTAR)
12	Twinning project "Development of External Audit and Control of Public Finance in Ukraine"

RELEVANCE
EQ1:
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?
<p>All the projects are highly relevant. Nevertheless, the EU assistance is not entirely demand driven; it is a sort of mix, some priorities derive from the Ukrainian side and some from donors. This is caused mainly because Ukraine does not have a single development strategy, there are too many priorities and too many strategic documents. In the medium-term this situation is expected to change, currently there are discussions with the EU Delegation on the selection of priorities that will be financed by the EU in 2018.</p> <p>P1. EU Support to Ukraine to Re-launch the Economy (EU SURE), EU SURE Technical assistance project (FORBIZ). The project started recently and its objectives are still relevant. The project will revise the business legislation; more than 10 000 legal acts will be revised, and its impact is considered to be huge in the regulatory reform, SME-s development, and business development as well. The project will improve the RIA, and will increase the capacities of two agencies in charge with this project (Ministry of Economic Development and Trade- Department of Entrepreneurship Development and Regulatory Policy and State Regulatory Service,). For the moment, all these agencies are understaffed and do not have capacities to implement the project. After the finalization of the project, it is planned that some of the project staff will become part of the public administration. The project priorities were demand driven (came from the government) requesting to improve the business legislation in the priority areas (agriculture, IT and communications, transport and infrastructure, construction, energy, international trade and market surveillance). The project priorities relate also with the Association Agreement (AA) and DCFTA priorities (Deep and Comprehensive Free Trade Agreement - DCFTA)</p> <p>P2.EU4Business: Network of Business Support Centres in Ukraine. The project will contribute to sustainable and inclusive economic growth in Ukraine to enhance employment opportunities, regional prosperity and national cohesion. The project will facilitate the EBRD direct lending to SME-s, up to totally 100 million of Euro with 1 million EUR as minimum</p>

single loan amount. There are limited lending opportunities for the SME-s from the banking sector in Ukraine, the SME-s do not have the capacities to properly prepare business plans and request financing from the Banks; The project was demand driven because the authorities wanted to create some SME-s infrastructure;

P3.Sector Competitiveness Strategy for Ukraine Phase 3 - Sustaining Reforms (ENPI/2013) The project had the objective the government to draft the competitiveness strategy aimed at creating growth and boosting competitiveness. The project addressed one of the EC recommendation in the country dialogue with Ukraine to draft the sector strategies; the project focused in the sectors of agriculture (access to finance and human capital), energy efficiency and renewable energy; It also prepared an Investment Policy Review.

P4.Harmonisation of Public Procurement system in Ukraine with EU standards. The project contributed to improve the legislation in the area of public procurement and the institutional capacities of the agencies having responsibilities in the area of Public procurement; two laws were revised, the e-procurement was introduced in the law, and the Ukrainian legislation in the area of public procurement has been approximated with the EU legislation. The project supported the Antimonopoly Committee of Ukraine to prepare the grounds for the implementation of the Law on State aid as 2 August 2017.

P5. Harmonisation of Competition and Public Procurement Systems in Ukraine with EU Standards.The project objective is to contribute to the establishment and enforcement of the Ukrainian competition law, introduction of a monitoring system for State aid and subsidies, to the reforms in the public procurement sector in line with PCA objectives, EU- Ukraine Action Plan and with consideration of future ratification of the EU-Ukraine Association Agreement and Deep and Comprehensive DCFTA with the EU with the purpose to strengthen the functioning market economy and thereby to facilitate business activity, improve investment climate, economic growth and a higher standard of living for the Ukrainian population

P6. State Building Contract for Ukraine. The budgetary support will help the government of Ukraine to address short-term economic stabilisation needs, and prepare for in-depth reforms in the context of the Association Agreement/Deep Comprehensive Free Trade Area through support to improved governance, the fight against corruption, judiciary reform and public administration reform.

P7. Twinning project to Customs. The overall objective of the project is to establish a basis for effective customs management and integrity in Ukraine based on Integrated Border Management (IBM) principles, which is relevant and linked with the Ukrainian obligations in the SAA process

P8. Creation and Implementation of Public Funds Utilization Monitoring System. The project will contribute to i) Increase transparency and accountability of the budgetary spending at the local level (municipalities and villages) by development and implementation of the monitoring methodology; ii) Advocate establishment of the legislative and normative base for civil society participation in the budgetary process at the local level, and iii) Build the capacity of local NGOs, journalists at the level of municipalities and villages to participate in the local budgetary process and increase public awareness.

P9. State Cost Promoting the Public Monitoring of State Budget Process. The project will contribute to promotion of public finance reform and public accountability, with the focus on public financial management monitoring and increasing public awareness on the state budgetary process. It contributed to strengthen engagement of CSO and citizens in the monitoring of public finances, and state budgetary process.

P10. Twinning “Strengthening NBU potential through approximation of EU standards of central banking”. The twinning project contributed to strengthening the capacity of the [National Bank of Ukraine](#) in the following areas: monetary and foreign exchange policies, monetary and credit statistics, payment and settlement systems, operational planning, communication and international co-operation, approximation to EU legislation.

P11. Technical assistance In the Financial Sector’s priority areas (FINSTAR). The financial sector reforms in Ukraine are at different stages, with banking reform more advanced than other sub-sectors. EU assistance is supporting the Ministry of Finance, the National Bank of Ukraine, the National Commission for Securities and Stock Markets, and the National Commission for the Regulation of the Financial Services Market as they fill crucial gaps in policies, regulation and supervisory & transparency practices which must be present in a modern, competitive financial services sector

P.12. Twinning project “Development of External Audit and Control of Public Finance in Ukraine”. The Twinning Project Fiche “Development of External Audit a

EQ 2:

How relevant is the EU assistance in view of the priority needs of the countries in the region?

The EU assistance is very relevant; Ukraine is a largely EU optimistic country that aspires to become an EU member. EU assistance is relevant for the harmonization of the legislation with the EU, and when it comes to the harmonization of legislation would be non-appropriate to request assistance from other donors e.g. World Bank or USAID.

EQ 3:

To what extent can the assistance in targeting economic governance complement/coordinate with, national, regional, EU (sector approach) and other assistance?

Efforts have been made to complement and coordinate the EU assistance provided to Ukraine in the area of economic governance with the national priorities and other donors programs. However, there is substantial room for improvement in the future in the donors’ coordination in Ukraine, in order to better match the assistance with the country priorities, and to increase country ownership. Preparation of a single document on the strategic development of the country, and a more leading coordination role by the authorities on donors’ programs, will ensure synergy and avoid duplications.

P1. EU Support to Ukraine to Re-launch the Economy (EU SURE). Whenever possible, the TA team will identify and elaborate joint project implementation activities and will reflect these in its overall and periodical work plans. In this way, the activities under this Project will be co-ordinated with parallel EU-funded projects and those of other donors, so that there is a mutual transfer of skills, experience and best practice, in order to optimise the benefits for the target groups. In line with international good practice we will regularly initiate/participate in such inter-projects management meetings to share experiences and discuss ideas and planned interventions.

P2.EU4Business: Network of Business Support Centres in Ukraine. For all its activities, the EBRD will seek to align and coordinate its efforts with initiatives such as Horizon 2020 and COSME, with regard to the private sector development in Ukraine, and will cooperate closely with relevant public and private stakeholders as well as, but not limited to, with local banks operating under the EIB Loan Guarantee Facility in order to facilitate SMEs access to finance.

P3.Sector Competitiveness Strategy for Ukraine Phase 3 - Sustaining Reforms (ENPI/2013). Qualitative and quantitative information was collected to provide a comprehensive picture of the scope and scale of the policies and programmes currently being implemented in the beneficiary country with the aim of ensuring synergies and avoid duplications.

