

IPA III Results Framework Indicator Methodology Note

1. Indicator code and name

IPA III RF 4.2.1.1: Number of public policies to strengthen investment climate a) developed/revised, and/or b) under implementation with EU support

2. Technical details

OPSYS and Results Dashboard code: 19399, 19400.

Unit of measure: Number of (#)

Type of indicator: *Quantitative: Numeric; Actual (ex-post); Cumulative (not annual).*

Level of measurement: in general this indicator corresponds to an outcome level result.

Disaggregation:

The indicator is to be used at intervention and reporting levels according to whether the public policies to strengthen investment climate are:

- a) developed/revised
- b) under implementation with EU support.

Furthermore, where relevant / possible, please disaggregate according to the level of implementation:

- Fully implemented
- Partially implemented
- Initial stage of implementation

As relevant – at intervention level – implementing partners and/or Managing Authorities may find it useful to disaggregate according to those acquis chapters or other policies to which supported actions refer.

DAC sector codes:

25010; 25020; 25030; 25040; 33110; 33120; 33130; 33140; 33150; 33181

Main associated SDG: **SDG 8** – Decent Work and Economic Growth .

Other associated SDGs:n/a .

Associated IPA III Level 1 indicator:

- Ease of doing business (source: World Bank) (Ind. 4.2.1)

Associated IPA III Level 3 indicators: .

- Amount and share of EU-funded external assistance contributing to strengthening investment climate
- Amount and share of EU-funded external assistance contributing to: (a) aid for trade, (b) aid for trade to LDCs, and (c) trade facilitation
- Leverage of EU blending and guarantee operations financed by EU external assistance, measured as: (a) Investment leverage ratio, (b) Total eligible financial institution financing leverage ratio, (c) Private financing leverage ratio

3. Policy context and Rationale

- **IPA III PF: Window 4** Competitiveness and inclusive growth, **Thematic Priority 2:** Private sector development, trade, research and innovation
- **Chapter of the Acquis.** The indicator responds to interventions related to EU *Acquis* **Chapter 20:** Enterprise and industrial policy, **chapter 25** Science and Research and indeed to **Chapters 1-10** which set various conditions conducive to investment.
- This indicator was part of the previous IPA performance framework (2019-2022) and designated as IPA PF 2.17 (2020)

The specific objective of IPA III in this area is to “*address current structural challenges to the overall business environment, notably with regards to the significant state presence in the economy, high levels of state aid, low levels and structural distortions of competition and the issues related to legal uncertainty and the lack of regional market integration. Support will be provided to the on-going structural reform processes, inter alia in the areas of strengthening the protection of intellectual property rights (chapter 7 of the EU acquis), of competition and state aid control (chapter 8 of the EU acquis), information society (chapter 10 of the EU acquis), science and research (chapter 25 of the EU acquis), education and culture (chapter 26 of the EU acquis), consumer protection (chapter 28 of the EU acquis), company law (chapter 6 of the EU acquis) and free movement of goods, capital and services (chapters 1, 3 and 4 of the EU acquis), as well as for reducing regulatory barriers for businesses and for strengthening green growth (chapters 20 and 27 of the EU acquis). These chapters were mainly gathered in cluster 2 (Internal Market) and 3 (Competitiveness and Inclusive Growth). IPA III programmes under Window 4 should in priority help addressing the specific challenges elaborated in the Commissions assessments of the relevant Economic Reform Programmes as well as the jointly agreed policy recommendations with all IPA beneficiaries in the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey. These reform priorities should inform and guide programming under Window 4.*” (IPA Programme Framework p. 50)

The target group of interventions that correspond to this indicator will generally be governments and their public services supported to formulate and implement various EU Acquis laws that help reform the business environment and reinforce the country to avail of the opportunities and withstand the competitive pressures of the EU Single Market.

4. Values to report

All of the following values must be determined according to the definitions provided in Section 5 below.

- **Reporting values in the logframe:**
 - **Baseline value:** The value assumed by the indicator at time t0, against which progress will be assessed.
 - **Reporting of current value** is done at least once a year: actual latest value on the total number of public policies by the time of reporting and according to the applicable definitions provided in section 5 of the note. Values will be reported cumulatively across the whole implementation period.
 - **Final target value:** estimated total number of public policies by the target year and according to the applicable definitions provided in section 5 of the note.

- **Intermediate targets (milestones).** A tool has been developed in OPSYS to automate the generation of intermediate targets¹.
 - For outputs, the intermediate targets are generated using a linear interpolation between the baseline and target values because it is assumed that outputs materialise sooner and more progressively over implementation (than outcomes).
 - For outcomes, the expected progression over the course of implementation will vary across interventions. During the creation of a logframe, the expected outcome profile must be selected (OPSYS offers four options²) and this selection triggers the generation of intermediate targets for all 30 June and 31 December dates between the baseline and target dates for all output and outcome quantitative indicators. All automatically generated intermediate targets values and dates can be subsequently modified by the Operational Manager or the Implementing Partner with the approval of the Operational Manager.

5. Calculation of values

The value for this indicator is calculated by counting the **Number of public policies**, using the Technical Definitions and Counting Guidance provided below. Please double check your calculations using the Quality Control Checklist below.

Technical Definitions

Public policies for this indicator are understood in a broad manner, including Government programme, strategies and legislations at national or sub-national levels. They include sector or crosscutting reform strategies (including the Government Programme), annual and multi-annual budget and primary and secondary legislation.

Sub-national refers to any government entity below the national level, regardless of the political, financial and administrative design of the country.

