



Evaluation of EU regional-level support to Central Asia (2007-2014)

Executive Summary (English)
September 2016

*Evaluation carried out on behalf of
the European Commission*

Executive Summary

Scope and Methodology

The evaluation covered **EU regional-level support to Central Asia (CA)** in the period **2007-2014**. Based on the Terms of Reference, the following were assessed:

- Relevance and coherence of EU's co-operation strategy and programmes;
- Impact, sustainability, effectiveness and efficiency of EU support;
- Consistency between programming and implementation;
- Value added of EU's interventions.

The evaluation covered four focal sectors, namely environment, border management, Small and Medium Enterprise (SME) development, and higher education. In addition, the evaluation considered the co-ordination and complementarity of the EU's regional-level interventions with EU's bilateral interventions in the five CA countries as well as other donors' regional-level interventions, and the coherence between the EU's interventions and overarching EU policies.

The **methodology** applied for this evaluation is based on the methodological guidelines developed by the Evaluation Unit of the Directorate-General for International Cooperation and Development (DG DEVCO). During the evaluation, information was gathered at multiple levels:

- **Inventory analysis** at the overall level covering the whole regional-level EU support to CA.
- **Desk assessment** of selected interventions within the focal sectors of the evaluation (document review, analysis of External Assistance Management Reports, cross-utilisation of ongoing thematic evaluations, interviews with key stakeholders).
- **Field visits** to four of the five CA countries, namely Kazakhstan (KZ), Kyrgyzstan (KG), Tajikistan (TJ), and Uzbekistan (UZ).

Analysis and main findings for each evaluation question

EQ 1 on strategic orientation: *Has the regional-level EU programme strategy for support responded to the priorities and needs of the partner countries in CA while being in*

line with the overall EU development and policy framework?

EU regional co-operation has supported official CA government priorities as articulated in their respective national development strategies.

Over the evaluation period, EU co-operation has shifted towards a more modular approach to regional support. Instead of aiming at involving all five CA countries to the same degree, support concentrated on KG, KZ and TJ, countries that proved to be more open to external co-operation.

EU regional co-operation was in line with the EU policy framework, but provided support to a large number of sectors – six in total: environment, border management and rule of law, SME development, higher education, transport, and energy. This meant the available funds were spread thinly in a political context that is not conducive to regional co-operation.

The overall goals articulated in the 2014 Multi-Annual Indicative Programme are more modest and realistic than in previous programming documents, reflecting the challenging context for regional co-operation in CA as some CA countries have strained relations with each other and most prefer bilateral to regional interventions.

There are major discrepancies between the aspirations in the 2007 and 2010 Multi-Annual Indicative Programmes on the one hand and actual interventions implemented on the other. While programming and implementation were well aligned in the environment sector, this was not the case in the border management, SME development, and higher education sectors.

EQ 2 on dialogue: *Have EU-CA policy and political dialogue and regional interventions reinforced each other in the fields of environment, higher education, rule of law and security?*

The link between the EU-CA high-level dialogue and regional programmes was good in the environment sector and they were in general mutually reinforcing. The high-level dialogues provided some overall strategic direction for regional programmes and to some extent created a stronger appreciation of regional co-operation. Programme support also facilitated other regional dialogue processes and enhanced stakeholder capacity to engage. At the national level, the programme-dialogue inter-linkage under the EU Water Initiative for Eastern Europe, the Caucasus and Central Asia (EUWI EECCA) contributed to building commitment to national water sector reforms.

In the border management sector, programme-based regional dialogues rather than the EU-CA high-level dialogue provided strategic guidance for the Border Management Programme in Central Asia (BOMCA). BOMCA, in return, facilitated a conducive dialogue environment through the Issyk-Kul Initiative on Border Security, but dialogue-programme inter-linkages and synergies were not as prominent as in the environment sector.