P4.Harmonisation of Public Procurement system in Ukraine with EU standards. Complementarity with other donors' projects and programs has been ensured, e.g. EBRD; USAID et cetera.

P5. Harmonisation of Competition and Public Procurement Systems in Ukraine with EU Standards. In order to avoid duplication of activities as well as to create synergies with complementary activities in other projects, the Consultant sought and maintained active co-operation and co-ordination with other multi- and bilateral donors implementing and/or funding projects in the area of competition or related fields.

P6. State Building Contract for Ukraine. NA

P7. Twinning project to Customs. The EU is the main donor other important donors are the IMF, WB (mostly in providing training to the Fiscal Service staff), GIZ, USAID.

P8. Creation and Implementation of Public Funds Utilization Monitoring System. NA

P9. State Cost Promoting the Public Monitoring of state Budget Process. The action will have synergies with multiple donor initiatives, such as Public Expenditure and Financial Accountability (PEFA) Programme, EU Economic and Development Policy Planning Programme (e.g. Campaigning for Transparency and Openness of Ukrainian State), EU Strengthening Civil Society Programme (Measuring Local Government's Transparency, Openness and Accountability; Performance Budgets in Cherkasy and Vinnitsya; Enhanced Civic Oversight of Reforms in Ukraine); UNDP's Democratic Governance Program, WB's Public Finance Modernization Program, IFC's Investment Climate in Ukraine and advisory support to reform implementation in Ukraine, USAID's UNITER Program, and others.

P10. Twinning "Strengthening NBU potential through approximation of EU standards of central banking". At the time of project implementation, the donors' efforts to coordinate activities were somewhat undermined by the NBU's wishes to receive advice on the same subject from different sources.

P11. Technical assistance In the Financial Sector's priority areas (FINSTAR). During the design stage, particular care was taken to avoid overlapping with other donors. Presently, the donor coordination in the sector has improved and is led by the National Bank of Ukraine and the National Commission for Securities and Stock Market. Formal meetings are supplemented by informal donors' meetings and regular bilateral contacts.

P.12. Twinning project "Development of External Audit and Control of Public Finance in Ukraine". The **Cooperation Plan for 2016-2017 between the ACU and GIZ** has been signed. It includes: i) expert assistance from Germany and the Great Britain in improving **preparation of the ACU annual reports**; ii) implementation of **internal quality management system** of audits according to the INTOSAI standards; iii) **functional review** of the ACU as well as enhancing cooperation with civil society. The project will work in Close collaboration with SIGMA which will elaborate of the ACU **Strategic Development Plan**;

EFFICIENCY

EQ4:

To what extent has the EU assistance helped IPA beneficiaries achieve the strategic objectives of EU accession?

The evaluated programmes supported beneficiaries to achieve the strategic objective on the implementation of the EU-Ukraine Association Agenda. More specifically, some developments have been made in improving transparency and competitiveness in public procurement and by bringing the list of exceptions from the sphere of public procurement into line with the EU Public Procurement Directives. Also, some developments are noted in reducing the regulatory burden for businesses and improving the efficiency of the tax administration but more needs to be done in this area. In the specific context of competition policy, the Action Plan sets several relevant and important priorities. In regard to the overall functioning of the market economy in Ukraine, continuing progress has been made in the establishment of a fully functional market economy, including price-formation, control of state aid, and a legal environment that ensures fair competition between economic operators.

EQ 5:

What is the comparative efficiency and value added of the different instruments and/or Aid modality that have been provided? (Twinning, TAIEX, Budget Support, et cetera) Advantages and/or disadvantages?

Selecting both twinning and TA as an implementation mechanism was an appropriate decision. The program uses appropriate implementing modalities although twinning is sometimes used where lower capacity beneficiaries would be better served by technical assistance. Also twinning was most effective when used for policy development related elements in beneficiaries with sufficient absorption capacity and a clear sectoral policy agenda.

EQ 6:

How well did projects aim at enhancing economic governance work together to reach the EU policy objectives?

See EQ 20

EQ 7: How can programming of economic governance projects be enhanced to achieve strategic objectives more effectively and efficiently?
For future reference, it is advisable to ensure a detailed analysis of the sector and to incorporate lessons learned from previous actions. Economic Governance needs to be addressed in the context of the evolving political crisis which has an impact on macroeconomic stability. Recommendations for further streamlining legislative and institutional processes need to be taken seriously and the institutional capacity of key beneficiaries needs to be consolidated. A number of key areas targeted by the interventions need to be further consolidated, to continue with the benefits of the actions. Financial support, including technical assistance, is further required for the key institutions involved and for related processes.
EQ 8: 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?
See EQ 5
EFFECTIVENESS
EQ9: 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?
The effectiveness of the assistance was mixed. Noteworthy examples are explained in the text. Project 2 aimed to support the de-regulation policy and implementation actions of the Ukrainian authorities' at all relevant levels with particular focus on SMEs and strengthen the capacity of national, regional and local authorities and other stakeholders to implement effective economic development policies with specific focus on SME's. The project was able to contribute in focusing on sustainability by improving the technical knowledge and confidence among the beneficiaries and key stakeholders. This was done through assisting MEDT, SRS, BRDO and line ministries in their technical capacities, strategic planning, policy analysis and coordination, monitoring, and reporting. Project 3 was based on 3 pillars putting in place sector-specific policy working groups to address in a consistent manner policy and administrative barriers hindering the integration of SMEs in the global value chains. It also tackled human capital development by means of a skill survey to identify skills gaps in the labour market and address the needs of the private sector in key sectors of the Ukrainian economy. Furthermore, the work scope has focused on the assessment of agricultural policies through the implementation of the OECD Policy Framework for Investment in Agriculture (PFIA). The project made progress in the identification of areas for improvement in policies related to human capital development, mainly through the finalization of the skills gap survey in the pilot sectors as well as through the transfer of know-how in skills gap measurement. Project 11 made progress despite facing some delays. The political environment was the main deterrent to the project's implementation regarding expected results. Impetus for restructuring of the regulatory architecture for financial services was a result of the existing will for reforms among the authorities; however some reforms are facing opposition from vested interests.
EQ 10: How did the assistance provide respond to the real needs, in terms of quality, timing and duration?
Project specific, but some difficulties have been experienced in delivering appropriate, timely assistance in a setting that is often fast-tracked and in some cases susceptible to changes in political priorities between programming and implementation. For the most part, key beneficiaries have shown their commitment to implementing reforms which approximate to EU and international standards.
EQ 11: How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?
Priorities and beneficiary needs have been well translated into provisions of actual assistance. As a result, a higher degree of ownership and commitment of the beneficiary institution, leading to the embedment of project results in internal policies has been noted.
IMPACT
EQ12: To what extent was the assistance effective in achieving the desired results, and what possibly hampered its achievement?
The achievement of results varied across the board. Project 2 encountered sector-specific issues pertaining to unfavourable conditions for the operation of SMEs, including inefficient regulation of business environment and weak protection of property rights and competition. Similarly, the project had to take into account the low capacities of the state in efficient formulation and implementation of SME development policy as well as outstanding issues relating to low competitive capacities of SMEs. In a combined way, thematically, the political environment was the main deterrent to achieving expected results to a full extent in project 3 . Its momentum for restructuring of the regulatory architecture for financial services stalled during the implementation period although key beneficiaries did show their commitment to implementing legal and operating reforms which approximate to EU and international standards and result in stronger and more capable prudential supervisors and a more transparent financial system. Project 11 made progress despite facing some delays. This concerns the delays in technical work involving the Task Force for Public Interest Companies. Also, delays in the targeted assistance to the NBU for analysing opaque ownership

