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Sida Decentralised Evaluation

Andrea Spear
Vera Devine
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Evaluation of the OECD's 'Sector Competitiveness Strategy' Project in Ukraine

Final Report

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January 2017**

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The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

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15 January 2017

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Abbreviations and Acronyms

CSO	Civil Society Organisation (a not-for-profit organisation like a regional development agency, non-governmental body, etc)
EU	European Union
FDI	Foreign Direct Investment
GIZ	Germany's International Cooperation implementing agency
IFC	International Finance Corporation (World Bank)
IPR	Investment Policy Review
MEDT	Ministry of Economic Development and Trade
MoAP	Ministry of Agricultural Policy
MoE	Ministry of Energy
OECD	Organisation for Economic Cooperation and Development
Sida	Swedish International Development Cooperation Agency
SME	Small and Medium-sized Enterprise
ToR	Terms of Reference
UABio	Ukrainian Association of Biomass Producers
UCCI	Ukrainian Chamber of Commerce and Industry
UNDP	United Nations Development Programme
USAID	US Agency for International Development

Preface

The Swedish Embassy in Kyiv contracted NIRAS Indevelop to conduct an evaluation of Phase 3 of the Sida and EU-funded “Sector Competitiveness Strategy for Ukraine” project implemented by the Organisation for Economic Cooperation and Development (OECD) between November 2009 and December 2015 (Phase 3: 2013-2015). The evaluation took place during 1 September-30 December 2016.

The review team, from NIRAS Indevelop, was made up of Team Leader Andrea Spear, Expert and Evaluator Vera Devine and Ukrainian Expert Oleh Myroshnichenko. Kristoffer Engstrand managed the review process and Ian Christoplos provided quality assurance.

The review team wishes to thank the stakeholders interviewed for their constructive input, and thank the OECD and the Swedish Embassy in Ukraine for their commitment and support. We hope that this report will provide useful guidance for the work ahead.

Executive Summary

I. Objectives of this Report

The Swedish Embassy in Kyiv contracted NIRAS Indevelop to conduct an evaluation of Phase 3 of the Sida and EU-funded “Sector Competitiveness Strategy for Ukraine” project implemented by the Organisation for Economic Cooperation and Development (OECD) between November 2009 and December 2015 (Phase 3: 2013-2015). Sida was particularly interested in the usefulness of the outputs, the effectiveness of the cooperation format and the effectiveness of the OECD in achieving the projected results. The Executive Summary focuses on these issues.

II. Key Findings and Conclusions (refer primarily to Phase 3)

Phase 3 took place during a particularly challenging time, with the 2013-14 Maidan ‘revolution’ and the conflict with Russia in 2014-15 having both negative and positive effects on the project objectives: enhanced sectoral competitiveness and investment attractiveness. Starting in March 2013, with a new project manager in Paris, Phase 3 delved further into the analyses delivered in Phase 2 in November 2012 and reconstituted the working groups on agribusiness, energy and aviation. Work halted for several months due to the Maidan events. When it restarted in mid-2014, a new government meant that new high-level contacts had to be cultivated and convinced to join the project, the working groups rebuilt and work plans revised to fit new priorities. Sida and the European Union (EU) agreed to extend the project, first to February 2015 and later to December 2015 (the latter mainly to allow for a new Investment Policy Review).

Usefulness of outputs. The outputs of Phase 3, like the previous phases, were publications providing in-depth policy analysis based on OECD tools, and advice and recommendations for reforms and their implementation based on Working Group debate.

Outputs of Phase 3, December 2015

1. Review of Agricultural Investment Policies of Ukraine
2. Measure and Strengthen SME Financial Literacy in the Agribusiness Sector in Ukraine
3. Identifying and Addressing Skills Gaps in Ukraine
4. Fostering Investment in the Biomass Sector in Ukraine
5. Enhancing Competitiveness in Ukraine through a Sustainable Framework for Energy Service Companies (ESCOs)
6. Assessment of Ukraine’s Investment Policy Framework: An Overview (the final version of the Investment Policy Review was launched in Ukraine in September 2016).

Sida had noted, in assessing the original project design in 2009, that this type of

‘outcomes’ might not be optimal for sustainability, but it saw them as the policy advice that was needed - and requested by the government - at the time.