Investment climate here is defined as the regulatory and institutional context which determines the level of investment, **i.e. private sector investment**. Much of the context is covered by what is usually termed “business environment” consisting of policies, legal and regulatory and institutional reforms. These are set by Government and Parliament and ideally should aim to ensure reasonable business costs, obviate excessive risks and create a competitive and fair environment that promotes sustainable and inclusive growth and decent job creation. In the context of EU integration many business reforms will flow from closer alignment to Acquis **Chapters 1-10**

Counting Guidance

- For a public policy to be counted against this indicator it must be assessed to:

¹ This has been done in the framework of the **Intervention Performance Assessment**. Two composite indicators have been developed to provide an overall assessment of an intervention’s current implementation and future prospects. These scores will be calculated for all NEAR interventions participating in the annual results data collection exercise.

- The **implementation score** reflects the relevance, efficiency and effectiveness already achieved by the intervention. The information on relevance is provided by the Operational manager’s response to a question in a survey. The information on efficiency and effectiveness is provided by the logframe data, if sufficiently available, or the response to a question in a survey, if not.
- The **risk score** reflects expectations regarding the most probable levels of relevance, efficiency, effectiveness and sustainability to be achieved by the intervention in the future. In this case, all the information is provided by the Operational manager’s responses to questions in a survey.

² a. Constant: The outcomes are achieved continuously throughout implementation; b. Accelerating: The outcomes are achieved towards the end of implementation; c. At the end: The outcomes are mostly achieved at the end of implementation; d. None of the above.

- Aim explicitly to improve the investment climate in a particular manner (cannot simply make an undifferentiated claim to this effect)
- And it must either be or have been:
 - a) developed/revised with EU support and/or
 - b) under implementation with EU support.
- More problematic is the identification of the public policies to be considered, since policy is a broad concept and there is a danger of counting in a plethora of granulated policies, many of which may in fact be better characterised as policy instruments. To avoid this, only broad “sectoral” policies should be counted. As is evident in the IPA III Programming Framework advice, the main policies will correspond to Acquis Chapter headings and major sub-headings within these (See section 4. ‘Rationale’ above).
- If an intervention supports the development/revision or implementation of a strategy, law, programme, measure all falling within the general scope of the same policy (e.g. Company Law (chapter 6 of the EU Acquis), then only the overall policy. i.e. reform of Company Law itself is to be counted, not each of its granular components as separate policies. In the absence of this caveat, there is a danger of multiple counting of the same, fundamental policy.
- A policy may be reported within the intervention according to successive stages of (a) development or revision and (b) implementation. Note that in such case, the reporting is done under two different indicators a) first, and then b).
- Possible **double-counting**. There is some risk of double counting when the intervention supports the same policy and same stage over several reporting periods. To avoid this, the same reform must be reported only once against the relevant indicator.

Quality Control Checklist

1. Has double counting been avoided as indicated in the Counting Guidance above?
2. Have all relevant disaggregations been reported?
3. Has the baseline and final target been encoded with the right dates?
4. Did you encode the latest current value available?
5. Did you use the comment box to inform on the values encoded?

6. Examples of calculations

In a given candidate or potential candidate country, a 4-year IPA III intervention is supporting the investment climate through three different components:

- a) the establishment of a well-functioning national credit bureau to support access to finance as envisaged by an existing regulatory framework that is already in place.
- b) simplification business processes, in particular by revising the existing regulatory framework, making it easier to register and license a business in line with EU Acquis on Company Law (chapter 6 of the EU acquis); and
- c) reforms that enable free movement of capital (chapter 3 of the EU acquis).

The total number of policies supported to strengthen investment climate by the EU in this case is 3.

In this case, the reporting should be as follows:

- Number of public policies to strengthen investment climate developed/revised with EU support: 2 (components b+c)

Number of public policies to strengthen investment climate under implementation with EU support = 1 (component a)

7. Data sources and issues

Data sources in the logframe:

- Data for this indicator must derive directly from the intervention, i.e. intervention internal monitoring and reporting systems from implementing organisations (e.g. governments, international organisations, non-state actors).
- Other possible sources include studies carried out in the framework of the interventions and external monitoring and/or evaluation reports.

Data source categories specified in OPSYS:

- EU intervention monitoring and reporting systems (Progress and final reports for the EU-funded intervention; ROM reviews);
- Public sector reports (Laws and regulations; Strategies and policy documents; Ministry/agency administrative data and reports)

8. Reporting process & Corporate reporting

Who is responsible for collecting and reporting the data?

- The implementing partner (i.e. the entity responsible for delivering the results) will need to ensure the counting starts at the lowest level of intervention and is reported upwards and aggregated for the entire intervention in the framework of regular monitoring and reporting systems.
- Data verification:
 - For indirect management by beneficiary countries, the National IPA Coordinator will verify the data.
 - For other modes of implementation, the Operational Manager in HQs/EUD will verify the data.
- It is then the responsibility of DG NEAR to centrally receive and verify data for this indicator from all relevant interventions and to eventually ensure aggregation within and across all IPA Beneficiary countries.

This indicator is used for corporate reporting in the following contexts:

- *IPA III via the Annual Report*

9. Other uses

IPA III RF 4.2.1.1 can be found in the following groups of EU predefined indicators available in OPSYS, along with other related indicators:

- "IPA III RF Window 4: Competitiveness and inclusive growth (IPA III W4);
- IPA Performance Framework (IPA PF 2)"

For more information, see: [Predefined indicators for design and monitoring of EU-funded interventions | Capacity4dev \(europa.eu\)](#)

10. Other issues

None