structures for the purpose of determining “ultimate control” of the bank continued throughout the implementation.
EQ 13: 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?
The actions were designed to address the most pressing problems and issues affecting the sector and its respective sub-sectors. The impact of the EU assistance, whether the initiatives are structural changes, practical standards, or innovative solutions (permanent or temporary) have been deemed promising and affirmative but very much dependent on the political landscape. For the most part and in a limited operational capacity the project teams were able to incorporate mitigation actions and high-point the background of proposed reforms as best international practice. This was done in accordance with international standards and in order to underline the good elements, raise the visibility and transparency of proposed reforms through public workshops, public events and outreach focused on key target groups and ensure a vigilant selection of stakeholders and their networks for the specific projects.
EQ 14: To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process?
Sector-wide and as part of the EU's €11 billion package supporting Ukraine in April 2015. The 2015 bilateral SME support programme (EU SURE) is 55 million + 40 million for the EIB Guarantee facility. This measure is a response to the urgent need to support recovery and economic development in Ukraine. It will especially help SMEs across the regions in the country increasing jobs and growth. This is complemented by a €40 million loan guarantee facility channelled through the Neighbourhood Investment Facility (NIF) which will also ease access to finance for Ukrainian businesses. An international economic support package for Ukraine has been proposed by the EU on 5 March 2014 and welcomed by the EU Heads of States and Governments the following day (European Council, 6 March). Short, medium and long-term support measures are proposed to address challenges the country is facing, in close cooperation with international financial institutions and other possible donors.
EQ 15: Which are the appropriate SMART indicators that should be embedded in the upcoming projects?
The indicators for the listed projects are somewhat relevant to the objectives and results. Those in the original log-frames lacked basic quantification. For the most part baselines are not set for respective indicators. However, good-quality indicators relevant to measure the achievements of the objectives were listed for the results. For future reference and based on comprehensive sector analysis, most indicators should be achievable and targets need to be more specific. Formulations like number of surveys conducted and number of targeted trained staff need to be replaced with specific and measurable numbers. Clear assessments of project success should rely on measurable values. Greater emphasis should be placed on the monitoring of progress towards achieving these indicators.
SUSTAINABILITY
EQ16: To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?
Since 2014, the EU has committed € 3.41 billion in macro-financial assistance (MFA) to Ukraine under three programs. So far, € 2.21 billion in loans have been disbursed - € 610 million as part of the first MFA operation, € 1 billion as part of the second program, and € 600 million as part of the most recent and ongoing MFA operation (so-called MFA III). Subject to the effective implementation of the policy measures detailed in the Memorandum of Understanding related to the MFA III, two further tranches of € 600 million each are expected to be made available to Ukraine in 2016. In 2014, the European Commission adopted a Special Measure worth € 365 million in the form of grants. The package supports the country's transition by promoting and monitoring democratic reforms, reinforcing macroeconomic stability, strengthening its capacity reforms and its socioeconomic development through state building contract and support to civil society.
EQ 17: How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?
EU assistance is critical for key structures to embed strategic planning practices as needed for the successful implementation of EG initiatives. The consistency of the assistance with the overall national policy objectives is considered as well as between the different components within the program and between other funding mechanisms available in the region. The assistance shows responsiveness in trying to adapt to the evolving national, regional, and global contexts and remain responsive to complementary initiatives. For future reference and to achieve strategic objectives more effectively and efficiently, the programming of economic governance projects needs to incorporate lessons learned from previous interventions and to exercise control of investment decisions in line with political developments in country. Equally important, programming should faster decision-making and increase ownership of national authorities (key beneficiaries). Naturally, national support is paramount as limited political will put the quality of results under great pressure. Sustainability of low-quality results is as such questionable, while obviously low prioritization of this type of interventions at the national policy level compounds the sustainability problem.
EQ 18: To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?

The design and implementation of the assistance is for the most part led by the beneficiary authorities. This approach approaches builds both ownership and capacity within beneficiary institutions in addition to the change generated by the assistance itself. This should continue in the same way. For future reference, project design should only include assistance which is in line with formally approved national strategic planning documents and action documents should include clear sustainability indicators and means of measurement along with targets, including interim targets that can be measured whilst the project is ongoing. This could also include preconditions for sustainability which can be measured whilst assistance is ongoing. Ownership of results can be increased if results are delivered consistently within respected deadlines and if consistent values and performance standards are preserved.

**EQ 19:
How much have the economic governance structures evolved thanks to IPA funding?**

N/A

COHERENCE

**EQ20:
To what extent is the EU assistance coherent with other interventions which have similar objectives?
To what extent is EU assistance coherent with other actions on the field?
Is EU assistance coherent?**

The EU assistance generally is coherent and efforts have been made to ensure complementarity between different EU assistance projects and other donors projects; however, there are cases that overlapping's with other donors projects exists, these are caused by poor donor coordination efforts in Ukraine e.g. in the case of EU-Sure (FORBIZ) project some overlapping exists with the project financed by the USAID (LEV project Leadership in Economic Governance). There is substantial room for improvement in the future in the donor coordination in Ukraine, the assistance has to be made demand driven and the country ownership should be increased.

**EQ 21:
To what extent does the EU assistance in targeting economic governance promote effective cooperation and coordination between stakeholders?**

The cooperation and coordination between the different actors and stakeholders including civil society and private sectors representatives, involved in the preparation and the implementation of the projects evaluated in Ukraine has been effective. The projects “**Technical Assistance In the Financial Sector’s priority areas and the budgetary support “State building contract for Ukraine”, “Creation and Implementation of Public Funds Utilization Monitoring System” and “State Cost Promoting the Public Monitoring of state Budget Process”**”, are good examples in promoting cooperation and coordination taking into account the large number of institutions and stakeholders that were involved in these operations.

**EQ 22:
To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?**

During the implementation of the EU financed projects in Ukraine, the EU directive on visibility has been implemented - in general, press conferences have been organized at the launch and closure of each project. Consultation, seminars, workshops and other activities organized in the framework of the projects have been broadcasted in TV and articles were published in the media.

VALUE ADDED

**EQ23:
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?**

The value added of the EU support in Ukraine is that without the EU support the pace of the reforms would have been slower, and would have been very difficult for Ukraine to move ahead without such assistance. From the political point of view the other donors’ do not have the competence to follow up with it. The EU assistance has contributed to complete the reforms in many areas; improving the overall macroeconomic management, strengthening economic governance, improving the business climate and boost competitiveness, fight corruption and increase transparency and accountability.

**EQ 24:
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?**

The EU is the lead donor in Ukraine; when the EU could not finance any project, other donors are contacted. However, Ukraine is a priority for all the donors. The donor coordination in the areas of the SME-s, financial sector, custom et cetera. is working, and in some other sectors as well (depending on which sector), however the overall donor coordination needs improvement. The government intends to take the lead in donor coordination. The Ministry of Economy is the institution in charge with donor coordination, there is information on different programs in the portal created by the Ministry of Economy; There is no result-based monitoring system in place on donor-funded projects in Ukraine. The Ministry of Economy

has requested assistance to establish such system since the Ministry does not have the institutional capacity to monitor the donors' programs, frequently the project documents are received and no analysis is made on what the project has achieved and how it was achieved; In the future the EU support to Ukraine should be focused in the areas of public administration reform, tax administration reform (some coordination with the USAID is necessary in this area) and energy efficiency;

EQ 25:

To what extent has the EU assistance contributed to enhancing the visibility of EU funding in the Enlargement region?