In the SME sector, the regional and national dialogues facilitated by the OECD-led Eurasia Competitiveness Programme and Central Asia Invest grant projects contributed to important legislative and regulatory reforms. Both the high-level policy dialogues and roundtables facilitated by the Eurasia Competitiveness Programme and Central Asia Invest regional networking events created stepping stones for closer dialogue and regional co-operation on SME development. However, although both are components of Central Asia Invest, the Eurasia Competitiveness Programme was not linked to the grant projects and synergies were not achieved.

In the higher education sector, the dialogue mainly took place under the programmes. The EU-CA high-level dialogue as foreseen in the Regional Strategy Paper and EU-CA Education Initiative did not take root during the evaluation period.

While there are only few examples of tangible results stemming from EU-CA high-level dialogues as well as from programme-based regional dialogues, without EU support there would have been significantly less dialogue between the countries. UZ and Turkmenistan (TM) showed less commitment toward participating in the regional high-level dialogues than KG, KZ and TJ.

EQ 3 on the regional dimension and complementarity: *Has the EU regional-level support complemented and added value to EU's bilateral co-operation and the interventions of other EU DGs and EU Member States?*

The scope for synergies between regional and bilateral interventions was limited, since they generally focused on different sectors, or, in the case of education, on different subsectors, with only regional interventions focusing on higher education.

The only sector significantly covered by both regional and bilateral interventions was SME development. However, while there were no direct contradictions and incoherencies between the SME development projects under the EU's bilateral and regional support, the

approaches were not designed to create direct synergies.

The main value added by the regional programmes compared to the bilateral EU support was that they, a) allowed for regional dialogue, sharing of experience and transfer of approaches (such as in the case of the harmonisation of standards in the tourism sector in KG and TJ), and b) enabled the EU to engage in important environment, border management and higher education reform issues, since these sectors were not accommodated under the focal sectors for the EU's bilateral actions.

Regional interventions only partly addressed issues with a transboundary or regional dimension, and primarily did so in the environment (transboundary water resources) and border management sectors (e.g. drug trafficking, free movement of people and goods). Across all four sectors, only few tangible results were achieved at the regional level, since a) there were no, or only weak, regional institutions and thus no regional-level entry points for EU support, and b) there was only a limited willingness of the CA countries to engage in regional co-operation. Regional interventions were often implemented with some involvement of a number of EU Directorates-General, but their inputs were not always well-co-ordinated – and synergies with interventions led by other Directorates-General were mainly achieved in relation to the EUWI EECCA-led national policy dialogues on water.

Regional interventions proactively and successfully ensured co-ordination with the actions of other donors – and, in some cases, these interventions played a leading role in ensuring donor co-ordination. However, co-ordination mainly took place at the national level, and rarely at the regional level.

EQ 4 on environment: *Has regional-level EU support to CA contributed to enhancing regional collaboration on environmental governance?*

EU support together with other development partners made a significant contribution to improving national environmental policy frameworks and institutional capacity. This was especially done in relation to managing water resources sustainably and more productively and with greater public/stakeholder participation, improvements which will potentially facilitate future co-operation on transboundary basins. EU support also made important contributions to policy reforms and institutional capacity building in relation to biodiversity conservation, pasture management and forest governance, and thereby promoted enhanced stakeholder

participation as an important element of sustainable natural resource management.

EU support strengthened the integration of the provisions of multilateral environmental agreements in national policy frameworks and enhanced the institutional capacity to implement commitments to these agreements.

Interstate co-operation between KG and TJ was significantly improved in relation to the management of the transboundary Isfara Basin, which is the most prominent case of tangible results achieved at the interstate level. Other contributions to interstate co-operation were few and more limited in scope.

No tangible results in terms of overall CA regional co-operation were achieved. This is due to conflicting national priorities, the tense relations between some of the CA countries and a lack of strong regional environmental institutions. The EU's original intentions to strengthen the capacity and improve the performance of existing regional institutions, particularly the International Fund for saving the Aral Sea (IFAS), could not be implemented due to the limited commitment to these institutions from CA governments, and difficulties related to complex government procedures in UZ (the current host country of the IFAS Executive Committee). Instead, the regional programmes embraced a more pragmatic and feasible approach, focusing on transboundary co-operation in a few specific basins, national reform processes, and regional sharing of experience.

