

# **ANNEX D: EARLIER EVALUATIONS**

## D1. Evaluation of the Danish Neighbourhood Programme with a focus on the Economic Development Portfolio, November 2011

This external evaluation commissioned by the Danish Ministry of Foreign Affairs in 2011<sup>6</sup> focused only on the economic development part of the second phase (2008-2012) of Danish Neighbourhood Programme (DNP). The point of departure was learning-focused, as most of the DNP interventions at the time of the evaluation were in progress, hindering the feasibility of truly assessing impact and future sustainability. There is a similar emphasis, as the current evaluation being undertaken, on deriving key lessons learned to ascertain the best way to promote private sector-driven economic growth and employment in order to inform the future phase of programming. There were also in-depth field assessments selected interventions in three case countries, Kosovo, Serbia and Armenia, and a desk review of activities in Montenegro, Ukraine, Bosnia-Herzegovina and Albania. The four principal areas of DNP intervention analysis included: a) relevance to policies and priorities, b) effectiveness in terms of approach and results, c) efficiency of modalities and administration, and d) preliminary impact/sustainability.

In the second phase – as a point of comparison – 40% of the total DNP budget was financing economic development programmes in eight of 15 target countries: Kosovo, Serbia, Russia, Armenia, Montenegro, Albania, Bosnia-Herzegovina, and Ukraine. An interesting finding from the analysis was that the average size and complexity of programming (components/sub-components) of the DNP economic development portfolio has been decreasing over time, corresponding with a decrease in budget from phase one to two. At the same time, the evaluation revealed that the expectations for timing of results and demonstration of synergy between components were still too ambitious. On the other hand, in comparison to other donors, Danish bilateral support was relatively sizeable and considered to be of strategic importance by the neighbourhood countries. And notably, DNP interventions were considered to be on the front line in terms of both *alignment* (to national governments) and *flexibility* (use of modalities). The evaluation also noted that the DNP was developing into an interesting “laboratory” for testing economic development programming, and in that capacity could serve as inspiration for programme formulation and implementation in other development regions (e.g. Africa and Asia). Other conclusions drawn from the evaluation were:

- DNP implemented programmes were relevant and in line to both Danish political strategies and within the priority area of economic development.
- At the portfolio level, DNP’s applied intervention logic was appropriate and justified, so consequently most of the immediate programme objectives of the interventions assessed were either on- or partly-on track or on the way to becoming on track (e.g. activities that were in early stages of implementation).
- Although it was difficult to quantifiably assess effectiveness due to lack of baseline or monitoring data, resulting output efficacy was mixed with some according plan and others deviating or delayed for a number of reasons. Although there were limitations in assessing sustainability, there was a general positive indication that longer-term benefits and improvements would result from on-going interventions in the region.
- There was also early evidence that the financial components (e.g. income increases and rural households access to credit) would bring about prospective impact, such as indications of employment gains.
- The effectiveness of support and follow-up from the European Neighbourhood and Russia (now called EUN) programme staff with a centralised management structure varied significantly across countries, but was also in general considered to be quite limited. Whereas specific examples of presence and active involvement by a Danish Embassy (i.e. Serbia) proved to be a useful example

of viable efficacy and efficiency gains from stronger, consistent and more formal embassy involvement in DNP activities.

There is an opportunity with the passage of time and greater availability of data for this evaluation to follow up and assess the sustainability and effectiveness of some of the projects where this was difficult for the earlier evaluation.

## **D2. Evaluation of Danida Support to Value Chain Development, March 2016**

This very recent evaluation focused on Danida's large portfolio of diverse value chain development (VCD) interventions – mostly components or sub-components of wider sector programmes – in 11<sup>1</sup> different countries from inception in 2002 up until 2012. This evaluation had a specifically programmatic analysis focus on enhancing future design and implementation of Danida's *flexible* approach – a wide variety of VCD approaches and elements – was both relevant and useful given the differing contexts and stages of market development across the supported countries regions. The evaluation found that Danida's *flexible* approach – a wide variety of VCD approaches and elements – was both relevant and useful given the differing contexts and stages of market development across the supported countries regions. The evaluation covered interventions in the portfolio that contributed directly to development of the whole value chain, so they would not only have a direct impact on the supported enterprise or group of farmers, but also have an indirect impact on other players in the value chain. In order to examine this, the evaluation team faced constraints disaggregating value chain elements from other elements in the overall intervention, especially considering the range of interventions – some with a small VCD element and others with a more significant one.