During the implementation of the EU financed projects in Ukraine, the EU directive on visibility has been implemented - in general, press conferences have been organized at the launch and closure of each project. Consultation, seminars, workshops and other activities organized in the framework of the projects have been broadcasted in TV and articles were published in the media.

EQ 26:

To what extent can Budget Support and/or a mix of instruments led to further improvements in policy and reforms?

Budgetary support and the macro financial assistance are good instruments to move forward with the implementation of reforms and build political consensus. However, more attention should be made in selection of the conditionalities. The conditionalities should not be too much detailed because the purpose is lost if the indicators are too detailed, not realistic and not feasible. The budgetary support conditionalities should be focused on concrete and critical issues, the budgetary support is a good instrument to increase the cooperation with the civil society. The civil society should be consulted in measuring the completion of specific conditionalities.

P6. State Building Contract for Ukraine

This project is a budgetary support that has been provided to Ukraine after the Revolution of Dignity in 2014. The budgetary support will help the government of Ukraine to address short-term economic stabilisation needs, and prepare for in-depth reforms in the context of the Association Agreement/Deep Comprehensive Free Trade Area through support to improved governance, the fight against corruption, judiciary reform and public administration reform.

The general budgetary support includes numerous sectors, which are priorities for Ukraine and the EU (anticorruption, public financial management, public administration) et cetera., Disbursement is made upon the completion of the conditionalities in different tranches;

The budgetary support is a very good tool, because through the budgetary support the reforms are pushed at the highest level of the government; working groups are established different inter-ministerial levels; these WG follow up with the progress made to achieve the conditionalities. The EU Delegation has chosen the list of conditionalities based on the vision for the country development.

The budgetary support relevance was very high, it supported very ambitious reforms.

The general budgetary supports (which includes many sectors) should follow up in the future with sector budgetary support because budgetary supports are good tools to achieve progress of ambitious reforms in a specific sector, it facilitates the dialogues with the government and the sustainability of the reforms is ensured.

GENDER AND ENVIRONMENT

EQ27:

Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

Both genders have been affected by the implementation of the projects in Ukraine.

EQ28:

To what extent was the assistance to economic governance effective in achieving planned results related to environment protection and adaptation to climate change challenges? What possibly hampered such achievements?

There have been no direct environmental issues in the projects evaluated in Ukraine however an active environmental approach is taken toward minimising unnecessary resources and encouraging recycling and re-use of material inputs.

CONCLUSIONS

All the projects are highly relevant. Nevertheless, the EU assistance is not entirely demand driven; it is a sort of mix, some priorities derive from the Ukrainian side and some from donors.

Efforts have been made to complement and coordinate the EU assistance provided to Ukraine in the area of economic governance with the national priorities and other donors programs. However, there is substantial room for improvement in the future in the donors' coordination in Ukraine, in order to better match the assistance with the country priorities, and to increase country ownership. Preparation of a single document on the strategic development of the country, and a more leading coordination role by the authorities on donors' programs, will ensure synergy and avoid duplications.

RECOMMENDATIONS

The EU is the lead donor in Ukraine; In the future, the EU support to Ukraine should be focused in the areas of public administration reform, tax administration reform (some coordination with the USAID is necessary in this area) and energy efficiency; Budgetary support and the macro financial assistance are good instruments to move forward with the implementation of reforms and build political consensus. However, more attention should be made in selection of the conditionalities. The conditionalities should not be too detailed because the purpose is lost, not realistic and not feasible. The budgetary support conditionalities should be focused on concrete and critical issues, the budgetary support is a good instrument to increase the cooperation with the civil society. The civil society should be consulted in measuring the completion of specific conditionalities.

Annex 5: Open Public Consultation

The Inception Report (April 2016) outlined the framework for the open public consultation (OPC), on the basis of the information available in the Better Regulation toolbox, and this was taken as a starting point for a more detailed elaboration of the scope of the open public consultation and a tentative framework for its questionnaire.

This has been further elaborated on in the Desk Phase Report (July 2016), thanks, in particular, to the guidance received in the working meeting held at DG NEAR on 17 June 2016 with the staff in charge of OPCs at the Secretariat General (SG.C.4), allowing to receive instructions for the preparation of a draft Document for OPC (DOPC). The final draft DOPC submitted on 19 December 2016 was approved on 17 January 2017, and the OPC was launched end February 2017, to last until end April 2017. It can be accessed at the following web-link: <https://ec.europa.eu/eusurvey/runner/support-to-economic-governance>. As of the date of this final report's submission (mid July 2017), the report presenting the summary of the OPC contributions has been globally endorsed and is pending submission.

The evaluation team has also contributed to enhance the OPC's visibility, and the related information could be posted on the websites of several EU-funded organizations and/or projects based in IPA region (RCC, ReSPA, CEF, CS networks active in PAR issues, TACSO).

Moreover it is also noted that TACSO has taken part or/and organized two international/regional events which have focused on the overall topic of economic governance:

- International conference organized by European Movement International "Civil Society and Beyond – a Joint Dialogue on the European Path", Belgrade, 25-26 February 2016, which comprised a workshop on Economic Governance as one of the components of the new dimension of EU assistance to CSOs in the Enlargement Countries (together with Rule of Law and PAR);
- A TACSO P2P Conference "Role of CS in PAR", Pristina, 6-8 June 2016.

Annex 6: List of Persons/Organizations Consulted³⁸

Annex 6.1 Inception and Desk Phase

Person	Organization
Luca Oriani Vieyra	DG NEAR/C – Economic governance
Gérald Audaz	DG NEAR/B4 Maghreb
Isabelle Neale-Besson	DG COMP/A5 International Relations
Massimiliano Messi	DG NEAR/B1 Jordan
Karolina Vrethem	DG NEAR/A3 Gender equality
Terhi Karvinen	DG NEAR/A4 Budget support and FM
Stefan Schleuning	SGUA Financial cooperation Ukraine
Felipe de la Mota	ECFIN/MFA Jordan, Georgia & Ukraine
Alessandro Simoni	TL, PAR Evaluation
Leonetta Pajer & Peter Polajnar	DG NEAR/D2 Serbia
Adrian Nicolae	DG NEAR/D1 Montenegro
Nicola Bertolini	DG NEAR/D5 Territorial cooperation & CS
Julia Mueller-Hellmann & Wilem Noe	DG NEAR/D4 Albania & BiH
Raffaella Boudron	DG NEAR/C1 Georgia
Rodolfo Gener Lazarich	DG NEAR/A3 Economic development, PFM & IFIs
Hans Blankert, Laura Trofin	TL and evaluator, SME Competitiveness evaluation

³⁸ Regular follow-up meetings with DG NEAR/A3 (Andrea Baggioli and Odoardo Como) are not listed here

Annex 6.2: Field Phase

Albania

Name	Institution	Contacts
Sybille Schmidt	EU Delegation	Sybille.SCHMIDT@eeas.europa.eu
Stephen Stork	EU Delegation	Stephen.STORK@eesa.europa.eu
Edina Halapi	EU delegation	EdiN/a.HALAPI@eeas.europa.eu
Mimoza Kalia	General Directorate of Taxation	0682059088
Vilma Muslli	General Directorate of Taxation	0672021928
Gjergji Nestor	General Directorate of Taxation	0672021927
Eriola Sada	General Directorate of Taxation	
Patris Hida	Ministry of European Integration	Patris.Hida@integrimi.gov.al
Blerta Pyka	Ministry of European Integration	0695210357
Orjana Ibrahim	CFCU/Ministry of Finance	0682067163
Oriana Arapi	Prime Minister Office/Unit of Strategic Planning	0692068302
Evis Sulko	World Bank	esulko@worldbank.org
Irina Canco	Ministry of Finance	iriN/a.canco@financa.gov.al
Aurela Velo	Ministry of Finance	0684047162
Lavdrim Sakitaj	Ministry of Finance	0682054173
Irena Islami	Supreme State Audit	0666018399
Alma Shehu	Supreme State Audit	0697899399