The results framework focused mainly on activity indicators (Working Group meetings, seminars, publications, policy advice, etc). Most of these were achieved. Attaining the sectoral objectives was more challenging, given the political and economic instability, and inadequate government capacity and will to implement the recommended reforms:

- The Investment Policy Reviews (IPRs) of Phase 1 (2010-11) and Phase 3 (2015) addressed key business environment issues. A number of the recommended reforms are being implemented, and Ukraine is close to joining the OECD Declaration on International Investment and Multinational Enterprises.
- The energy area has had some positive outcomes in line with the project objectives. The project’s work on bioenergy and energy efficiency was timely, and several stakeholders credited it with contributing directly to changes in mindsets and approaches to critical thinking. It got a boost from the conflict with Russia and interruptions to gas supplies which focused high-level attention on alternative energy sources. Ongoing reforms regarding renewable energies and energy services companies (ESCOs) are partially attributable to the project, and are generally in line with project recommendations since 2012.
- The Credit Guarantee Scheme idea that emerged from the Phase 1-2 Access to Finance analyses (a separate Sida project post-Phase 2) is now being taken further by the National Bank of Ukraine (a project stakeholder). The Bank is also pursuing financial literacy - like CGS - on a broader scale beyond the original focus on agribusiness. These advances can be partially attributed to the OECD project.
- Governance in aviation manufacturing may not have been a realistic choice, given political sensitivities in the Antonov company (though the sector was a Ministry of Economy priority at the time - Phase 1). However, reforms in state-owned enterprises (SOEs) are underway, and Ministry of Economic Development and Trade (MEDT) status reports highlight the introduction of OECD principles on corporate governance into amendments to the SOE legal framework.
- The need for reform in the agricultural education sector through the introduction of an effective internship scheme and sectoral skills councils, themes of the Agri-Skills Working Group, have been incorporated into Ukraine’s *Single and Comprehensive Strategy and Action Plan for Agriculture and Rural Development 2015-2020*. The study tour to Agrosup, an agricultural higher education institution in Dijon, France, continues to feed into discussion on possible models for dual education that could meet the needs of agro-employers.
- The skills gap survey produced under the Agri-Skills workstream (also including

renewable energy sector and IT), has the potential to inform policy making. However, it was not possible to ascertain the extent to which it is being used. The situation is similar for the review of investment policies in the agricultural sector.

Effectiveness of the cooperation format (i.e., funding an international organisation to implement a medium-term project). Sida's 2009 'gamble' on the OECD's value-added for Ukraine despite its lack of experience in project delivery may have been reasonable, given the context (the government *wanted* the OECD). However, whether the high risks (political instability) and the rather vague results-orientation of the project justified the outlay of SEK 35m remains an open question that will only be answered when the impact can be judged in the future.

The cooperation format could possibly have been more effective if Sida had taken a more 'hands-on' approach in terms of the results orientation, and had participated more in local activities (e.g., attending Coordination Council meetings at the very least). A short OECD-Embassy briefing in the margins of quarterly working group sessions was not enough to convince the Phase 3 Embassy programme officers of the project's purpose and value.

Perhaps this project should have been viewed more as a 'think tank' and 'good practices' contribution instead of 'capacity-building' development assistance. That would have been more in line with the OECD's comparative advantage.

Effectiveness of the OECD

Overall, the OECD was considered a welcome and valued partner of the government in determining sectoral competitiveness and investment environment priorities. Its added value was well documented in interviews in Ukraine. The Ukrainian Government *wanted* the OECD, as a politically neutral think tank and reputable adviser, to help Ukraine raise its standing among potential investors. The EU and its member states viewed the OECD IPRs as a timely, valuable complement to the AA/DCFTA negotiations and implementation. And Sweden saw the sectoral work as an important step in the right direction, aligned with its country and regional strategies for development cooperation.

This was in many ways a winning combination, but the OECD's potential effectiveness in contributing to competitiveness and investment attractiveness was hindered by political events, its inability to secure political commitment and ownership for implementation, its officers' inexperience in actually implementing policy reforms in complex situations, and its inexperience in development assistance projects.

