

External Evaluation of the Instrument for Pre-accession Assistance (IPA II)

Executive summary

Objectives and context of the evaluation

The evaluation of the Instrument for Pre-accession Assistance (IPA II), together with the other independent evaluations of each External Financing Instrument (EFI), that of the Common Implementing Regulation (CIR) and the Coherence Report, will be one of the sources of information to feed into the Mid-Term Review Report (MTR) of the EFIs. The MTR is required by the Common Implementing Regulation (CIR) Article 17, by the end of December 2017.

The evaluation assesses whether the Instrument for Pre-accession Assistance (IPA II) is fit for purpose to deliver EU resources towards EU's external policy, both at start of the planning period (2014) and currently, and will consider the place IPA II – its complementarities and synergies – within the wider set of external financing instruments. The main aim of the evaluation is to provide a comprehensive answer to the question whether IPA II is delivering against its main objective of preparing candidate countries and potential candidates for EU membership and thus if it is fit for purpose.

Methodology and challenges

The evaluation is evidence-based using a non-experimental mixed methods approach combining quantitative and, more importantly, qualitative data and is guided by Evaluation Questions (EQ) covering EU evaluation criteria (relevance; effectiveness, impact and sustainability; efficiency; added value; coherence, consistency, complementarity and synergies; leverage). The baseline for the evaluation is the end of 2013 and also the provisions of IPA I unless otherwise indicated.

The main analytical tools consisted of a rigorous assessment of documentation, analysis of statistics and quantitative data and a consultation of stakeholders (via interviews, group discussions, and the online-survey focusing on EU Delegations).

The main challenges of the evaluation were time and resources, which resulted in risks related to access to data, documentation and availability of key respondents. These risks presented significant challenges to the evaluation team when conducting the desk review and field missions during the validation phase. Countering these risks demanded considerable efforts from the evaluators, but ultimately they did not compromise the foundations of the evaluation findings.

Main responses to evaluation questions

EQ 1 on relevance:

The overall objectives, design and budget of IPA II respond to EU priorities and beneficiary needs, aiming at preparing candidate countries and potential candidates for EU membership. Strategic relevance of EU pre-accession support has been considerably improved. IPA II puts strong emphasis on structural reforms as the basis for the accession process. The programming of IPA II also reflects the reality of the current stage of the overall accession perspective, considering the individual beneficiary's progress in fulfilling the accession criteria. Often IPA II builds directly on the achievements made by the forerunner programme. As concerns the approach to sector planning, the quality of individual documents leaves some room for improvement. The sector approach appears to be better understood in some sectors, whereas in others it is still evolving.

EQ 2 on effectiveness, impact, sustainability:

IPA II is in principle fit for purpose for delivering effective and sustainable results, despite still being at an early stage of implementation. Prospects for IPA II effectiveness and impact are predicated on the existence of several key elements. One of these is a clear concentration of funds in priority areas that are consistent with programme objectives and aligned with the Enlargement Strategy. The evaluation has found that both of these are in place. A strong concentration of IPA II funds is evident on the specific objectives of political reforms and economic, social and territorial development. This constitutes around three quarters of all IPA allocations. A close alignment between EU Enlargement Strategy and IPA II support (both national and multi-beneficiary/ multi-country programmes), particularly in the area of institution building is also evident. Here a substantial portion of the IPA II funds is devoted to

institution building in the sectors of Democracy and Governance and Rule of Law/Fundamental Rights. These are at the core of the 'Fundamentals First' principle that underpins IPA II programme rationale. DG NEAR's capacity to mainstream horizontal themes into IPA II programmes is still uneven. Furthermore, the use of multi-annual programmes with split commitments (MAP) has been deployed only sparingly and sector monitoring remains underdeveloped.

EQ 3 on efficiency:

Indicators suggest progress in the EC's administrative efficiency and sound financial management when comparing 2014 with 2015, suggesting also good ability to cope with the current regulatory burden. Operational efficiency is currently still low and behind progress made during the period comparable for IPA I, most notably in national programmes. Due to chronic performance problems in some IPA II beneficiaries (for instance in Turkey over 600 million € of IPA I and II funding is classified as backlog), there remains uncertainty about the future of IMBC (indirect management with the beneficiary country) systems and structures. Efficiency in terms of increased coherence between strategies, instruments and procedures is more positive. The use of sector budget support is building up and efficiency gains have still to materialise. A major potential driver for increased efficiency can be seen in the monitoring processes for the measurement of IPA II performance which are being put in place both at EC HQ and beneficiaries. They are not yet fully functioning, as IPA II has hardly entered real action implementation. The assessment of operational performance shall build on indicators linked to outputs and immediate outcomes. Weaknesses are still evident in the quality of outcome indicators.

