

EU ADDED VALUE, A GUIDANCE NOTE FOR EVALUATION CONTRACTORS AND EU EVALUATION MANAGERS

Preamble

The specific evaluation criteria of “**EU added value**” is often bringing a lot of questions on the side of EU evaluation managers as on the side of evaluation contractors. In the best case scenario, these questions come early in the evaluation process, but sometimes we realise quite late that the evaluators did not understand what is to be considered with the notion of EU added value.

In the standard evaluation ToR, this EU specific evaluation criterion is defined as “**the extent to which the Intervention brings additional benefits to what would have resulted from Member States interventions only in the partner country**”.

Let’s first clarify what the EU added value is NOT:

- It is not equal to judging on the sole visibility of EU funding in the evaluated programme.
- It is not equal to giving an overall judgment of the sum of results obtained in terms of outputs, outcomes and impact.
- It is not equal to judging if the EU procedures have been well respected.

Let’s see now what EU added value is...

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1 What entails the notion of EU added value?

1.1 Subsidiarity in the Lisbon Treaty and EU added value

The notion of added value relates to the concept of subsidiarity¹, which is embedded in the Lisbon treaty.

The principle of subsidiarity as per Lisbon treaty

“In areas in which the European Union does not have exclusive competence, the principle of subsidiarity, laid down in the Treaty on European Union, defines the circumstances in which it is preferable for action to be taken by the Union, rather than the Member States.”

Article 5(3) of the Treaty on European Union (TEU) and Protocol (No 2) on the application of the principles of subsidiarity and proportionality

The principles of subsidiarity and proportionality govern the exercise of the EU's competences. In areas in which the EU does not have exclusive competence, the principle of subsidiarity seeks to safeguard the ability of the Member States to take decisions and action and authorises intervention by the Union when the objectives of an action cannot be sufficiently achieved by the Member States, but can be better achieved at Union level, “by reason of the scale and effects of the proposed action”.

When applied in the context of the EU, the principle of subsidiarity serves to regulate the exercise of the Union's non-exclusive powers. It rules out Union intervention when an issue can be dealt with effectively by Member States themselves at central, regional or local level. The Union is justified in exercising its powers only when Member States are unable to achieve the objectives of a proposed action satisfactorily and added value can be provided if the action is carried out at Union level.

Under Article 5(3) of the TEU, there are three preconditions for intervention by Union institutions in accordance with the principle of subsidiarity: (a) the area concerned does not fall within the Union's exclusive competence (i.e. non-exclusive competence); (b) the objectives of the proposed action cannot be sufficiently achieved by the Member States (i.e. necessity); (c) the action can therefore, by reason of its scale or effects, be implemented more successfully by the Union (i.e. added value).

1.2 EU added value in the better regulation package

In the better regulation package², one of the key questions that has to be part of an evaluation of the effects of an EU intervention is: “Why should the EU act?” The evaluation should, through the perspective of the EU added value criteria, verify whether Member States alone could have resolved the identified problems sufficiently and whether the EU had the competence to act (i.e. a legal basis), and was best placed to do so. Union action should be necessary and deliver added value compared to the actions of the Member States at central, regional or local levels.

The key subsidiarity ideas behind the EU added value

When evaluating the EU added value, the following key questions should be reviewed to assess whether or not the subsidiarity principle has been respected:

- whether the problem addressed had transnational aspects which could not be adequately addressed by action by Member States;
- whether action at EU level would produce greater benefits compared to action taken solely at the level of the Member States due to its scale or effectiveness.

The better regulation package specifies that “As a minimum, evaluations must assess effectiveness, efficiency, relevance, coherence and EU added value or explain why this is not done.”

¹ <https://www.europarl.europa.eu/factsheets/en/sheet/7/the-principle-of-subsidiarity>

² <https://ec.europa.eu/info/sites/default/files/better-regulation-guidelines-impact-assessment.pdf>

1.3 Embedding the concept of complementarity in the notion of EU added value

Complementarity³ in EU external action is intended to ensure that the European Union development policy shall be complementary to the policies pursued by the Member States'. This indicates that development co-operation is a shared competence between the Community and the Member States which can be jointly exercised. It is confirmed that the European Union has a specific, but not exclusive competence in the field of development cooperation. In this sense, complementarity differs from the strict concept of "subsidiarity", which refers to a distribution of competence and decision-making at the most appropriate level.