EQ 5 on border management: *Has the regional-level EU support to CA contributed to improving legal flows of passengers and goods and enhancing the fight against organised crime in CA?*

EU efforts to initiate institutional reforms achieved tangible success in KG and partly in TJ. Both KG and TJ adopted integrated border management strategies and action plans outlining institutional and legal reforms in the border management sector. However, while KG has made considerable progress in the implementation of these reforms, this is not the case in TJ, where insufficient national resources and lack of political will hampered the reform process.

EU support contributed to improving the technical and professional skills of CA border service staff. EU support also somewhat helped enhancing the fight against organised crime by sharing detection and investigation knowledge and experience.

EU support contributed to a certain extent to an improved border crossing experience. However, the goal of making borders more

secure, yet user-friendly remained elusive. EU support contributed only little to improving legal flows of persons/goods. Lack of political will, thorny relations governing CA diplomacy and different geopolitical interests undermined the effectiveness of EU interventions. KG and KZ turned towards Russia; whereas TM and UZ (suspicious of external interference in national security) adroitly absorbed EU assistance via BOMCA, but only met a few of the programme objectives such as adoption of the EU Integrated Border Management principles.

BOMCA and the Central Asia Drug Action Programme (CADAP) did not develop sufficient strategies for ensuring sustainability of programme benefits/outputs. After the conclusions of BOMCA 8 and CADAP 5, many achievements of both programmes collapsed. Generally, BOMCA and CADAP delivered on an activity-by-activity basis and were more output than outcome-oriented.

EQ 6 on SME development: *Has regional-level EU support to CA contributed to improving the business climate for SMEs and their competitiveness (emphasis on the non-extractive sectors)?*

The EU contributed markedly to policy development for the private sector with a particular emphasis on legislative and regulative reforms, especially in the cases of KG, KZ, and TJ. This achievement is mainly the result of, first, reforms designed and implemented within the context of the EU-supported OECD Eurasia Competitive Programme, and, second, Central Asia Invest grant projects.

EU support significantly contributed to enhancing the capacities of business intermediary organisations to support SMEs. Initially, projects struggled to achieve the dual objective of strengthening the private sector by strengthening business intermediary organisations. However, after some adaptations to the programme design and implementation, business intermediary organisations were able to establish good outreach to SMEs, and the objective of developing the capacity of selected organisations to support SMEs was achieved to a great extent.

EU support through the Investment Facility for Central Asia (IFCA) and the Microfinance Initiative for Asia Debt Fund (MIFA) enhanced the competitiveness of selected SMEs, which received direct funding. However, it did not contribute to improving the general access to financing options for SMEs in CA or to establishing a more conducive structural environment for SME financing.

EU regional support focused on the national level and cross-border actions involving two or three countries, as there was limited scope for regional-level action due to significant differences in the macro-economic, political and legal contexts and strained relations between the CA countries.

EQ 7 on higher education: *Has EU regional support to CA contributed to enhancing the quality and relevance of higher education provision?*

The EU provided indispensable technical support for the implementation of national reforms and modernisation of higher education in CA at institutional level in terms of quality and relevance: It contributed to the reform of quality assurance systems and practice, an enhanced reflection of socio-economic demands and developments by higher education providers and in state education standards, the modernisation of academic education provision (teaching, learning, assessment and study programmes) at higher education institutions which participated in EU programmes, and innovations in higher education governance and management.

However, EU regional assistance had a limited and mostly indirect impact on system reform, i.e. national strategic reform design and/or decisions in higher education in the CA countries. The CA countries themselves determined the overall strategic direction and scope of (aspired) convergence with EU standards in higher education. Nonetheless, the longevity of the EU programmes in CA, the critical mass of EU-funded projects and the Tempus and Erasmus programmes' bottom up approach contributed to a changing attitude among national stakeholders, increasing support for reforms in line with standards of the European Higher Education Area and good practice, and strengthened capacities to design such reforms.