Feedback from the field on lessons and suggestions for the future focused mainly on sustainability-related issues:

- the need for a full-time local project office, rather than a series of local consultants
- a better balance of high-level political and specialist non-political participants
- more effective involvement of the private sector

- a much stronger focus on implementing recommendations, including securing government commitment to do so
- a stronger, more strategic approach to communicating, advocating and ‘selling’
- greater effort to get new people up to speed during and after all phases
- fewer OECD-dependent Working Groups (especially in Phase 3)
- more frequent Working Group meetings (a half-day session once every three months was not considered conducive to ownership or follow-through).

OECD management seemed to focus more on the individual components and their outputs (sector publications and investment policy reviews) than on how the project *as a whole* might achieve its overall competitiveness and investment attractiveness objectives. This may have been due in part to internal project structure. One missing link in this sense was the lack of an exit strategy focusing on sustainability issues (i.e., putting the outputs to good use). Another was the lack of monitoring indicators tied to tangible competitiveness and investment attractiveness achievements.

III. Main Recommendations for Sida

The Embassy Programme Officer should consider attending, on a regular basis, the priority project activities that will enhance understanding of the project, provide an objective sense of progress and highlight any problems.

Sida may wish to consider longer timeframes for projects seeking major change.

Sida should ensure that project design and logframes are results-oriented and focus on results indicators rather than activity indicators for monitoring the achievement of overall objectives and desired results. Similarly, Sida should ensure that development partners understand that annual reports must be linked to approved results frameworks and indicators, and contain a full-fledged, well-considered plan and budget for the following year.

Sida should ensure that project partners include an exit strategy in initial project planning and regular updates in annual plans. An exit strategy implementation plan should be submitted and discussed seriously with Sida with the Final Year Action Plan.

Sida should ensure that project agreements stipulate clearly that Sida may commission a midterm review and an evaluation at the end of the project.

1 Introduction

1.1 PURPOSE OF THIS REPORT

The main purpose of the evaluation is to review the achievements, effectiveness, efficiency, quality, sustainability and effects to date of Phase III of the Sida- and EU-funded OECD Sector Competitiveness Strategy Project in Ukraine. The previous phases were to be examined only to the extent necessary to evaluate Phase III and to assess the overall programme approach and “the efficiency of OECD as a partner”¹. Further details are provided in the original Terms of Reference and Inception Report, available in the Annexes.

The ToR indicated particular interest in the following aspects of Phase 3:

- The effectiveness of the cooperation format in reaching the projected results as presented in the project plan
- The effectiveness of the chosen outputs in relation to the aim of the project and the expected results
- The effectiveness of the implementing partner in relation to the project outcome and the needs of the main stakeholders (Ministry of Economic Development and Trade, Ministry of Agricultural Policy, Ministry of Education and Science, State Agency for Energy Efficiency and Energy Savings, Presidential Administration, the Ukrainian Association of Biomass Producers/UABio, the Ukrainian Chamber of Commerce and Industry/UCCI, Agroosvita, Lviv National Agrarian University, National Bank of Ukraine).

1.2 EVALUATION METHODOLOGY

The evaluation took place during September - December 2016. It was based on the OECD-DAC evaluation criteria of relevance, effectiveness, efficiency, impact and sustainability.

¹ToR, Section 4: Delimitations: “The main focus of the evaluation should be the last three years of the implementation, namely Phase III, and assessing the efficiency and impact related to the activities implemented during that programme period. However, to fully understand and assess the efficiency of the last phase, assessments of the prior phases are needed to a certain extent. This has to do with the overall approach of the programme and efficiency of OECD as a partner.”

The evaluation comprised three-phases:

1. **Desk Phase** (1 September - 31 October 2016): initial data collection, inception report/work programme, desk review, field mission organisation, preparation of sector-specific questionnaires
2. **Field Phase** (24 October at OECD and 3 - 8 November in Kyiv): field interviews and continued data collection
3. **Reporting Phase** (10 November - 30 December 2016): mission follow-up; continued data collection and analysis; preparation of the Draft and Final Reports.

Desk Phase

The Desk Phase, during September and October, included inception work, a thorough analysis of the evaluation questions, pre-mission data collection and review of the background material sent by Sida and the OECD. Initial consultations were held with the OECD project manager, as well as with current and past Sida officers. Gaps in information were identified and active attempts were made to close them through interviews and written requests.