In the case of complementarity, both the Commission and the Member States can have competences and tasks at the same level. The notion of complementarity poses the question of its direction, in other words, is it up to the Union to complement the activities of Member States, or the other way around? Another issue is the equal partnership between the Union and Member States, and reciprocal participation in the elaboration of their respective policies.

1.4 Extended notion of EU added value, beyond the Member States counterfactual

Sometimes when extended to a broader understanding, the EU added value requires consideration of the value and improvements which are caused by the EU rather than another party taking action (and not only Member States). In these cases, the EU added value could also be analysed by comparing EU interventions to interventions managed at a broader level by other major international players such as the OECD or the United Nations Bodies.

2 How to evaluate the EU added value?

2.1 How is formally defined the EU added value as evaluation criterion?

Unless otherwise specified, the evaluation of DG INTPA supported interventions should assess the intervention using the six standard DAC evaluation criteria and the EU added value, which is a specific EU evaluation criterion.

The EU evaluation criterion spelled out

"The extent to which the Intervention brings additional benefits to what would have resulted from Member States interventions only in the partner country."

2.2 When to evaluate the EU added value

The EU added value may be assessed at mid-term, completion or ex post, as is often done in the practice of program evaluation. However, at mid-term the actual results of the intervention are not consolidated or visible yet, so the EU added value will be difficult to qualify.

This is why in these cases of mid-term evaluation, the EU added value might be rather evaluated as it is done for ex ante evaluations, based on theoretical analysis of the proposed activities and their extrapolation to potential results, as well as on strategic papers, policy documents and past budget allocation from EU, Member States and Partner Government.

³ Based on the "[3Cs evaluation initiative](#)" that came from the willingness of the EC and the MS in 2006 to have a better assessment of their respective role in a particular country, region or sector. The 3C evaluation initiative was formally concluded in June 2008.

2.3 Can we always evaluate the EU added value criteria?

Sometimes normative⁴ questions about EU-added value (like it is the case for impact-related questions), may encounter conceptual difficulties due to the scale of the project that is evaluated. Some projects with a small scale and/or narrow focus might not be very conducive to evaluating properly the EU added value. In such context, a strategic evaluation with a broader scope might be more appropriate for evaluating the EU added value with a sufficient level of evidences, than a smaller project/programme level evaluation.

Where there are difficulties identifying a robust counterfactual, the analysis of EU added value should as a minimum provide qualitative, reasoned arguments about the likely role / contribution of the EU intervention, backed by appropriate quantitative and qualitative evidence. It is also important that evaluations clearly state the challenges that have been encountered and resulting limitations in the certainty or accuracy of such findings, which can vary greatly from case to case.

2.4 Ideally a counterfactual approach would be the best in theory

Implicitly, the EU added value carries the notion of counterfactual. A counterfactual analysis enables evaluators to attribute cause and effect between interventions and outcomes. The “counterfactual” measures what would have happened to beneficiaries in the absence of the intervention, and effect is estimated by comparing counterfactual outcomes to those observed under the intervention.

In the case of EU added value, the idea would be to verify if the changes produced have been generated by the EU Action in a manner that would be significant compared to what would have resulted from Member States interventions, global context or another factor. In short, answering the question: **“what would have happened if EU had not intervened?”**

Developing a counterfactual is often understood as requiring a quantitative (semi-)experimental evaluation methods using for example a comparison group study that compares the results achieved by the intervention in the targeted population with a similar population that has not been the beneficiary of the intervention.

However, most of the times, the counterfactual situation is rather to be reconstructed (or modelised) based on a mix of quantitative and qualitative data collected by the evaluators. We then talk about logically constructed counterfactual, which are the main case for evaluating EU added value.

2.5 References and tools to evaluate the EU added value

2.5.1 The EU added value test

In the “Better regulation toolbox for assessing the subsidiarity”⁵ can notably found the key questions of the “EU added value test” (box below).

The key questions of the “EU added value test”

- 1) Are there clear benefits from EU level action?
- 2) Are there economies of scale? Can the objectives be met more efficiently at EU level?
- 3) Are there benefits in replacing different national (aid/external) policies and rules with a more homogenous policy approach?
- 4) To what extent do Member States have the ability or possibility to enact appropriate measures/interventions?
- 5) Would national action or the absence of EU level action significantly damage the interests of some Member States?
- 6) Are there transnational/cross-border aspects to the problem? Have these been quantified?