This study is relevant to the current evaluation since two of the three primary and two secondary case countries included countries from the European neighbourhood, namely Serbia and the Ukraine (with a document-level review of interventions in Albania). In-depth and comprehensive quantitative and qualitative data was collected in the five case country studies, and the 5Capitals framework was utilised to examine impacts of VCD in relation to five categories of assets: natural, human, social, physical and financial capital. Overall the 5Capitals assessment showed that the VCD interventions contributed to documented improvements on the various asset bases of farming households (primary beneficiaries), although in most contexts improvements were limited in future sustainability due to other various existing/persisting issues. More improvements were achieved in human, physical and financial capital asset areas, which is logical since these areas have concrete intervention possibilities (i.e. skills development, equipment upgrades, and improved access to financing) versus more “fuzzy” areas like social capital.

Pertinent for the current evaluation was the finding that in general, the interventions in the neighbourhood countries revealed the most developed and coherent VCD approach and thinking based on established assessment criteria<sup>2</sup>. Five specific criteria established by the Evaluation team to analyse and score Danida's VCD approach were, the extent to which: a) interventions were based on a proper value chain analysis; b) sector/sub-sector wide challenges were clearly identified and reflected in interventions; c) identification of bottlenecks and opportunities had taken place; d) VCD interventions present a market focus; and, e) beneficiary/value chain actor segmentation was considered.

However, besides the assessment criteria, the level of “maturity” (preparedness) of the country for VCD interventions (in sectors/sub-sectors) was a key factor. And in the case of neighbourhood

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<sup>1</sup> To include a more limited yet diversified portfolio reflecting the geographic balance of the overall portfolio, 11 countries were selected from 24 originally identified countries with VCD interventions.

countries, the higher level of maturity offered the necessary support needed to utilise more developed VCD approaches. The resulting impact assessment showed that after several years of Danida-funded VCD interventions, both Serbia and Albania showed significant increases in employment, income and production. For instance, in southern Serbia, production and processing capacity for fruit and berries increased an estimated 20-30% due to VCD activities. While in Ukraine, income and production increased only for a limited number of beneficiaries, and mechanization caused increases in employment to be negligible. Another area where VCD interventions in the neighbourhood countries excelled was in addressing sector/sub-sector wide challenges. In Albania and Serbia there was good cooperation and involvement of both government and private sector stakeholders to identify/address key challenges within the supported sub-sectors; and in Ukraine the VCD interventions boldly addressed the regulatory environment (bureaucracy) of the sector.

### **D3. Evaluation of Sida's Support to Environment Infrastructure and Reforms in Central and Eastern Europe and Western Balkans 1995-2010, September 2013**

Commissioned by Sida in 2012-2013, this external evaluation presented both conclusions and lessons learned in Swedish support to environmental investment projects in Central and Eastern Europe since the mid-1990s, and more recently in Western Balkans. By co-financing of physical infrastructure and backing institutional reforms, Sida supported over 100 projects within municipal water supply, wastewater, waste management, energy efficiency and district heating. The study examined contributions such as bilateral, parallel and co-financing arrangements for more than 20 projects in: Western Balkan States: Bosnia and Herzegovina (BiH), Serbia; Baltic states: Lithuania, Estonia, Latvia; Eastern Europe/South Caucasus: Georgia, Moldova, Russia and Ukraine. Additionally, field visits to five completed projects (more than five years prior) in the Baltic States and Ukraine were conducted<sup>3</sup> to supplement a comprehensive desk review. More importantly, the evaluation fed into the development of strategic regional policies and plans for Swedish engagement in Eastern Europe and the Western Balkans, and how Sida should engage with development partners. Several strategic factors that were also examined in the evaluation included:

- i. Effects of selection and design of particular financing models;
- ii. Sweden's value-added in different financing and cooperation models;
- iii. Implications for internal organisation and management of Swedish support; and,
- iv. Impact of Sida's support to policies and reforms underpinning future sustainability of the investments made, which contributed to broader social and economic development.

A significant finding verified by the evaluation was that Sida's investments have led to substantial environmental improvements in Central and Eastern Europe and the Western Balkans, thereby achieving the main objectives of the environmental investment cooperation. Although Sida had adopted co-financing as a focal modality in primarily in response to internal scaling down of resources, the evaluation revealed that co-financing International Financial Institutions (IFIs) is the most feasible means of supporting substantial environmental investments in Eastern Europe. Also the relevance of interventions was ensured by focusing on municipal-level support and addressing critical environmental issues prioritised by beneficiary countries. In terms of relevance to Swedish engagement strategy in the region, the interventions have been designed directly in line with – and explicitly refer to – Swedish policies, and Sida has been instrumental in current and future operations of IFIs. Furthermore,