EQ 4 on added value:

The EU's political influence and leverage allows engaging national authorities/ other donors with greater authority and legal certainty than individual EU MS. Among other important aspects of added value, the EU actively promotes territorial cooperation through IPA. Division of labour as promoted shows mixed achievements for the IPA II beneficiaries. With the departure of most international and bilateral donors and the dominating role of EU funding, division of labour is increasingly seen as less of an issue for IPA II. IPA II's added value among the EFI package is clear-cut. Vis a vis other EFIs, IPA II is unique in addressing the objective of preparing candidate countries and potential candidates for EU membership.

EQ 5 on coherence, consistency, complementarity and synergies:

Besides IPA II, two other EFIs, the European Instrument for Democracy and Human Rights (EIDHR) and the Instrument contributing to Stability and Peace (IcSP) are also active in the Western Balkans and Turkey. IPA II procedures foresee the coordination and the stimulation of synergies with these two EFIs. Due to the recent introduction of novelties in the IPA II planning/ programming processes (e.g. sector approach) and the absence of joint programming for the actions of these two EFIs with IPA II, such stimulation of synergies is not yet guaranteed. Complementarity and synergies of the actions of these thematic Instruments with the IPA II actions could still benefit from more coordination/ cooperation during both the planning and programming of the Instruments. Re-activation of the DCI CSO/LA programme in the Western Balkans and Turkey would provide again funding directly to Local Authorities (LAs) as well as financing to CSOs and LAs outside the control of the central State; coordination with IPA Civil Society Facility (CSF) would be required. Coordination of IPA II with the other donors and International Financial Institutions active in the IPA beneficiaries is also not without problems. Evidence indicates continuous efforts from all three key partners (EU, other donors, beneficiaries) to coordinate activities and to programme and implement actions in a way which further strengthens complementarity and synergies. In the main, EFIs' coordination and donors' coordination are adequate in most of the IPA II beneficiaries. In beneficiaries where the coordinating capacity of the National Authority nominated for donor coordination is limited (e.g. Kosovo^(*)¹) there is still some risk of overlaps and gaps.

¹ (*) This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

EQ 6 on leverage:

IPA is used pro-actively for supporting negotiations with the governments of the beneficiaries for taking the necessary measures leading to reforms. This includes rewards, but also de-commitment of funds, together with a number of other measures. Evidence suggests a positive assessment as concerns the usefulness of IPA II for increasing the political and policy engagement by the respective beneficiary. IPA II has also managed to create considerable financial leverage. As the biggest donor in the beneficiaries, IPA funds offer a reliable financial basis, where other donors and IFIs can provide additional funds for the financing of the decided programmes and actions. IPA II provides not only the major financing source of the development programmes of the beneficiaries but is also the major factor in the overall leverage of funds for the implementation of the biggest possible part of the development framework of the recipients.

Key conclusions

- IPA II is becoming fit to deliver the instrument's objectives – to prepare candidate countries and potential candidates for EU accession. The sector approach is facilitating the IPA II instrument to attain its objective of preparing candidate countries and potential candidates for EU membership. Where IPA II sectors and national sectors coincide and have clear homogeneity, coherence is evident and promises improved performance. Overall, the sector approach is still in a transitional phase.
- The current arrangements allow for the use of multiannual programmes with split commitments (MAP) however, the use of MAP is limited to the continuation of certain programmes started under IPA I Component III, IV and V². In most cases the traditional annual programming approach prevails.
- Indirect effects are noted in the approach now being taken by DG NEAR, EUD/Os and IPA beneficiary staff towards programming IPA II assistance. Budget support has been a catalyst for institutional changes in those countries (e.g. Serbia, Montenegro, Albania) where it is being delivered. It has also enhanced policy dialogue. Direct effects are not yet observable at programme level. Added value in terms of size of engagement, political weight and advocacy is clear for most beneficiaries. The ability to programme using the sector logic is influenced by capacities in programming and the (non-) existence of national sector policies to which to link.
- Uncertainty prevails over the sector approach planning – beneficiaries have struggled to produce documents of good quality, their value is not clearly understood and the approach taken for ensuring ownership has varied from recipient to recipient.
- The introduction of the CoTEs in DG NEAR is a valuable innovation to ensure the integration of horizontal themes into the programme as well as to improve relevance and effectiveness of IPA II. Integration of horizontal themes into programming in-country is hampered by the time available in the programming cycle for consultations with external stakeholders and also their capacities to constructively engage in the process.
- Overall, the intended efficiency gains have still to materialise. Evidence from IPA I shows that the introduction of the indirect management mode with the beneficiary country (IMBC) is a mixed blessing. It offers improved ownership of the programme among beneficiaries but overall efficiency invariably suffers in most cases compared to direct management.
- Although guidance on how to conduct sector level monitoring is now in place, it remains incomplete, with significant uncertainty in IPA beneficiaries on how to transform this concept into practice. Only in those recipients where IPA I Components III, IV and V have been running is there experience of sector monitoring, of which much is positive. Lessons from these could and should be learned.
- Indicators of the Performance Framework can be considered adequate. Weaknesses in the quality of indicators in country programmes and ADs remain. This is also due to

