

Management Response and Follow-up Note

Evaluation of the Danish Neighbourhood Programme 2008-2015

This Management Response and Follow-up Note summarises the final evaluation report, including its main findings, conclusions and recommendations, and the Ministry of Foreign Affairs' comments and follow-up to the evaluation. The evaluation was commissioned by the Evaluation Department and conducted by a consultancy team from PEM Consult, Denmark.

The Neighbourhood Programme is Denmark's bilateral programme to support the European Union's (EU) neighbouring countries to the East and Southeast with the overall objective to promote peace, stability and prosperity through supporting:

- Human rights and democracy, including good governance, conflict resolution and peace-building, gender equality, minority rights, indigenous peoples' rights, as well as strengthening of civil society and independent media.
- Sustainable and inclusive economic development, including private sector development aiming at promoting sustainable growth, skills development, job creation, energy efficiency and green technology.

The programme was initially launched in 2004 with a first phase from 2004-2007 with a budget of DKK 742 million. The second phase from 2008-2012 had a budget of DKK 1 billion. The third phase was launched in 2013 with an indicative budget frame of 1 billion DKK in the period 2013-2017. The seven priority countries in the third phase are Albania, Bosnia-Herzegovina, Kosovo, Ukraine, Belarus, Moldova and Georgia.

To provide learning and contribute to strengthening the impact of the possible phase four of the Neighbourhood Programme from 2018 to 2022 it was decided to carry out an independent evaluation of the Neighbourhood Programme interventions from 2008-2015, although with a focus on the present strategy phase, which covers the period 2013-2015. The geographic scope covers the seven priority countries as well as projects, which are at a regional level. The Terms of Reference (ToR) define the objectives of the evaluation. In simplified terms, the purpose was to determine: the strategic relevance of the programme; what worked; what had a transformational and catalytic effect on a sector or theme as a whole; what did not work or did not have a transformational effect and, why. And then, on that basis draw up lessons learned that could inform the development of subsequent regional strategy.

The evaluation considered all the 40 projects over DKK 5 million, 3 small projects as well as the twinning support and secondment arrangements. Field work took place in two clusters: Albania/Kosovo and Moldova/Ukraine. Country notes and a preliminary findings paper were

discussed with an evaluation reference group composed of the evaluation office and the office for the Danish Neighbourhood Programme.

Conclusions:

Conclusion 1 - The Danish Neighbourhood Programme was strategically relevant.

The Danish neighbourhood strategies covering the periods 2008-2012 and 2013-2017 addressed Danish policy objectives, were well-conceived and were in practice translated into the neighbourhood programme which was implemented in accordance with the strategies. The programme addressed key challenges and opportunities in the region, was appropriate in its targeting of beneficiaries, was aligned to partner priorities and supported the EU cooperation agenda.

Conclusion 2 - Although change has been catalysed, the programme was too scattered to fully optimise its effect as an instrument of Danish foreign policy.

Close linkage with wider processes (such as the EU programmes) combined with continuous support over several phases have catalysed change. Projects were not guided by a coherent country strategy and this, combined with the practice of year-by-year programming, led to thinly spread interventions that did not have sufficient cumulative effect and for this reason reduced the effectiveness of the programme as an instrument of Danish foreign policy.

Conclusion 3 - Significant results were achieved across the programme and in each sub-thematic area.

The results are summarised in this report and further detailed in the country reports, case studies and underlying evaluation matrices. Overall, significant results were achieved in all thematic areas and especially within the support to public administration, independent public institutions and economic growth. The support to energy and green technology only started recently but is already showing promising prospects.

Conclusion 4 - A limited number of projects failed to achieve the expected results, usually as a result of external factors and an overly ambitious intervention design.

Within support to civil society, although capacity has been developed, a breakthrough in developing genuine membership-based organisations has not occurred and was not realistic in the time frame. Within support to effective and accountable public administration, there have been disappointing results in a few of the public sector projects. Within economic growth and employment, the creation of jobs has not been documented and appears, from the few reports and anecdotal evidence available, as modest. The support to agriculture and rural development often had strong short term results arising from the matching grants but with less evidence for

a longer-term impact as it proved difficult to reach a critical mass of change along all the necessary links in any given value chain.

Conclusion 5 - The prospects of sustainability and a longer-term transformative effect are broadly positive within human rights and democracy particularly within the public sector reforms that targeted areas that were or became government priorities.

Within support to civil society, the transformational impact was modest. Sustainability is not assured and external support will be required for the foreseeable future. Within support to effective and accountable public administration there are strong prospects of a transformational and sustainable impact where legislation was passed, training provided and adequate financial resources secured. Within support to independent public institutions the advances made so far have mainly been on improving reporting on human rights abuses, which is a first, necessary but not sufficient, step. Within support to conflict resolution and cross border issues, there have been transformational impacts as a result of the regional anti-trafficking project and the long term changes made in establishing operational national referral mechanisms.

Conclusion 6 - The longer-term prospects of sustainability and a longer-term transformative effect are broadly positive within economic growth especially in the Western Balkans and within energy and green technology.