Bosnia and Herzegovina

Organisation	Name/Function
EUD to BiH; Skenderija 3a, Sarajevo; + 387 33 254 719 Chloe.berger@eeas.europa.eu	1) Cloe Berger, Second Secretary, Head of Operation Section for JHA and PAR 2) Sanja Spaic, Operation Manager 3) Vesna Grkovic, Operations Manager 4) Normela Hodzic, Operations Manager 5) Irena Sotra, Operations Manager
BiH Directorate for European Integration/ NIPAC; Trg BiH 1/XVIII, Sarajevo; + 387 33 703 154; Tarik.Ceric@dei.gov.ba	6) Tarik Ceric, Chief of M&E Department 7) Zuhra Seferovic, Advisor 8) Dusko Maslesa, Advisor 9) Nebojsa Zecevic, Advisor
BiH Ministry of Finance and Treasury; Trg BiH 1/XV, Sarajevo; + 387 33 205 345	10) Vlatko Dugancic, Assistant Minister, Sector for Budget 11) Halida Pasic, Head of Dep for Budget Preparation 12) Snezana Tusernjak, Head of Dep for Budget Analysis
BiH Ministry of Finance and Treasury/Central Harmonisation Unit (CHU); Grbavicka 4/V, Sarajevo; + 387 33 205 939	13) Ranko Sakota, Director
Public Administration Reform Coordination Office (PARCO); Vrazova 9, Sarajevo; +387 33 565 784 Aneta.raic@parco.gov.ba	14) Aneta Raic, Head of Office 15) Nedzib Delic, PAR Advisor
Federation of BiH, Department for European Integration; Alipasina 41, Sarajevo; + 387 33 268 985	16) Vjekoslav Camber, Director 17) Adnan Tatar, Senior Advisor
BiH Ministry of Finance and Treasury, Department for Public Debt; Marsala Tita 9, Sarajevo;	18) Zakira Muratovic, Assistant Minister 19) Senada Sijamic, Head of Dep for Internal Debt

BiH Ministry of Foreign Trade and Economic Relations; Musala 9, Sarajevo; + 387 33 220 093; Zada.muminovic@mvteo.gov.ba	20) Zada Muminovic, Chief of Dep for European Integration
Central Bank of Bosnia and Herzegovina; Mehmeda Spahe 3, Sarajevo; + 387 33 278 184 amir.hadziomeragic@cbbh.ba	21) Amir Hadziomeragic, Director of Statistics Department
BiH Directorate for Economic Planning; Marsala Tita 9a, Sarajevo; + 387 33 650 842	22) Tanja Lubura Lucic, Head of Dep for Coordination, Programming, M&E of Programmes 23) Belma Babovic, Senior Advisor
BiH State Aid Council, Lukavica	24) Ranko Lucic, Head of Secretariat
RS Ministry of Finance, Dep for Programming and Coordination of EU Financial Assistance; Trg Republike Srpske 1/XV; Banjaluka; M.Peric@mf.vladars.net ; + 387 51 339 124	25) Maja Peric, Assistant Minister 25) Aleksandra Zivkovic, Senior Advisor
RS Ministry of Finance, Dep for Budget and Public Finances, Banjaluka; Trg Republike Srpske 1; Banjaluka; + 387 51 339 124	26) Svetlana Radovanovic, Assistant Minister
RS Ministry of Finance, Department for Debt Management; Trg Republike Srpske 1, Banjaluka; + 387 51 339 124	27) Andrea Vencelj
RS Ministry of Finance, Central Harmonisation Unit, Banjaluka	28) Jelena Ljuboja, Head of Dep
RS Ministry of Economic Relations and Regional Cooperation; Trg Republike Srpske 1, Banjaluka; + 387 51 339 324	29) Rade Rosic, Senior Associate
RS Ministry of Finance, Department for Investments; Trg Republike Srpske 1, Banjaluka; + 387 51 339 124	30) Radmila Mihic, Assistant Minister and President of BiH State Aid
District Brcko government; Directorate for Finances; Bulevar Mira 1; Brcko; + 387 49 231 750	31) Osman Osmancevic, Director of Treasury
District Brcko government; Directorate for Finances; Bulevar Mira 1; Brcko; + 387 49 240 678	32) Amra Abadzic, Member of State Aid Council and Head of Dep of Economic Development
District Brcko government; Directorate for Finances; Bulevar Mira 1; Brcko; + 387 49 240 678	33) Davor Solaja
BiH Office Coordinator for Brcko District; TRg BiH 1, Sarajevo; + 387 33 282 682	34) Sanja Alatovic, Assistant Coordinator
BiH Ministry of Foreign Trade and Economic Relations	35) Dragan Milovic, Assistant Minister
Federal Ministry of Finance; Mehmeda Spahe 5; alija.aljovic@mf.gov.ba	36) Alija Aljovic, Assistant Minister 37) Fatima Ophodzas, Assistant Minister/FBiH CHU Director and President of CHU Coordination Board
BiH Competition Council; Radiceva 8, Sarajevo; arijan/a.regodadrazic@bihkonk.gov.ba	38) Arijana Regoda Dracic, President 39) Gordana Zivkovic, Council Member
GIZ, Splitska 6, Sarajevo; + 387 33 221 118; jasmin/a.popin@giz.de	40) Jasmina Popin, Advisor, Strengthening Public Institutions
World Bank, Fra Andjela Zvizdovica 1/B-17, Sarajevo; + 387 33 251 513; l.marjanovic@worldbank.org	41) Lamija Marijanovic, Financial Management Specialist

The Former Yugoslav Republic of Macedonia

Organisation	Name/Function
Delegation of the European Union to the Republic of Macedonia	<ul style="list-style-type: none"> • Donka Prodanova • Paulina Stanoeva • Andrej Bartosiewicz
Ministry of Finance <ul style="list-style-type: none"> • Sector for tax and custom policy • Macroeconomic policy sector • IPA Unit 	<ul style="list-style-type: none"> • Riste Todorovski • Sizana Stojmirska • Zoran Gligorov • Vesna Cvetanova • Vera Zendelska
Sector for Financial Systems	<ul style="list-style-type: none"> • Lence Tagasovska • Ana Veljanovska • Trajko Spasovski • Marjan Aleksovski • Janinka Kostovska • Maja Argirovska • Nedzati Kurtishi • Trajko Spasovski
Public Revenue e Office	<ul style="list-style-type: none"> • Dragan Todorovski
Ministry of Information Society and Administration	<ul style="list-style-type: none"> • Rozalinda Stoeva
NIPAC	Evgenija Serafimovska Kirkovski
Balkan Economic Forum	Prof. Sasho Kjosev (President and Prof. at the Faculty of Economy)
OSCE Mission in Skopje	Kristina Jovanovska
Center for Economic analysis – CEA	Marjan Nikolov

Kosovo

Name	Institution
Fatmir Ramaj	Ministry of European Integration NIPAC
Kastriot Halili	Ministry of European Integration NIPAC
Sirje Poder	European Union Office in Kosovo/Program Manger
Edis Agani	European Union Office in Kosovo/Program Manger
Aferdita Tahiri	European Union Office in Kosovo
Arta Musa Krasniqi	European Union Office in Kosovo/Program Manger
Qemajl Marmullakja	Prime Minister Office, Strategic Planning Office Director
Agim Demukaj	Economist/ World Bank
Selim Thaci	Economist/IMF
Rexhep Vasolli	Ministry of Finance