² IPA I Components: I) Assistance for transition and institution building; II) Cross border cooperation; III) Regional development; IV) Human resources; V) Rural development.

the lack of capacity of the country/ sector systems to produce, collect and analyse data appropriate for this level.

- The novelties of IPA II (sector approach, sector budget support programmes, new performance framework, etc.) contribute to the coherence and complementarity of the IPA II actions in each beneficiary, between the bilateral and the multi-country and CBC IPA II actions, and between the IPA II and IPA I actions. In parallel, these novelties provide the frame for synergies among at least the bilateral actions and for increased leverage.
- Complementarity of IPA II with the actions of other EFIs active in the candidate countries and potential candidates (EIDHR and IcSP) is good but not secured. Synergies between IPA II and each of these EFIs are promoted when the IcSP/ EIDHR are seeking coordination of their actions (usually of small budget and short duration) with the IPA actions (bigger budget, long duration). The lack of access to the DCI CSO/LA programme in the current period (2014-2020) is a big loss for the Local Authorities of the IPA II beneficiaries.
- Components III, IV and V of IPA I have successfully laid the foundation for the delivery of the sector-like approach in Turkey. These IPA I programmes have allowed the implementation of elements such as sectoral monitoring and multi-annual programmes that are important for the successful delivery of IPA II. Here, there are lessons to be learned for other Sector Lead Institutions in Turkey and other IPA beneficiaries.
- Regarding Turkey, inefficiencies in many parts of the IMBC have generated chronic delays that have accumulated in the system. This is already affecting the IPA II programmes' relevance and influences their effectiveness. In the absence of other implementation modalities there is little prospect of this improving.
- The evaluation identified several critical factors in influencing effectiveness and impact for IPA II in Turkey. These include sub-optimal efficiency of the IMBC, the relatively limited scale of IPA II funds comparative to national budgets in several sectors, and the need for a stable consensus between the EC and Turkish institutions which would underpin policy dialogue. The current accession perspective for Turkey feeds into widespread uncertainty over the value of IPA II in the country.

Key recommendations

- Under sectoral requirements, there is an increasing need for a longer-term perspective in implementations. Explore the potential for wider deployment of such approach. If this assessment proves positive, commence preparations for its increased use after 2020, in line with the next programming period.
- Clarify the sector approach planning with all relevant parties. Improve the overall quality of (work) documents used for sector approach planning.
- DG NEAR should have adequate capacity to mainstream horizontal issues. This should *inter alia* involve optimising the capacities of the CoTEs in line with IPA II programming needs.
- A strategic vision for those countries under IMBC needs to be created as a basis for strengthening the capacities of the institutions involved in its delivery. These capacities should then be brought to the level needed to implement IMBC effectively. This should also include a proportionate use of technical assistance to support these institutions. Cost effectiveness of IMBC needs to be fully assessed.
- Weaknesses in monitoring systems and indicators at sector level need to be addressed on a systematic basis. Coordination of IPA with EIDHR and IcSP planning/ programming activities should be improved at both EC HQ and EUD levels. The DCI programme for CSOs and Local Authorities should be re-established in the IPA II beneficiaries and coordinated with the IPA Civil Society Facility (CSF).
- Based on a thorough analysis, IPA II funds in Turkey should be channelled into those sectors with a proven track record of delivering results under IPA I and where the planned results for IPA II are most likely to be achieved given current constraints.