Both Sida and the OECD were consulted in the development of the field work programme, including dates, target group samples, and a long-list of potential interviewees, to serve as the basis for selecting people for field interviews. Obtaining the contact lists was a long process, and the delays caused the originally planned mission of early October to be postponed until early November. This had an impact on the whole evaluation schedule. (See Limitations section below.)

Once the lists were secured, requests for interviews were prepared and translated for transmission by the local consultant. A short-list of top priorities included Ministerial, Coordination Council and Working Group chairs, and a selection of private sector and civil society participants. Securing meetings with the government agencies required formal letters from the Embassy and much persistence. Interviews with other stakeholders were easier to confirm.

Securing Relevant Interviews

The project had engaged a large number of stakeholders since 2009, but the events of 2013-2015 (Maidan, Russia conflict) led to the dispersal of many of the people involved. Therefore, the team endeavoured to interview stakeholders who were: (1) involved in the overall project for sufficient time to be able to provide insights on the issues raised in the evaluation questions; and (2) involved in specific activities with potential for sustainable impact. Such activities and stakeholders were selected on the basis of project documentation and interviews with the OECD and the former Sida/Embassy programme officer. The team sought interviews with a broad enough sample of stakeholders to cover a variety of perspectives. However, because so few people from the previous administration were contactable, and because some of the project's key stakeholders still in government were unavailable (e.g., the head of the Coordination Council during the latter part of Phase 3), this proved to be a daunting task.

The Evaluation Team sought the normal types of documentation used in evaluations (see box below). Securing this proved to be an unexpected challenge (see *Limitations* section).

Documentation Sought for the Evaluation

- Project documents and budgets, including logframes, baseline data and indicators
- Documentation on specific activities conducted as part of the project
- Initial and any subsequent project concept papers and any reviews, evaluations, etc, that led to the project concept
- All previous analyses, reviews, evaluations, etc, internal or external, of the project and/or any of its activities (2009-2016)
- Correspondence between Sida and the OECD on key issues in the lead-up to and during the project
- The signed and dated copies of the implementation agreements
- The original project Inception Report, risk assessment and logical frameworks with objectives, targets, baseline data, indicators and verification tools (and any refinements that were later introduced)
- Annual and/or periodic implementation/activity plans and annexes
- Annual and periodic progress reports and their annexes, including outputs
- Management responses and other correspondence regarding reporting, implementation and results to date
- Audit reports and management responses
- Participant lists and feedback forms from capacity-building activities, conferences, etc
- Plans, reports, correspondence on coordination with other donor programmes
- Any other relevant project documentation that Sida and the Evaluators may consider necessary including on issues that arise during desk analyses and field interviews.

Fact-Finding Missions

Two missions took place: one to the OECD in Paris on 24 October and the other to Kyiv on 3-8 November.

The meeting with the OECD was a full-day event, comprising interviews with the Phase 3 project manager and relevant department heads, as well as with supervisors and policy officers involved in the sector-specific work during Phases 1, 2 and/or 3 (see Annex 2: People Interviewed).

Objectives of the OECD Mission:

- To interview as many as possible of the OECD staff who had participated in the project since Phase 1
- To clarify the structure and administration of the project management during the three phases
- To document the achievements of the project, particularly in Phase 3
- To gain an understanding of the challenges the OECD teams faced in implementing the project

- To identify and secure additional documentation and contacts for field interviews.

Objectives of Kyiv Mission:

- To meet the new Project Officer at the Swedish Embassy who replaced the previous Project Officer in late August 2016)
- To meet the EU Delegation officer who was Project Officer for most of Phase 3:
- To interview participants in the various working groups and coordination council during Phases 1, 2 and 3
- To fill gaps in information received from Sida and the OECD
- To enquire about the results of the Project and their sustainability
- To test hypotheses and triangulate findings, etc, from initial desk research and OECD interviews
- To secure additional documentation.

At the beginning of the mission to Kyiv, the Evaluation Team met the EU Delegation responsible for the Project in Phase 3, and the Swedish Embassy's new officer responsible for the Evaluation. At the end of the mission, the Evaluation Team had a debriefing at the Swedish Embassy.

The table below shows the distribution of interviews by total and sector. Interviews were semi-structured, based on questionnaires tailored to each sector and focusing on the project's desired results. Each interview took 1-1,5 hours.