Montenegro (including field visit for MB projects)

Name	Institution
André Lys,	Head of Cooperation Section, Delegation of the European Union to Montenegro
Nina Marković	Program Manager for Customs, Intellectual Property Rights, Union Programmes and horizontal affairs, Delegation of the European Union to Montenegro;
Dragan Radanović	Program Manager for Financial Sector, Taxes and Information Society, Delegation of the European Union to Montenegro
Mark Reilly	Program Manager for Competition, SMEs, Internal Market, Delegation of the European Union to Montenegro
Tjaša Živko,	Program Manager for Economic Governance, Competition, State Aid and Statistics, Delegation of the European Union to Montenegro;
Judit Andrea Gyori	Junior Professional in Delegation Cooperation section, Delegation of the European Union to Montenegro

Ivana Vujošević,	Director of the Department for Programming and Monitoring of EU Pre-Accession Programmes, Directorate General for Coordination of EU Assistance Programmes, Ministry of Foreign Affairs and European Integration;
Ivana Janković	Department for Programming and Monitoring of EU Pre-Accession Programmes, Directorate General for Coordination of EU Assistance Programmes, Ministry of Foreign Affairs and European Integration
Jasna Bulatović,	I Secretary, Office for Coordination and Horizontal Affairs, Directorate General for Coordination of EU Assistance Programmes, Ministry of Foreign Affairs and European Integration;
Kristina Perazić	I Secretary, Office for Coordination and Horizontal Affairs, Directorate General for Coordination of EU Assistance Programmes, Ministry of Foreign Affairs and European Integration
Ivana Glišević Đurović	Acting Director of the Directorate General for Coordination of EU Assistance Programmes, Ministry of Foreign Affairs and European Integration
Svetlana Božović,	Advisor, Ministry of Economy
Ana Zeković,	I Secretary, Directorate General for Coordination of EU Assistance Programmes, Ministry of Foreign Affairs and European Integration
Nada Đurđić	Chief Market Inspector, Administration for Inspection Affairs;
Milena Ivanović	Advisor, Human Resources Management Authority
Maja Milošević	Director of the Secretariat of the Judicial Training Centre, Judicial Training Centre
Snežana Džuverović	Advisor, Intellectual Property Rights Office
Ivana Šaranović Jovičević	Advisor to the Director, Insurance Supervision Agency
Marija Burić Labudović,	Head of the Department for European Integration, Central Bank of Montenegro;
Lidija Beratović	Director of the Directorate for International Cooperation and European Integration, Central Bank of Montenegro
Nina Vujošević	Advisor to the Prime Minister of Montenegro
Marina Radunović	Counsellor, Administration for Inspection Affairs
Sanja Radusinović	Counsellor to the President of Securities and Exchange Commission, Securities and Exchange Commission
Aleksandar Đuričković	Counsellor to the President of Securities and Exchange Commission, Securities and Exchange Commission
Branko Barjaktarović	Chief Controller, Insurance Supervision Agency
Iva Vuković	Director General of the Directorate for Economic Policy and Development, Ministry of Finance
Gulio Moreno	Head of office European Bank for Reconstruction and Development
Denis Mesihović	Operations Officer, World Bank
Jelena Mrdak	Project Manager, UDP
Lidija Sečković	Advisor, Tax Administration
Tijana Ljiljanić	Head of Office for Coordination and Horizontal Affairs, Directorate General for Coordination of EU Assistance Programmes, Ministry of Foreign Affairs and European Integration
Goran Pastrovic	Programme Manager, RESPA
Zorana Gajic	Programme Manager, RESPA
Bojana Boskovic	Directorate for financial system and business enabling environment, Ministry of Finance
Bojana Jankovic	Directorate for Budget, Ministry of Finance
Jovana Paraca	Directorate for Budget, Ministry of Finance
Ivona Savicevic	Advisor, Department for economic foreign relations, Ministry of Economy
Safika Kurtagic	Ministry of Foreign Affairs & European Integration
Maja Vucinic	Department for State Aid, Ministry of Finance

Serbia

Organisation	Name/Function
Delegation of the European Union to the Republic of Serbia	<ul style="list-style-type: none"> • Duska Subotic • Biljana Popovich Jovanovic • Carolle Poullaouec • Kristel Illaste, • Dimitrije Tmusic
Ministry of Finance, IPA unit, Dept. for international cooperation and European integration	<ul style="list-style-type: none"> • Milan Lazovic • Oliver Minic • Miodrag Milosavljevic • Tatjana Medjedovic • Vladisav Potežica
European Policy Centre – CEP	<ul style="list-style-type: none"> • Milos Djindjic • Leopold Rollinger
National Employment Service	<ul style="list-style-type: none"> • Dept. for Planing and Implementations of Projects: Milena Jankovic, Jelena Savic, Sandra Skumpija • Dept. for the Development and ICT: Milan Đuretanović, Dejan Nikolic, • Branch Office Belgrade: Ljiljana Lutovac
Ministry of Labour, Employment, Veteran and Social Policy	<ul style="list-style-type: none"> • Jelena Kilibarda
Ministry of Public Administration and Local Self-Government, Dept. for European integration, international cooperation and projects	<ul style="list-style-type: none"> • Dana Gravara Stojanovic
Ministry of trade tourism and telecommunication – department for trade	<ul style="list-style-type: none"> • Zeljko Rakic
Center for Applied European studies	<ul style="list-style-type: none"> • Jasna Filipovic (jasna.filipovic@cpes.org.rs)
Open Society Foundation Soros	<ul style="list-style-type: none"> • Miodrag Milosavljevic (mmilosavljevic@fosserbia.org)

Turkey

Beneficiary or Stakeholder	Name and Status
CFCU	Ms. Halime Aslı Yıldırım
Ministry of Finance	Ismail Eraslan, Atilla Cakir, Ferhan Ergun
	Mahir Adanir Ministry of Finance, Project Office of the General Directorate of Public Accounts
	Mustafa Ak, Metin Coskun Ministry of Finance, Project Office of the General Directorate of Public Accounts
	Nihal Saltik Turan Fergün Siper Ministry of Finance, Budget and Fiscal Control, General Directorate
EU Delegation	Arzu Sener
Turkish Court of Accounts	Azmi ES Feyzullah OKUMUS A. Omer KARAMOLLAOGLU

Multi-country programmes (RCC, RESPA and CEF)

Name	Organization
Goran Pastrovic	Programme Manager, RESPA, Danilovgrad, Montenegro
Zorana Gajic	Programme Manager, RESPA, Danilovgrad, Montenegro
Sanjin Arifagic	Coordinator of SEE 2020 Strategy, RCC, Sarajevo, BiH
Miirna Muratovic	Head of Administration Department, RCC, Sarajevo, BiH
Robert Bauchmüller	Senior Programme Officer, CEF, Ljubljana, Slovenia
Aleksandra Tekijaski	Senior Programme Officer, CEF, Ljubljana, Slovenia
Steffen Norman Hansen	IMF/FAD, at CEF
Suzanne Flynn	IMF/FAD, at CEF