Within economic growth, there are strong prospects of sustainability for the EU accession countries in the Western Balkans (Albania, Bosnia-Herzegovina, Kosovo) as the agricultural support provided is closely linked to and will be followed up by the EU Instrument for Pre-Accession in Rural Development and later the EU common agricultural policy. The changes brought about by the support to business and vocational training, especially in Kosovo, have good prospects of sustainability. But, as these changes are at a relatively small scale it would be difficult to claim that they would have a transformational impact on the labour market. In general, the transformation effects in terms of employment creation or the prospects for future employment opportunities are difficult to predict but appear modest.

Conclusion 7 - The major factors contributing to sustainability and a wider transformation effect relate to the continuity and scale of support, linkage to wider processes of change and the choice of partner.

Where support was continuous over several phases, it was possible to create cumulative results and to engage with the root causes behind the challenges being addressed. Examples include the regional project aimed at anti-trafficking, which was supported for more than 10 years over three phases and, support to the same six value chains in the mountainous areas of Albania which was provided over two phases for nearly 10 years. The same is true of the support to the Ombudsman in Albania, which has run over two phases for close to 10 years.

Where the support was provided in the context of wider processes of change such as the association agreements with the EU, it benefitted from a high degree of government commitment and prioritisation.

Conclusion 8 - The programme promoted Danish values but to a lesser extent Danish commercial interests.

The programme and its interventions promoted Danish values especially those related to human rights and democracy – an example is the support provided to the Albanian Ombudsman by the Danish Institute of Human Rights. However, it was not a strategic objective to promote Danish commercial interests and such interests were only promoted in a very limited manner. These interests were less explicitly pursued since they did not coincide with the programme's sub-themes of poverty reduction and protection of human rights. Danish interests were more clearly addressed through improving the regulatory framework for transition to the green economy and (possibly) development of more advanced value chains. The programme did engage in elements of the economic diplomacy framework but not systematically.

Recommendations

Recommendation 1: Develop country-specific, multi-annual programmes

Rationale: Whilst the current strategy and its thematic priorities is still relevant, the practice of yearly programming together with the absence of a guiding framework at the country level has led to scattered projects and reduced the cumulative effect.

Recommendation 2: Strengthen the process of selecting and managing the cooperation with partners

Rationale: The evaluation points to the choice and supervision of partners as having a strong impact on the creation of sustainable results.

Recommendation 3: Improve the monitoring and evaluation by adopting a robust reporting and learning mechanism at programmatic, country and project level.

Rationale: Monitoring practice was highly variable at project level and there was limited strategic monitoring at programme level.

Recommendation 4: Engage actively in economic diplomacy and undertake other measures to enhance involvement of Danish competences

Rationale: The programme, guided by the original strategy, focused more on promoting Danish values than Danish interests, especially in the earlier phases.

Recommendation 5: Continue with the current sub-thematic areas under human rights and democracy and focus support to civil society, where it is possible to engage with genuine civil society organisations.

Rationale: The four sub-themes under the current strategy for support to human rights and democracy are appropriate. Support to small civil society organisations based outside of the capital has brought good results.

Recommendation 6: Improve the strategic approach for support to economic growth focusing on achievement of results that are transformational, sustainable and replicable.

Rationale: Although individual projects often achieved impressive results, for a transformational effect there is a need to establish a critical mass and develop and implement a scaling up and replicability strategy.

Ministry of Foreign Affairs' Management response

General comments:

The Ministry of Foreign Affairs (MFA) appreciates the timing and the broad scope of the evaluation, both thematically and geographically. The MFA agrees with most of the evaluation's conclusions and finds the recommendations helpful for the scoping and formulation of the next phase of the Danish Neighbourhood Programme (DANEP).

The last evaluation of the programme, published in 2011, focused only on the Economic Development portfolio so it is helpful that this evaluation considers the entire thematic portfolio and a broad range of modalities including twinning and secondments. Although the next phase of DANEP will be focused in Ukraine and Georgia only, the documentation of the results achieved in other countries is an important contribution of the evaluation. The MFA notes that some conclusions and recommendations are based on evidence from countries and sectors, which are currently being phased out as part of the preparation of the new DANEP. Therefore, the recommendations will be applied flexibly and where relevant to the context in Georgia and Ukraine in the future programming.

The learning outcome from the evaluation was optimised by conducting the evaluation in parallel with the initial stages of formulating a new strategic framework for DANEP. This is highly appreciated because it enables the MFA to align the strategic choices to be made in the new framework with up to date results of the programme.

The conclusions that the programme has been too scattered to be an optimal instrument for Danish foreign policy and that it promoted Danish values to a greater extent than Danish interests are not surprising. Thus far, focus has been on the development outcomes. The objective that the programme should be an instrument for wider Danish foreign policy interests has been less explicit in previous strategies. The MFA agrees that the Neighbourhood Programme can and should be less scattered and aligned widely with Danish interests.