Number of Stakeholders Interviewed by Total and Sector

	Total	Energy	Agribusiness Access to Finance	Agribusiness Access to Skills	Civil Aviation
OECD staff	10	1	3	2*	1
Ukraine total	21	11			1
Ukraine current and past Government officials	12	7	2	2	1
Business, Ind. Associations, Lawyers	6	4		1	
Academia	2			2	
Local consultants employed by OECD for org/liaison	2				
Sida officers	2				
EU officers	1				

* Note: the totals may not add up because some of the people interviewed were not sector-specific, or some of the functions overlapped (e.g., OECD agribusiness skills and finance policy officers).

The field mission did not yield sufficient information to develop conclusions or recommendations on the project outcomes. The Evaluation Team continued to seek specific information from the OECD and through additional skype interviews with Ukraine.

The Report

The Evaluation Report was drafted in December, with additional input from the OECD. The core analysis focused on the Evaluation Questions. These reflect the specific issues raised in the ToR and approved by the Embassy in the Inception Report.

Calendar of Milestones and Deliverables

Milestone/Deliverable	Responsibility	Date (2016)
Start of the Evaluation: Inception/Desk Phase	<i>Embassy, Indevelop</i>	1 September
Submission of the draft Inception Report	<i>Indevelop</i>	15 September
Approval of Inception Report	<i>Embassy</i>	23 September
Field Mission Phase starts	<i>Evaluation Team</i>	24 October
OECD, Paris	<i>Evaluation Team</i>	24 October
Kyiv	<i>Evaluation Team</i>	3-8 November
Initial briefing at EU Delegation, with Embassy	<i>Embassy, EU Delegation, Evaluation Team</i>	3 November
Debriefing at Embassy	<i>Embassy, Evaluation Team</i>	8 November
Submission of Draft Evaluation Report	<i>Evaluation Team</i>	23 December
Comments on draft report	<i>Embassy, stakeholders</i>	8 January
Submission of Final Evaluation Report	<i>Indevelop</i>	16 January
Approval of Final Evaluation Report	<i>Sida</i>	20 January
Presentation of Final Report to Embassy and Stakeholders	<i>Embassy, Evaluation Team, OECD</i>	If required, to be confirmed by Sida

1.3 LIMITATIONS

The Evaluation Team faced numerous challenges in preparing this report - mostly related to securing information and contacts, obtaining interviews with Ukraine-based people who were directly involved in the project activities, and getting answers to the many questions arising from the reporting and field interviews.

At the time of the submission of the Inception Report (mid-September), the evaluators had not received enough information from Sida or the OECD to be able to determine an interview sample or produce discussion points for interviews. Only a few project documents and no list of contacts had been received. Continuing challenges in securing documentation and relevant contact details caused the field mission to Kyiv, planned for early October, to be postponed for one month. This put considerable pressure on the Evaluation Team, which had other contractual obligations during November and December.

At the time the Draft Evaluation Report was due (second week of December), the evaluation team was still hampered by the lack of important clarifications it had requested from the OECD in mid-November, after the field mission. Just when the team was about to submit the report based on information at hand, the clarifications

and outstanding documents, including the final logframe for Phase 3, began to arrive. The team therefore had to request an extension of the due date, in order to go through the new information and make adjustments to the report.

The following table, updated from the Inception Report, illustrates the challenges facing the evaluation team as the assignment unfolded.