Egypt

Person	Function and Organization
Angel Gutierrez Hidalgo	First Counsellor Head of Section Economic Cooperation EUD
Wim Ulens	Attaché – Programme Manager - Economic Section EUD
Riikka Torppa	Programme Manager – Private Sector Development and Trade EUD
Ahmed Kouchouk	Vice Minister for Fiscal Policy and Institution Reform Ministry of Finance
Ayman Alkaffas	Deputy Minister for International Affairs Ministry of Finance
Attar Hannoura	Head of the PPP unit Ministry of Finance Ministry of Finance
Hossam Diaa	Minister's Advisor for PFM Ministry of Finance
Martial Laurent	Team Leader Public Administration & Local Development PFM Component
Walid Metwally	PFM Expert, Public Administration & Local Development, PFM Component
Rachid Ouarraqi	IT-PFM Expert Public Administration & Local Development, PFM Component
Dr. George Myrogiannis	Team Leader Foreign Trade and Export Enhancement (TDMEP-Trade)
Steven Lee	Team Leader Trade & Domestic Market Enhancement Programme, Technical Assistance on Industrial Development & Quality Infrastructure (TDEMP-I)
Hossam EDIN Shaaban Badawy	Projects Director Ministry of Trade & Industry Minister's Office
Hossam El Cheikh	Program Advisor TDEMP Ministry of Trade & Industry Minister's Office
Bienvenido Pascual Encuentra	Resident Twinning Adviser EU-Egypt Twinning Project Enhancing Accountancy & Auditing Profession in Egypt
Prajesh Bhakta	Chief Country Programme Officer African Development Bank
Angus Downie	Chief Macro-Economist African Development Bank

Georgia

Organization	Attendees
EUD	Kaido Sirel, Head of section Irakli Khmaladze, Project Manager (Economics, Regional Development and Public Finance)

MoF	Ioseb Skhirtladze – Head of Public Debt and External Financing Department; Mzia Giorgobiani – Deputy Head of Public Debt and External Financing Department; David Shoshitashvili – Lead Specialist of Head of Public Debt and External Financing Department; Salome Chakvetadze – Lead Specialist of Head of Public Debt and External Financing Department. Ekaterine Guntsadze – Head of Budget Department; Nino Tchelishvili – Deputy Head of Treasury Service
SAO	Devi Vepkhvadze, Deputy Head of SAO DVepkhvadze@sao.ge Marika Natsvlshvili, Head of International Relations SAO
and Finance Committee, Parliament of Georgia	Mr. David Churadze Mr. Nodar Ebanoidze (MP)
World Bank	Ms. Mariam Dolidze, Senior Economist and Ms. Galina Alagardova, Sr. Financial Management Specialist
USAID	Governance Program Manager USAID Contractor/Tetra Tech ARD Georgia Good Governance Initiative (GGI)
GIZ Programme "Public Financial Management in the South Caucasus"	Inga SINJIKASHVILLI
Parliamentary Budget Office	Tata Khetaguri, Acting Head
EU project with the Administration of the Government/EURO-Atlantic Ministry	(Ms) Jolanta Taczynska-Team Leader of the project

Jordan

Institutions	Person
<p>EU Delegation Location: North Abdoun, Princess Basma Str., next to Orphans Fund, opposite TOTAL Gas Station, Phone No.: +9626 4607000</p>	<p>Giulia Pietrangely Programme Manager EUD Amman Ibrahim Laafia Head Of Operations in EUD Amman Olfa Alouini Deputy Head of Operation in EUD Amman Jean Jacques Moulot Team Leader in TA to PFM Reform in Jordan Ossama Alazam Senior Expert in TA to PFM Reform in Jordan</p>
<p>Meeting with USAID Focal Point: Mr. Richard Laliberte Location: Mecca Str., 22 Nofan So'oud Al Odwan Str., Abu Al Dahab Bldg. Phone No.: +962 7 91533953</p>	<p>Mr. Richard Laliberte and USAID Team</p>
<p>Donors' Meeting for presenting IMF Mission Conclusions EU Delegation Location: North Abdoun, Princess Basma Str., next to Orphans Fund, opposite TOTAL Gas Station, Phone No.: +9626 4607000</p>	<p>Representatives all donors and IMF</p>
<p>World Bank Location: Shmeisani, Opposite Al Raed Al Arabi, 38 Ahmad Orabi Str. Phone No.: +962 6 5633734</p>	<p>Jad Mazahreh MSc, CPA, CFE Sr.Financial Management Specialist</p>
<p>Income and Sales Tax Department Focal Point: Mr. Hussain Sorakhi Location: Jabal Amman, 3rd Circle, Al Burj Complex Phone No.: +962 6 46404444</p>	<p>Mr. Hussain Sorakhi</p>
<p>Ministry of Public Sector Development Focal Point: Eng. Malak Hussein Location: Madina Munawwara Str., 5 Abdul Salam Kamal Str. Phone No.: +962 6 5502530</p>	<p>Mr. Malak Hussein and his team</p>
<p>General Budget Department Focal Point: Mr. Firas Mallah Location: Shmeisani, Behind Capital Bank, 24 Hussein Al Jiser Str. Phone No.: +962 6 5666050</p>	<p>Mr. Firas Mallah and his team</p>
<p>Ministry of Finance Premises Meeting with Long Term TA of Budget Support Mr. Jean Jacques Moulot Phone No: +962799069274</p>	<p>Mr. Jean Jacques Moulot</p>
<p>Audit Bureau Focal Point: Mr. Mohammed Hiassat Location: Madina Munawwara Str., 9 Ismail Hijazi Str. Phone No.: +962 6 5503333</p>	<p>Mr. Mohammed Hiassat and his team</p>

Morocco

Name	Function and Organization
Sandrene Beauchamp	Section Appui aux Réformes économiques Délégation de l'Union européenne au Maroc
Fulvio Banconi	Programme RSA I and II Délégation de l'Union européenne au Maroc
Pablo Cendoya Revenga	Macroéconomie, réforme de l'administration, finances publiques et fiscalité Délégation de l'Union européenne au Maroc
Ahmed Laamoumri	Secrétaire Général du Ministère Ministère de la Fonction Publique et de la Modernisation de l'Administration
Samir Bouggar	Chef Du Division de Cooperation Ministère de la Fonction Publique et de la Modernisation de l'Administration
Taoufik Azaroul	Chef De la Division des Statuts et des Remunerations Ministère de la Fonction Publique et de la Modernisation de l'Administration
Mohamed Nassim	Chef De La Division Simplification des Procédures et L'Appui a L'Ethique Ministère de la Fonction Publique et de la Modernisation de l'Administration
Ahmed Berrada	Directeur Adjoint du Budget en charge de la mise en œuvre de la réforme budgétaire Ministère de l'Economie et des Finances
Mme Ibtissam Kaifouf	Direction de la coopération et de la communication Ministère du Commerce et de l'Industrie
Ali Berrada	Maroc PME
El Hadi Chaibainou	Groupement Professionnel des Banques du Maroc (GPBM)
Abdellah El Fergui	Confédération Marocaine de TPE-PME

Tunisia

Institutions	Contact Person	Function
Mission de coopération française	Fabien Bertho	Chef service & Chargé de mission éco.
Banque centrale	Dir. Supervision, Etudes, Pol Mon	Dir. Adj. des Etudes Eco. & Financières
MDCI	Fethi BEN MIMOUN	DG Coopération européenne
Ex-GdT	A. Triki	ex-Ministre MDCI
Euro-Mediterranean Human Rights Network	Lilia Rebaï	<i>Project manager</i>
Ministère des Finances	Adnène gallas	DG de l'unité GBO
Ministère des Finances	Abdelmalek saadaoui	DG des ressources et des équilibres
International Crisis Group	Michaël Béchir Ayari	Senior Analyst
Banque Africaine de Dév.	Philippe Trape	Economiste Pays
Ancien IEQ	H. Zitouna	DG ITCEQ
EUD	A. Lidou, F. Lemoine	Chef de Coopération, Economiste
Ex-GdT	N. Ben Romdhane	ex-DG Coop. Euromed MDCI
Ex-GdT	A. Chelbi	Conseiller Président