The impact of EU support in the individual countries was limited when the application/implementation of project results required changes in the policy framework. The capacity or readiness of national systems and decision-makers to absorb, follow-up and capitalise on EU-funded initiatives at policy level was not always sufficient even where government representatives were formal partners of project consortia.

EU regional assistance was successful in inducing regional co-operation and exchange between higher education institutions and government representatives of the five CA countries in the course of project activities and other EU initiated regional events. Still, the primary appeal of the regional programmes for

CA partners was the opportunity to co-operate with EU partners; regional co-operation was not a priority for CA countries. Regional academic networks and networking heavily relied on incentives from external donors (EU and other). Proactive communication and interaction between CA partners in the course of EU projects required sustained support and encouragement. Substantial changes in terms of regional policy dialogue, agreements or policies for enhancing quality and relevance of the provision of higher education were not observed.

Main conclusions

Cluster 1 – Relevance and appropriateness of strategic and programmatic approach

Conclusion 1: EU regional strategic documents were generally relevant but ambitious and broad in scope, and did not provide adequate strategic guidance for the regional programmes.

The Regional Strategy Papers and Multi-Annual Indicative Programmes were aligned with the EU policies as well as the CA countries' national development strategies. However, the 2007-2014 Regional Strategy Paper was broad in its focus and without a strong prioritisation within the sectors and, while the Multi-Annual Indicative Programmes should ideally provide strategic guidance for the programmes, in reality, they were adjusted to fit the existing programmes. Also, the 2007 Regional Strategy Paper pursued closer regional co-operation and deepened political co-operation, something which cannot currently be achieved in CA.

Conclusion 2: EU regional strategic documents and programmes did not fully reflect the growing linkages between CA and the rest of Asia.

The EU's classification of CA as a region different from the rest of Asia made sense in the past, when the CA countries emerged from the Soviet Union. However, the post-Soviet sub-regions have since developed in different directions, and CA countries' economic links to other parts of Asia are growing. The two regional strategies (for CA and Asia, respectively) did not sufficiently allow for the facilitation of cross-regional co-operation (e.g. CA countries were prevented from participating in regional programmes for Asia), which would have been particularly beneficial for the SME development sector.

Conclusion 3: EU regional programmes were pragmatic and adapted to a

challenging context and limited CA interest in regional co-operation.

The interest in regional co-operation in CA is limited and the evaluation found a strong preference for national programmes over regional ones, and within regional programmes a preference for national rather than regional-level activities. Another major limitation for EU's regional support was the absence of strong regional institutions, which the EU could have used as entry points for regional action. In this challenging context, EU's regional programmes demonstrated flexibility, adapted their approaches, and sought out entry points they could utilise. To a large extent, regional activities focused on informal dialogue, sharing, learning and transfer of experiences/approaches between the countries, rather than on formalised co-operation. However, most activities at the regional/interstate level, such as networking, remained largely driven by EU and the implementing international organisations.

Conclusion 4: The regional approach added value by promoting dialogue, sharing and transfer of approaches (between CA countries and from EU Member States and Neighbourhood countries), but also by creating interstate co-operation on specific transboundary issues.

Despite the challenging context, the regional approach in the four sectors added significant value in different ways. Firstly, the regional approach, at least to some extent, enabled the EU support to address important transboundary issues, even if in a patchy manner and not to the level originally anticipated. It also allowed for awareness raising, learning, sharing of experiences and even transfer of approaches between the CA countries – overall, this appears to have been the main value added by using a regional approach. Finally, a less quantifiable added value is the diplomatic role the regional programmes and policy dialogues played in terms of bringing representatives at the political and in particular technical levels together.

Conclusion 5: EU's regional dialogue, regional programmes and bilateral engagement were not always well-co-ordinated and some opportunities for potential synergies were missed.