⁴ Answering a normative question requires reference to a specified desired or mandatory goal, target, or standard to be reached and that the actual findings are compared to that standard.

⁵ https://ec.europa.eu/info/sites/default/files/file_import/better-regulation-toolbox-5_en_0.pdf

7) Will there be increased costs, limitations or problems if action is left only to the Member States?
8) Is there a solid justification for the choice of instrument - regulation, (framework) directive, or alternative regulatory methods?
9) Is the initiative limited to those aspects that Member States cannot achieve satisfactorily on their own, and where the Union can do better?
IF YES in an evaluation it means the principle of subsidiarity is complied with. The evaluation report should explain why for the case at hand, explicitly describing both the advantages and the disadvantages that Union action may have relative to Member States action.
IF NO in an evaluation this may lead to a recommendation to consider modifying the scope or stopping the (area of) (future) intervention. It could as well call for better coordination and complementarity.

2.5.2 The EU added value as evaluation criterion

There is also some guidance specific to EU added value as evaluation criteria in the toolbox document of the better regulation package⁶.

EU-added value looks for changes which it can reasonably be argued are due to the EU intervention, over and above what could reasonably have been expected from national actions by the Member States. In many ways, the evaluation of EU added value brings together the findings of the other criteria, presenting the arguments on causality and drawing conclusions, based on the evidence to hand, about the performance of the EU intervention.

The sources and nature of this additional value vary from intervention to intervention. It is, in particular, useful to distinguish the European added value of an EU policy measure in general (such as an EU regulation to foster the single market) and that of an EU spending programme per se (like an EU-funded development cooperation intervention). In both cases, European added value may be the results of different factors: coordination gains, legal certainty, greater effectiveness or efficiency, complementarities etc. In all cases, concluding on the continued need for the intervention at EU level may be difficult as the measurement of EU added value is challenging.

When assessing the EU added value, the comparison is likely to involve consideration of performance against both the (evaluation) baseline and, if available, a projection of how the situation was expected to evolve without the EU intervention (a defined counterfactual, or some estimate of the cost of the Union not acting – i.e. "the cost of non-Europe"). Often such analysis is qualitative, analysing whether the subsidiarity arguments put forward before the intervention (as presented in a prior impact assessment, or other accompanying documents) were valid and whether the expected changes resulting from EU action were delivered. It may also be appropriate to analyse whether any contextual change, or other factors affected the assumption that such change could only be generated by EU level action.

3 Illustrations and examples

3.1 Example of evaluation questions related to the EU added value criteria

Here below some (non-exhaustive) examples of evaluation questions related to EU added value in its more strict or extended definition.

Examples of evaluation questions for EU added value

- Is the EU support generating better results than what would happen without it?
- What is the additional value resulting from the EU intervention(s), compared to what could be achieved by others (i.e. EU Member States, other donors, and the country/region)?
- To what extent do the issues addressed by the intervention continue to require EU support?

⁶ https://ec.europa.eu/info/sites/default/files/file_import/better-regulation-toolbox-47_en_0.pdf

- What would be the most likely consequences of stopping or withdrawing the existing EU intervention?
- Which areas do not require the involvement of EU support because they are well covered by other donors?
- What is the added value of the EU financing compared to funds provided by IFIs and/or national financial institutions?

3.2 Example of evaluation structure for an EU added value related question

Here below an example⁷ of how an evaluation questions related to EU added value can be structured in the evaluation design

Evaluation question	Judgment criteria	Evaluation indicator	Source of information
EQ 8: To what extent the fact that the Road Transport Sector and Policy Support Programme has been financed through the EU has had added benefits to what would have resulted from Member States' and other donors intervention only? (EU added value)	JC 8.1: Likelihood for a support programme of similar size and focus of RTSPSP to materialize without the EU role as a global actor	<ul style="list-style-type: none"> – I 8.1.1: Existence and outcome of similar programmes/BS operations implemented by individual EU Member States in Tanzania. – I 8.1.2: Appropriateness of division of labour between the European Commission and donor governments from individual Member States and the extent the EU RTSPSP has served to optimize synergies and maximise results for the benefits of the Tanzanian road sector. 	<ul style="list-style-type: none"> – JTSR Annual Meetings Aide Memoire(s) – Other donor agencies or MDB reviews/reports – EU country strategy reports

3.3 Examples of sources of evidence of EU added value

Here below some non-exhaustive sources of evidence for EU added value coming from EU evaluations.