UTICA	Nafaa Ennayfer	Pdt Com. Éco
UGTT	Ben Hadj Hassine Sadok	Non Specified
IACE	Majdi Hassen	Directeur exécutif

Ukraine

ORGANISATION	NAME
EU Delegation	Boris Filipov , Sector Manager Vitaliya Mudruk Sector Manager Technical barriers to Trade, Financial Services Natalia Starostenko, Public Finance Management and Budgetary Transparency Sector Manager
Department for the Stock Market Development Strategy	Maxym Libanov – Director
Department for Financial Reporting Systematization and Analysis	Kateryna Rafalska - Director
Unit of international cooperation and communication	Olha Yushkevych – Head of Unit
Ministry of Economic Development and Trade of Ukraine	Maxym Nefyodov – Deputy Minister
Coordination of International Technical Support Programmes	Olena Tregub – Director Hanna Byelokos – Deputy Director
International Cooperation on Public procurement	Ana Milenina
National Bank of Ukraine	Volodymyr Kuchyn Luidmyla Labuk Emal Bakhtaz Jaroslav Sumeiko Andriy Danglenko Andri Pasenko Juri Polovnov
State Fiscal Service of Ukraine	Nataliya Shevelova, State Fiscal Service of Ukraine Iuriy Karabedian, State Fiscal Service of Ukraine Oksana Stepeninko, State Fiscal Service of Ukraine Sergiy Martynov, State Fiscal Service of Ukraine
Ministry of Finance	Ms Galyna Gaponenko – Head of Department for accounting methodology, Ministry of Finance Ms Hanna Nikitan – Head of Unit for accounting methodology in private sector, Ministry of Finance Mr Oleksandr Krasnostup - Chief expert of the Unit for accounting methodology in private sector, Ministry of Finance
National Commission for State Regulation of Financial Services Markets	Borysa Grinchenka Str. Maksymchuk O. – member of the National Commission for State Regulation of Financial Services Markets; Logvinovskiy V. – Director of consolidated supervision and methodologies in financial services markets; Zubyk S. – Director of regulation and supervision of institutions for funded pension coverage of construction financing fund and real estate transaction fund managers; Zubrytska N. – acting Head of European integration and management of technical assistance projects.

Annex 7: List of Collected Documentation

General	
COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN CENTRAL BANK On steps towards Completing Economic and Monetary Union (October 2015)	
1. IPA	<p>Thematic evaluation on support to Economic Governance in enlargement Countries – Evaluation Road Map (DG NEAR/A3)</p> <p>COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Enlargement Strategy and Main Challenges (October 2014) IPA II Indicative Strategy Papers (ISP) for all IPA beneficiaries EU Progress Reports for all IPA beneficiaries (2014) EBRD Transition Report Highlights for all IPA beneficiaries (2015)</p> <p>MULTI-COUNTRY PROGRAMMES - ACTIVITY REPORT: JULY – DECEMBER 2015 (DG NEAR)</p> <p>South East Europe 2020 Baseline Report - TOWARDS REGIONAL GROWTH (RCC, June 2014) South East Europe 2020 Jobs and Prosperity in European Perspective (RCC, 2013) Comprehensive available documents for all the projects listed in the IPA evaluation portfolio</p>
2. ENI	<p>Programming of the European Neighbourhood Instrument (ENI) - 2014-2020 Strategic Priorities 2014-2020 and Multi-annual Indicative Programme 2014-2017 European Neighbourhood-wide measures</p> <p>European Neighbourhood & Partnership Instrument</p> <p>Cross-Border Cooperation (CBC) Multi-annual Indicative Programme 2011-2013</p> <p>Programming of the European Neighbourhood Instrument (ENI) - 2014-2020</p> <p>Strategic Priorities 2014-2020 and Multi-annual Indicative Programme 2014-2017 European Neighbourhood-wide measures</p> <p>Programming of the European Neighbourhood Instrument (ENI) - 2014-2020</p> <p>Regional South Strategy Paper (2014-2020) and Multiannual Indicative Programme (2014-2017)</p> <p>European Neighbourhood Instrument (ENI) Regional East Strategy Paper (2014-2020) and Multiannual indicative programme (2014-20)</p> <p>JOINT STAFF WORKING DOCUMENT</p> <p>Implementation of the European Neighbourhood Policy Eastern Partnership Implementation Report <i>Accompanying the document</i></p> <p>JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS</p> <p>JOINT STAFF WORKING DOCUMENT</p> <p>Implementation of the European Neighbourhood Policy Partnership for Democracy and Shared Prosperity with the Southern Mediterranean Partners Report <i>Accompanying the document</i></p> <p>JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS</p> <p>Implementation of the European Neighbourhood Policy in 2014</p> <hr/> <p>European Neighbourhood Instrument (ENI) 2014-2020</p> <p>Single Support framework for EU support to Georgia 2014-2017</p> <p>EUROPEAN NEIGHBOURHOOD AND PARTNERSHIP INSTRUMENT GEORGIA NATIONAL INDICATIVE PROGRAMME 2007-2010</p> <p>JOINT STAFF WORKING DOCUMENT</p> <p>Implementation of the European Neighbourhood Policy in Georgia Progress in 2014 and recommendations for actions</p> <p>European Neighbourhood and Partnership Instrument Jordan National Indicative Programme 2011-2013</p> <p>JORDAN STRATEGY PAPER 2007 – 2013 & NATIONAL INDICATIVE PROGRAMME 2007 – 2010</p> <p>European Neighbourhood Instrument (ENI) 2014-2020</p> <p>Single Support framework for EU support to Jordan 2014-2017</p> <p>JOINT STAFF WORKING DOCUMENT</p> <p>Implementation of the European Neighbourhood Policy in Jordan Progress in 2013; 2014 and recommendations for action</p> <p>Mid-Term Review of the Country Strategy Paper Morocco 2007-2013 and National Indicative Program 2011-2013</p> <p>DOCUMENT DE TRAVAIL CONJOINT DES SERVICES (Joint staff working paper)</p> <p>“Mise en œuvre de la politique européenne de voisinage au Maroc Progrès réalisés en 2013 et actions à mettre en œuvre »</p> <p>Single Support Framework Morocco 2014-2017</p> <p>EUROPEAN NEIGHBOURHOOD AND PARTNERSHIP INSTRUMENT MOROCCO 2007-2010 NATIONAL INDICATIVE PROGRAMME</p> <p>Morocco : Evaluation conjointe des opérations d’appui budgétaire au Maroc – Rapport final (2014) - Rapport final</p>

European Neighbourhood and Partnership Instrument Ukraine NATIONAL INDICATIVE PROGRAMME 2011-2013

JOINT STAFF WORKING DOCUMENT

Implementation of the European Neighbourhood Policy in Ukraine Progress in 2013; 2014 and recommendations for action

EUROPEAN NEIGHBOURHOOD AND PARTNERSHIP INSTRUMENT UKRAINE

NATIONAL INDICATIVE PROGRAMME 2007-2010

Georgia: Action Fiche - Support to Public Finance Policy Reforms (PFPR)

ENPI/2013/024-705

Tunisia: WB Country Assistance Evaluation (2004)

Ukraine: Evaluation of Budget Support Operations (September 2014)

Comprehensive available documents for all the programmes and projects listed in the ENI evaluation portfolio