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<sup>3</sup> Programmes examined included long-standing ones such as the Helsinki Commission (HELCOM) and the Northern Dimension Environment Programme (NDEP), and more recent, like the Eastern European Energy Efficiency and Environment Partnership (E5P), the Eastern Partnership, the Environment and Climate Programme Fund, the Western Balkan Investment Framework Fund (WBF) and the Early Transition Countries (ETC) initiative.

introducing specific investments such as capacity building and institutional reforms, indicate sustainable approaches that will continue to deliver environmental benefits in the future. Although overall the assessed interventions were uneven<sup>4</sup> in effectiveness, the evaluation also demonstrated that projects – such as EBRD operations which comprised a large part of Sida’s support – had been generally effective and all projects visited in the field were achieving their environmental objectives. However, impact and sustainability of the interventions is not possible to ascertain because impact indicators were not originally systematically designed into the projects, and post-project follow-up and monitoring was very limited. Additionally, since Sida did not implement a systematic results-based approach during the evaluated period, results were not well documented and thus could not be clearly measured or verified.

Relevant and interesting in relation to the current evaluation is that Sida’s approach, compared to other donors, added significant value that improved the effectiveness and impact of their environmental investments through high-level political support, specific technical interventions, insistence on unpopular conditions and a focus on gender, environment and citizen participation<sup>5</sup>. And key factors identified in determining the effectiveness of the projects were: high quality feasibility studies, client commitment and reform mindedness, and donor flexibility during the implementing phase.

#### **D4. Evaluation of the European Union’s Support to two European Neighbourhood Policy Regions (East and South)**

Commissioned by the Evaluation Unit of the DG DEVCO<sup>6</sup> this independent evaluation spanned the period 2004-2010 and assessed EU regional cooperation in two of the European Neighbourhood Policy (ENP) Regions, East and South. The relevant part of this report in relation to aligning Danish strategy to EU priorities, is evaluation of the regional cooperation strategy and support specifically in ENP East (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine), since it draws out key lessons learned and feeds into future EC strategies and programming in the area.

The main objective of ENP strategy was to engage and bring neighbouring countries politically, culturally and economically “into the fold” of the European Union. This evaluation focuses on key areas of the programme: economic regional integration; transport; energy; environment and water; migration and security; good governance and justice; and civil society. The evaluation was conducted with a three-part methodology that was used to assess the success of the programme these were desk, field and synthesis work. There was a focus on regional support but the report also included bilateral, cross border and inter-regional cooperation.

Overall the project displayed evidence of positive achievements as the support resulted in a stimulation of regional policy dialogue and therefore contributed to regional stability. Additionally, regional networks have also played a key role in the programme’s success. In contrast to the overall achievement level sector results were varied. The evaluation identified a number of contributing factors for this; the first being that the overall regional objective did not always correspond with the individual ENP countries aims and goals. This led to a lack of ownership and commitment and therefore the projects

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<sup>4</sup> In terms of achieving objectives and projected outcomes, some projects had a high level of success while a minority did not.

<sup>5</sup> More than other donors, Sida participated in steering committee meetings, replied timely to questions, and provided critical comments as part of the approval of projects. Moreover, the continuity, consistency and constructive nature of Sida staff support and guidance have been important factor in adding value.

<sup>6</sup> DG DEVCO is responsible for designing European Union international cooperation and development policy and delivering aid globally.

were not as sustainable. The other contributing factor was the weak coordination of bilateral interventions.

The main conclusions of the report stated that the programme was successful in addressing problems and priorities within the two neighbourhood areas, but that this was mitigated by the fact that the programme addressed the common interest in-between the two regions as opposed to the national priorities, which led to less effective partnerships. In terms of value-added and coordination the EU describes it as strong as there was no duplication of programs but coordination was otherwise difficult to assess, particularly in terms of bilateral interventions.

In terms of economic integration and trade, positive changes were noted particularly with the states in the south although the commission noted it was hard to quantify specific contributions to economic progress there was progress in terms of financial leverage.

Civil society support only received a small allocation of funds in the Eastern region and these funds were targeted at specific sectors. A situational change and progress resulted in the East region resulting in successful partnerships as opposed to the South which had limited success and a primarily top down approach and retained characteristics of political statements.

The primary recommendations that resulted from this evaluation were the importance of choosing the stakeholders on both sides of the partnership and that projects should focus on sustainability. The evaluation also advocated for a greater knowledge and cooperation between regional and bi-lateral programmes through more structured mechanisms in order to get great efficiency.

When it came to regional economic integration the evaluation indicated that in the South there should be greater emphasis on awareness raising activities, and in both regions there should be expansion on risk capital investments and support to the private sector. The continuation of these programmes will also highlight the EU's political commitment which is reflected in its programme implementation.