Examples of evidences of EU added value
<ul style="list-style-type: none"> • Evidence in programming documents (CSP/NIP) of alignment of EU-cooperation objectives and of complementarity analysis with the partner government and other donors' actions. • Programming documents explicitly present the justification for the EU's strategy, including reference to the Commission's comparative advantage and to the government/other donors' funding of priorities. • Evidence that the CSP and NIP were prepared in consultation with Member States and partner government. • Interviews: Feedbacks from the partner government, Member States agencies and other donors agencies. • Policy documents from Member States agencies stating their specific focal sectors, complementarity with EU and other member States, etc. • Stakeholder analysis mapping revealing complementarity and/or subsidiarity • Quantitative analysis of ODA in the country / thematic / sector by EU, by Member States or by other donors. • Quantitative analysis of ODA in the sector compared to the sector budget funded on domestic resources.

⁷ Row extracted from the evaluation matrix of the mid-term evaluation of the EU-RTSPSP (Road transport sector and policy support programme in Tanzania)

3.4 Example of clarified judgment on the EU added value

Assessing subsidiarity is not always a black and white case as evidence may not univocally point in one direction. It is therefore important to gather stakeholders' views. When presenting the assessment in the evaluation report, general statements and circular reasoning should be avoided in favour of concrete arguments specific to the issues being analysed. Points should be substantiated with qualitative, and where possible, quantitative evidence. Here below a few do's and don't⁸.

Don't just say	Explain that
The subsidiarity principle is respected because the initiative's objectives cannot/could not be achieved sufficiently by Member States	Action by Member States could not solve the problem for the following reasons (e.g. spill-over effects, insufficient scale of the project...)
EU action is/has been necessary to level the playing field	Only EU action could eliminate the costs (of up to €X on average) that EU enterprises incur to apply for additional authorisations in every EU host country they wish to operate in.
EU action is/has been needed to avoid the fragmentation of the internal market	EU action is needed to eliminate the following obstacles faced by producers to enter into other national markets.... As shown in the problem section, this is estimated to...
EU action is/has been needed due to the strong diversity of policies/practices across Member States.	The negative consequences resulting from diverse/non-harmonised policies/practices lead to significant market entry obstacles, such as higher establishment costs amounting up to.....

Here another example of how a conclusion on EU added value criteria can be stated:

Example of a conclusion related to EU added value on a EU development cooperation intervention

“The African Peace Facility (APF) is a prime example of how the EU can take the initiative on an issue, involving Member States as well. Most Member States do not work in this area, but through the EU they are able to channel their contributions in a simple and fast way. Since 2004, the EU has provided €740 million, helping to prevent conflicts and promote stability after they have taken place.”

In African Peace Facility evaluation - part 2: reviewing the overall implementation of the APF as an instrument for African efforts to manage conflicts on the continent (2013)

⁸ Source: https://ec.europa.eu/info/sites/default/files/file_import/better-regulation-toolbox-5_en_0.pdf

4 References on EU added value

There are some interesting documents that are framing/have framed the concept of EU added value in relationship with the principle of subsidiarity (article 5 Lisbon treaty). These references can also be shared with the evaluation contractors in case a further clarification on the EU added value criteria is needed.

- Fact sheets on the European Union, the principle of subsidiarity
<https://www.europarl.europa.eu/factsheets/en/sheet/7/the-principle-of-subsidiarity>
- Better regulation package - Chapter III Guidelines on impact assessment (page 6)
<https://ec.europa.eu/info/sites/info/files/better-regulation-guidelines-impact-assessment.pdf>
- Better regulation package - Chapter VI Guidelines on evaluation, including fitness checks (page 14-15): <https://ec.europa.eu/info/sites/info/files/better-regulation-guidelines-evaluation-fitness-checks.pdf>
- Better regulation package - TOOL #5.LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY: EU added value test (pg 4-5)
https://ec.europa.eu/info/sites/info/files/file_import/better-regulation-toolbox-5_en_0.pdf
- Better regulation package - TOOL #47.EVALUATION CRITERIA AND QUESTIONS (page 8-9) https://ec.europa.eu/info/sites/info/files/file_import/better-regulation-toolbox-47_en_0.pdf
- SEC(2011) 867 final COMMISSION STAFF WORKING PAPER The added value of the EU budget (a lot of interesting examples across the document)
https://ec.europa.eu/info/sites/default/files/about_the_european_commission/eu_budget/sec-2011-867_2011_en.pdf