Challenges in the Evaluation Process

Challenge	Addressing the Challenges
Ability to evaluate the project in general	Sida indicated early on that it would be difficult to evaluate the project due to the ‘vague results framework’ and the fact that the key local stakeholders in the project were ‘long gone’. During the inception phase, interviews with both the new Sida Project Officer and the OECD indicated that it would be difficult to locate the major counterparts in Ukraine, due to the bifurcation caused by the events of late 2013/early 2014 which resulted in a complete overhaul of the government and key positions in the public administration. The evaluators sought to mitigate this risk by reaching out to the widest possible number of stakeholders, once contacts were provided by the OECD, however, with somewhat limited success. No interviews on the Aviation work strand with Ukrainian stakeholders could be secured. Also, for the agriculture work streams (skills and access to finance), it was not possible to secure interviews with a sufficient number of stakeholders to assess results and sustainability to standards comparable to other evaluations.
Delay in receipt of information to prepare field work in Ukraine and to prepare the evaluation report in general	As of 14 September 2016 (date the draft Inception Report was completed), the evaluators had not received a list of contact details from the OECD. Given the complex Ukrainian administrative structure, the evaluators urgently needed the contact details of the institutions and individuals involved in the project activities, as well as an introduction letter in Ukrainian from the Swedish Embassy in Kyiv, in order to organise field interviews for 3-10 October. As a result, the in-country data collection had to be postponed by one month. The evaluation team held an intensive day of interviews with the Project team at OECD Paris prior to the data collection in Ukraine, which helped to secure a somewhat better understanding of the key parameters of the project.
Fragmentation of institutional memory	Sida: The Embassy project officer for Phase 3 of the OECD project was no longer with Sida. The new Embassy officer responsible for the Evaluation was not involved in the project. Both were interviewed during the Desk and Field Analysis stages. OECD: The OECD had considerable staff turnover during and after Phases 1, 2 and 3. Post-Phase 3, there was very little follow up on what had happened in the institutions the project had worked with, although an OECD delegation visited Ukraine to launch the IPR in late September 2016. Interviews with the OECD thus dealt with the state of affairs up to late 2015, with a few exceptions. The evaluators were able to secure some updates during the field mission (e.g., MEDT SOE reform reports and Denton’s energy reform updates, as well as from the National Bank of Ukraine on the financial literacy strategy). No updates were received from stakeholders involved in the agri-skills work strand, who themselves were uncertain about more recent policy developments. Ukraine: The Maidan events of late 2013 led to a new government and

	considerable staff turnover. That said, at the best of times the Ukrainian Government is characterised by frequent changes at both senior and technical staff levels. With the exception of the work-strand related to energy, it was not possible to identify any government stakeholder on the Ukrainian side who had been involved in all phases of the project, or even throughout Phase 3. Stakeholders interviewed were mainly involved in specific aspects of the various work strands, but (with the exception of the work on energy) were not in a position to provide a meta-view on overall aspects. Moreover, a not insignificant number of stakeholders struggled to recollect even basic aspects of the work they had been involved in, confusing it with other donors' projects, working groups and study tours.
OECD participation and co-ownership of the evaluation	The OECD was aware of the evaluation, but it was not involved directly in the development of the Terms of Reference. In the initial contact with the OECD in September, the OECD Project Manager had not seen the final ToR. In the end, the Inception Report had to be revised after the OECD requested the Embassy to remove references to evaluation of financial issues (most of the 'Efficiency' part of the Evaluation Matrix).
Securing crucial information	During the Desk Study Phase, the evaluation team sought additional information from the OECD, including working group documents and key contacts for the field mission. As noted in the sum-up paragraph, this proved to be a major challenge, in part because so many of the people involved in the Project were no longer in government nor contactable by other means. In the end, however, the team received a list of contacts with their latest private emails and roles in the project. Following the field mission, the team sought additional information and clarifications from the OECD, with the aim of double-checking interview results with information in the annual reports. At the time of the originally scheduled submission of the draft evaluation report for Quality Assurance, most of this information had not been received. This caused a delay in submitting the draft report.
Lack of responses from stakeholders contacted after the in-country work.	The evaluators sought to conduct follow-up interviews with a number of stakeholders that are not, or no longer, based in Ukraine. However, neither the ETF nor the WB contacts responded to the requests for Skype/phone interviews.

1.4 OVERVIEW OF THE OECD "SECTOR COMPETITIVENESS STRATEGY FOR UKRAINE"

The following brief outline attempts to consolidate the variety of objectives, aims and goals set out in the Project documents between 2009 and 2016.

The overall Project objective was to enhance Ukraine's competitiveness and foreign direct investment (FDI) appeal. The specific objectives were to define and prioritise sector-specific competitiveness issues and related policy barriers, and deliver actionable policy recommendations.

It was carried out in 3,5 phases (annual report titles in quotes):

- **Phase 1:** 15 November 2009 - 31 October 2011. "Sector Competitiveness Review of Ukraine".
- **Phase 2:** 1 November 2011 - 15 November 2012: "Sector Competitiveness Review of Ukraine"
- **Bridging Phase:** 16 November 2012 - 28 February 2013: "Ukraine's Sector

Competitiveness Strategy”

- **Phase 3:** 1 March 2013 - 1 November 2014, later extended to 28 February 2015 and then (in March 2015) extended to 31 December 2015: “Sector Competitiveness Strategy for Ukraine”.

