

IPA III Results Framework Indicator Methodology Note

1. Indicator code and name

IPA III RF 4.2.1.2: Number of Circular Economy policy instruments a) developed/ revised, and/or b) under implementation with EU support

2. Technical details

OPSYS and Results Dashboard code: 260712, 260715

Unit of measure: Number of (#)

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

Level of measurement: this is an **outcome** indicator. It would logically be associated with outcomes such as "*Policy and regulatory framework is upgraded to allow for increased investments in the [waste management sector or road transport sector¹ etc]* ", Number of policies, regulations or legislations related to trade in secondary material [developed / improved / approved / adopted / implemented] with EU support, *and in facilitating the implementation of the investment projects by private as well as public stakeholders*" or Number of recycled product / sustainability certification schemes created / improved with EU support.

Disaggregation:

The indicator is to be used at intervention and reporting levels according to whether the Circular Economy policy instruments are:

- a) developed/ revised with EU support or
- 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

Where relevant / possible, please disaggregate by circular flow/sector (i.e demolition waste, plastic..)

Any further disaggregation, where relevant, should be agreed with the relevant ministry or IP at programme or contracting stage. It may however be useful to disaggregate according to type of instrument (see examples above).

DAC sector codes:

15110; 15111; 15112; 15113; 15114; 15125; 15130; 15142; 15150; 15151; 15152; 15153; 15160; 15170; 15180; 15190

Main associated SDG: **SDG 13** - Climate Action.

¹ For example of certain recycled plastic products are re-used as foundations in road construction

Other associated SDGs: **SDG 12** Ensure sustainable consumption and production patterns, **SDG 9** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation and **SDG 6** Ensure availability and sustainable management of water and sanitation for all.

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 directed towards digitalisation
- Amount and share of EU-funded external assistance contributing to strengthening investment climate
- Amount and share of EU-funded external assistance directed towards supporting social inclusion and human development

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 may correspond to **Chapter 27:** Environment and climate change but also potentially **Chapter 19:** Social policy and employment, **Chapter 20:** Enterprise and industrial policy and planned investments falling under **Chapter 22:** Regional policy and coordination of structural instruments.
- The indicator corresponds to the **EFSD+ IW3 Water & Sanitation indicator 29** and to the **IW3 Sustainable Agriculture, Biodiversity, Forests and Water (SABF) indicator 35** “*Number of Circular Economy policy instruments a) developed/ revised, and/or b) under implementation with EU support*”.
- **Related Indicator:** Window 3 (Green Agenda and Sustainable Connectivity), TP 1 (TP 1: Environment and Climate Change) “*Amount of circular economy investments from enterprises in targeted value chains (disaggregated by sector)*” (Ind. 3.1.7.1)

Private sector development and trade is essential for socio-economic development and regional integration, and to improve the region’s competitiveness and job creation.

The EU’s approach to the circular economy is part of the [European Green Deal](#). EU’s new growth strategy that aims to make Europe the world’s first climate-neutral continent by 2050, with net zero greenhouse gas emissions. The Green Deal encompasses a set of far-reaching measures in almost all economic sectors (including energy, transport, agriculture, industry etc.) with the aim of fostering transition to a more competitive, resource-efficient and circular economy.

Circularity is an essential part of a wider transformation of industry towards climate-neutrality and long-term competitiveness. It is considered capable of delivering substantial material savings throughout value chains and production processes, generate extra value and unlock economic opportunities. It is also linked to the need to dematerialise the economy, reduce dependence on primary materials and secure access to resources for resilient supply chains (a key objective of the complementary Critical Raw Materials action plan), and the importance of a transition that works for people, including through job creation. The EU Circular Economy Action Plan (CEAP) provides a strong policy steer to guide EU diplomacy and international cooperation, in synergy with the objectives laid out in the Industrial Strategy COM(2020) 102.

The policy and legislative framework to facilitate a shift towards a circular economy is ongoing at EU level. In time a full regulatory framework, applicable to EU member states and Candidate and potential candidate Countries will fall into place.

Note that “circular economy” practices are potentially much more extensive than various forms of (waste) re-use and recycling and since this is a somewhat innovative areas, the scope of circular economy actions remains to be determined through practices, including pilot practices.