The strategic framework and the new phase of DANEP will build upon the new strategy for Denmark's development and humanitarian cooperation (2016), the Sustainable Development Goals (SDGs), the new Foreign and Security Policy Strategy as well as relevant trade and commercial interests. In addition, by focusing on just two countries and cutting down the number of sub-thematic areas, the Danish impact and visibility are likely to increase in the future.

Overall, the MFA is satisfied with the evaluation, which confirms the continued impact and relevance of the Danish Neighbourhood Programme and provides useful guidance for the new programme.

Follow-up to recommendations:

Recommendation 1: Develop country-specific, multi-annual programmes.

The MFA agrees that future programmes should be country-specific and multiannual. Hence, new country-specific multi-annual programmes will be formulated under each of the two major objectives: i) promoting human rights and democracy and ii) strengthening sustainable and inclusive economic development.

Unfortunately, it will not be possible to make multi-annual commitments due to administrative limitations in the Finance Act and therefore the two country programmes will be formulated as five year programmes with annual commitments. To avoid scattered projects and to enhance cumulative effects, the MFA will also focus the future support on fewer sub-themes than in earlier phases. For the thematic area pertaining to major objective i), the MFA suggests to focus support to justice sector reforms and human rights, anti-corruption, decentralization and the strengthening of civil society and independent media. For the thematic area pertaining to major objective ii), the MFA suggests to focus support to job creation, investments, improving the business environment and energy efficiency, including green technology.

Recommendation 2: Strengthen the process of selecting and managing the cooperation with partners.

The MFA acknowledges that selecting and managing the cooperation with partners are essential. In the next phase, there will be fewer focus countries, sub-themes and partners so it is expected that the MFA will be able to work closer with partners, also to enhance the visibility of Denmark as a donor. The MFA will continue to ensure a relevant and timely selection and management of partners and ensure that this process is documented. The partner selection and management are particularly relevant given the fact that the Neighbourhood Programme assistance is implemented from Copenhagen and not decentralised to the embassy. In the selection process priority will be given to partners – national and international - who have a strong mandate and network, have a track record of delivering, managing and monitoring results in addition to having a high credibility among peers.

Recommendation 3: Improve the monitoring and evaluation by adopting a robust reporting and learning mechanism at programmatic, country and project level.

The recommendation is well received and the MFA will seek to improve monitoring and evaluation in the new programmes. As the evaluation points out, the modality of delegated cooperation can pose some challenges with regard to M&E as the responsibility is delegated to the implementing/delegated partners. This will be taken into account during the formulation process of the next phase and will include considerations on how to tighten up demands regarding programme supervision, implementation and management. Where relevant and

feasible, DANEP will continue to use the M&E frameworks of implementing partners, and with fewer partners it is expected that the MFA will be able to follow the implementation of the programmes closer than in the past.

Recommendation 4: Engage actively in economic diplomacy and undertake other measures to enhance involvement of Danish competences.

Although it has not been an explicit requirement of previous Danish development strategies, the MFA has already sought to actively engage Danish competences in the programme, especially through support to the Investment Fund for Developing Countries and Nordic Environment Finance Corporation. To the extent possible and within the framework of existing tender procedures, the next phase of DANEP will explore opportunities for strategic partnerships with other Danish organisations and authority to authority cooperation as well as how to support Danish commercial interests, following the Danish government strategy on economic diplomacy.

Furthermore, secondments will continue to be part of DANEP. The MFA will continue the practice of engaging actively with secondments, e.g. through systematic briefings and de-briefings and by hosting thematic meetings for secondments.

Recommendation 5: Continue with the current sub-thematic areas under human rights and democracy and focus support to civil society, where it is possible to engage with genuine civil society organisations.

DANEP will continue support to human rights and democracy but, as explained in response to recommendation 1, it is not expected that all existing sub-thematic areas will be prioritised in the next phase. The MFA is pleased to note that the evaluation has found significant positive results of the current approach to civil society support, e.g., through the support provided to UNDP in Ukraine.

While recognising the principles and ideas of supporting civil society organisations directly and not using intermediary organisations, the current management set-up of the DANEP does not make this approach feasible, realistic or even resource effective. It is not possible to plan and monitor direct support to civil society organisations from Copenhagen and therefore the support to civil society in Ukraine and Georgia will continue to be provided in cooperation with various larger in-country partners, who will support genuine civil society organisations with the Danish funds.

Recommendation 6: Improve the strategic approach for support to economic growth focusing on achievement of results that are transformational, sustainable and replicable.

In the next phase of DANEP, the MFA will seek to improve the strategic approach to support for economic growth. Focus will be on strengthening economic growth, employment and improving the business environment and energy efficiency. To ensure continuity, existing partnerships will be further developed and possibilities for new partners will be explored. DANEP will aim to catalyse transformational change in the short and medium term but it is not expected that DANEP will continue for another 10 years, considering the economic, political and social progress in Ukraine and Georgia. Therefore, the MFA will also seek to explore opportunities for future bilateral commercial relations, which in the long term are expected to contribute to economic growth both in Denmark and in the two focus countries.