According to the OECD officer who was involved in the project during all three phases, mostly as overall supervisor during Phases 2 and 3:

“In a nutshell, the project was designed as follows:

Phase 1: Frame the problem and identify the issues and needs for reform

Phase 2: More specific recommendations

Phase 3: Support for implementation.”

The key project activities and their respective aims were as follows:

Phase 1 - Goals:

- To conduct an OECD Investment Policy Review of Ukraine.
- To identify ‘high-potential’ sectors and design actionable policy recommendations aimed at overcoming structural weaknesses and addressing sector-specific impediments to competitiveness. (*Note: The selected ‘high-potential’ areas were agribusiness, energy-efficiency and renewable technologies, and machinery and transport equipment manufacturing.*)

Phase 2 - Goals:

- To strengthen sector competitiveness by addressing specific policy barriers focusing on short-term results.
- To design recommendations for practical and effective measures to address specific policy barriers hampering industrial development.
- To identify and prioritise policy reforms and key success factors in 3 sectors, leading to establishment and implementation of an overall private sector development plan. (*Note: The selected sectors were more tightly focused into: agribusiness: grain sector access to finance and dairy sector access to skills; biomass sector development; and Antonov SOE corporate governance.*)
- To contribute to the reduction of sector-specific barriers hampering both domestic and EU-Ukraine investment flows.

Bridging Phase - Goal: To disseminate project findings (and outputs) to existing and potential stakeholders.

Phase 3 - Goals:

- To enhance the competitiveness of the Ukrainian economy by supporting the economic reforms process.
- Later added via an amendment to the Agreement: *To conduct a second Investment Policy Review.*

The Project Document for Phase 3 (dated November 2012, but according to the OECD, mostly written in 2009) set out the following **specific objectives**:

- Provide information on best practices in policy and programme design distilled from ... experiences of OECD member countries and to transfer methodology
- Advise on sector-specific policy reforms, with a focus on SMEs and their role in global value chains
- Improve the Ukrainian Government's ability to design and implement tools to analyse and address skills gaps
- Assess Ukrainian agricultural policies and recommend ways to enhance sectoral competitiveness.

To achieve these objectives, Phase 3 focused on three 'pillars', each with its own goals.

Pillar 1: Goals:

- To establish sector-specific policy working groups to address policy and administrative barriers hindering SME integration into global value chains.
- To streamline administrative procedures to foster investment in **renewable energy**
- To strengthen SME clusters in the **aircraft** value chain
- To improve access to finance and skills in the **agribusiness** sector.

Pillar 2: Goals:

- To identify skills gaps via a survey.
- To 'ensure sufficient human resources in quality and quantity' to meet sector-specific requirements.

Pillar 3: Goal:

- To conduct a full assessment and provide recommendations on agriculture policies. In Year 1 of Phase 3 this goal was changed to: To implement the OECD Policy Framework for Investment in Agriculture.

The overall financial envelope for Phase 3 was €2 million, of which Sweden provided approximately €470.000 (SEK 4,5m), and the EU and the OECD the rest.

Following the signing of the final extension agreement dated 2 March 2015, Sweden's **total allocated budget during Phases 1-3 was SEK 35 million**. According to Swedish Embassy Decision 6/2015, up to that date, commitments to the OECD had totalled SEK 30,5 million and disbursements SEK 30 million. The schedule of payments listed in that Decision showed:

2009: 15 000 000 SEK

2010:	6 000 000 SEK
2011:	4 500 000 SEK
2012:	4 500 000 SEK
2015:	4 500 000 SEK
2016:	500 000 SEK.

When this Evaluation was prepared, the 2016 allocation had not been disbursed.

Annex 7 provides a summary of the project's achievements and evidence, by goal.

(Sources: ToR, Project documentation; 2013, 2015 Swedish Embassy funding decisions; Swedish Embassy interviews, Nov. 2016, OECD interviews, Oct. 2016.)