In the shorter term, IPA III assistance may be geared towards developing the regulatory framework in IPA III beneficiaries; in the medium to long term investments within key value chains may be financed. Value chains in the following areas are particularly concerned: electricity and ICT, batteries and vehicles, packaging, plastics, textiles, construction and buildings, food, water and nutrients. Achievement of greater circularity in waste management is also critical.

Moving towards a more circular economy could deliver benefits such as reducing pressure on the environment, improving the security of the supply of raw materials, increasing competitiveness, stimulating innovation, boosting economic growth (an additional 0.5% of gross domestic product), creating jobs (700,000 jobs in the EU alone by 2030). Consumers will also be provided with more durable and innovative products that will increase the quality of life and save them money in the long term.

(Source: EU Monitor,
<https://www.eumonitor.eu/9353000/1/j9vvik7m1c3gyxp/vknegugz7hwu?ctx=vjxzjv7ta8z1>
)

Further guidance, including suggestions and explanations of other results indicators not taken up into the IPA II RF (but which may be useful at intervention level), is given at https://europa.eu/capacity4dev/system/files/documents/sector/circular_economy_results_chain_final_0.pdf and switchtogreen.eu

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 policy instruments 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 policy instruments 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 targets².
 - 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 options³) 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 policy instruments**, using the Technical Definitions and Counting Guidance provided below. Please double check your calculations using the Quality Control Checklist below.

Technical Definitions

- **Policy instrument** for this indicator is understood as being part of a public policy. **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.

² 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.

³ 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.

- **Circular Economy:** “For the purpose of this indicator circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended” (EFSD+ definition).

Counting Guidance

- **Possible double-counting and data calculation.** There is some risk of double counting when the intervention supports the development/revision (or implementation) of the same policy instrument over several reporting periods. To avoid this, the same policy instrument must be reported only once against the relevant indicator. Instead, if for example, the intervention supports the development of a given policy instrument in year 1 and then the implementation of the same policy instrument in year 3, the policy instrument will be counted once under *Number of Circular Economy policy instruments developed/revised with EU support*, and once under *Number of Circular Economy policy instruments implemented with EU support*.
- Note also that if there is no EU assistance at all to support development, revision, implementation then the relevant policy instrument cannot be counted against this 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

An EU-funded intervention is implemented by the Ministry of Innovation in cooperation with its Innovation Agency (IA). Within the framework of the intervention, the Ministry is assisted through technical assistance to:

- Develop secondary legislation to regulate the return of specific end-of-life manufactured products to re-use centres where their valuable parts will be saved for further use; and
- Design and implement a programme that will offer customised technical assistance to enterprises in partnership with local public authorities that pilot innovative approaches that re-use redundant materials from manufactured products in new products.

These are 2 distinct Circular Economy policy instruments – one is regulatory, the other a delivery mechanism for stimulating enterprise-local authority cooperation. They count as 2 “policy instruments”, secondary legislation developed in Year 1 and the programme in Year 2. In Year 3 the programme starts implementation and the secondary legislation takes legal effect.

The Ministry as IP will report the following cumulative values:

	<i>Number of Circular Economy policy instruments developed/revised with EU support</i>	<i>Number of Circular Economy policy instruments implemented with EU support</i>
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Baseline	0	0
End Year 1	1 (= secondary legislation developed)	0
End Year 2	2 = (1 secondary legislation developed in Y1 + 1 programme developed in Y2)	0
End Year 3	2 = (1 secondary legislation developed in Y1 + 1 programme developed in Y2)	2 (both policy instruments under implementation)

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)

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*

This indicator has been included in the following other Results Measurement Frameworks:

- *EFSD+*

9. Other uses
<p>IPA III RF 4.2.1.2 can be found in the following groups of EU predefined indicators available in OPSYS, along with other related indicators:</p> <ul style="list-style-type: none">• European Fund for Sustainable Development PLUS (EFSD+);• IPA III RF Window 4: Competitiveness and inclusive growth (IPA III W4) <p>For more information, see: Predefined indicators for design and monitoring of EU-funded interventions Capacity4dev (europa.eu)</p>
10. Other issues
None