The extent to which regional dialogue, regional programmes and bilateral action took place in a co-ordinated manner varied significantly across the sectors. The major regional programmes often engaged in regional and/or bilateral dialogue, mainly at a more technical level or in a more informal manner; where the

dialogue and implementation components usually were mutually reinforcing. A major limitation for ensuring synergies between bilateral programmes on the one hand, and regional dialogues and programmes on the other, was the limited involvement of EU Delegations, except when they managed the regional programmes.

Cluster 2 – Outcomes and sustainability

Conclusion 6: At the regional level, the value added by EU support was mainly a contribution to enhancing the dialogue between CA countries, although some outcomes were achieved at the interstate level.

Regional dialogues and regional-level programme activities mainly added value by providing opportunities for dialogue and sharing, and for awareness creation. Nonetheless, the diplomatic role could potentially have been stronger. Both the EU-CA high-level dialogues and the programme-facilitated dialogues sometimes suffered from insufficient prioritisation from CA countries as well as staff and financial constraints from the EU side. Similarly, the EU Member State chair role was not utilised to its full potential. The regional results achieved most often only involved two countries at a time, mainly KG and TJ and to a lesser extent KZ, and had a limited geographic scope.

Conclusion 7: EU regional programmes achieved tangible national level outcomes, especially in KG and TJ – e.g. in relation to sector reforms or promoting new practices, which enhanced stakeholder participation.

Results were in particular achieved in KG, TJ and KZ, where the programmes in general had a stronger presence than in TM and UZ, and where there was more openness to reforms. Moreover, EU's regional programmes achieved some tangible outcomes at a more localised or pilot level. However, the outcomes of BOMCA and also Erasmus and Tempus are not always entirely clear due to an output rather than outcome-oriented approach.

Conclusion 8: Impact and sustainability were more likely to be achieved when there was continuity in the support, or the support was part of a larger process in synergy with support from other donors.

An important lesson from the regional programmes is that change takes time in CA. As such, many, if not most, of the processes initiated under the regional programmes are yet to be completed and consolidated. In BOMCA and CADAP, the change of implementing partner as well as a prolonged gap between two phases clearly demonstrated

the detrimental effects of disruption and lack of continuity.

Main recommendations

Cluster 1 – Regional and strategic orientation

Recommendation 1: Sharpen the focus of EU support to better reflect CA's position in Asia and Eurasia.

Adjust the CA regional strategies and programmes to better capitalise on CA's emerging economic opportunities in Asia.

Recommendation 2: Enhance the interstate dimension in regional programmes.

In the regional programmes, increase the prominence of actions which promote active co-operation between two or more CA countries.

Recommendation 3: Establish an EU-CA high-level dialogue and platform on private sector development.

Enhance the EU-CA and regional dialogue by introducing an EU-CA high-level dialogue and platform, building on the experience from the regional private sector development/SME programmes.

Recommendation 4: Enhance the profile and regional ownership of the EU-CA high-level dialogues and platforms.

Pursue a more consistent high-level representation in the high-level conferences and enhanced continuity in the participation in the platforms.

Cluster 2 – Implementation and results

Recommendation 5: Seek to establish an integrated approach to EU support for CA.

Establish modalities and practices to maximise synergies between dialogue and programmes, and between regional and bilateral action, in order to ensure that EU support is integrated, comprehensive, and co-ordinated.

Recommendation 6: Enhance efficiency and EU visibility through integrating EU support with implementing partners' long-term programmes.

Reduce transaction costs and enhance EU visibility by co-funding the larger regional programmes of international implementing partners as much as possible, instead of establishing separate but interrelated EU programmes.

Recommendation 7: Enhance the focus on impact and sustainability in border management and higher education programmes.

In the border management programmes, discontinue the current output-oriented focus and enhance the focus on impact, outcomes and sustainability; in the higher education programmes, manage ambitions and keep them realistic.