2 Key Findings and Lessons

This chapter aims to respond to the ToR Questions. Given the limitations described in 1.3 above, responses are provided on a ‘best-efforts’ basis. Please note that some duplication is necessary in order to respond to each question.

2.1 RELEVANCE

1. Did the objectives relate closely to key competitiveness problems in Ukraine?

The overall Project objective was to enhance Ukraine’s competitiveness and foreign direct investment (FDI) appeal. The specific objectives were to define and prioritise sector-specific competitiveness issues and related policy barriers, produce actionable policy recommendations, and support their implementation over three phases spanning six years.

At the time the project was designed in 2008-09, Ukraine was in the midst of a major economic crisis, sparked in part by the international financial meltdown and in larger part by the failure to implement needed reforms and secure political stability during the preceding growth years. Ukraine had also just joined the WTO and was negotiating the AA/DCFTA with the EU (facing fierce Russian opposition). On its agenda were many trade- and approximation-related reforms that were not progressing.

The Sida Assessment Memo showed a good understanding of how the OECD project, as originally proposed, could address key competitiveness and other issues, including those highlighted in the Swedish cooperation strategy for Ukraine.

From Sida Assessment Memo, 2/7/2009, Section 1: *“The Swedish cooperation strategy with Ukraine 2009-2013 has as its overall goal deepened EU integration within the areas of democratic governance and human rights, and natural resources and environment. This (OECD) project will assist Ukraine in further adapting to the demands posed on the country as a new WTO member and prepare the ground for the implementation of the comprehensive and deep free trade agreement with the EU by improving the business climate.”*

“Ukraine’s economic performance has resulted in a major loss of investor confidence, making it difficult for the state, the banks and businesses to raise funds on international markets. In addition to mismanaged economic policy, the reasons

for the current economic situation can be traced back to the 1990s when the oligarch economy developed, leaving crucial areas unreformed.”

“One of the major challenges for Ukraine in getting back on the growth track is to improve the business climate, investment and trade prospects. With regard to the European integration agenda, further reforms will be required. Three important obstacles ...in this regard are: 1) lack of sector-specific reforms, which hampers growth and limits the availability of human capital; 2) uneven distribution of wealth, with the majority of the population belonging to the low-income category; and 3) high unemployment and underemployment.

Assessment Memo Section 2.2: *The proposed support through the OECD will provide Ukrainian stakeholders with tools to identify and remove policy barriers to improve competitiveness in some chosen sectors. A private sector investment strategy and sector-specific action plan will then be elaborated with a view of being utilized for furthering the economic integration with the EU.*

The **Phase 3** concept paper (part of the original 2009 submission and updated slightly in 2012) maintained the overall competitiveness focus and set out four specific objectives (the second Investment Policy Review was added several years later):

- Provide information on best practices in policy and programme design distilled from the evaluated experiences of OECD member countries, and to transfer methodology
- Advise on sector-specific policy reforms, with a focus on SMEs and their role in global value chains
- Improve the Ukrainian Government’s ability to design and implement tools to analyse and address skills gaps
- Assess Ukrainian agricultural policies and recommend ways to enhance sectoral competitiveness.

All of these issues remained as relevant in 2012 as they were in 2009 when the project started. The first two phases of the project had focused attention on reform and competitiveness issues in priority areas for the Ukrainian Government - agribusiness, energy and transport equipment manufacturing (aviation). Phase 3 proposed to take the findings and recommendations “from analysis to implementation”.

The **energy** work had a strong focus on improving the investment environment for biomass, and later for energy efficiency services SMEs. This work became increasingly relevant during the conflicts with Russia when key energy supplies became uncertain.

The **aviation** work (a Ministry of Economy priority in Phase 1) had moved from the focus on corporate governance (which did not succeed) to what the OECD thought would be a noncontroversial focus on potential SME clusters in the aeroplane manufacturing supply chain. This work was abandoned in 2014 due to continuing government resistance to include the private sector and contemplate the proposed reforms. (While the timing may not have been right to take on such a sensitive sector, the idea of SOE reforms needed to be raised.)

Regarding focus areas pursued in the **agriculture sector**: skills gaps, access to finance and an overall analysis of sector policies, these were relevant to the context in Ukraine during all three phases of the project.

In the Agri-skills WG, the need for the development of a sound system of dual education in the agricultural sector was well identified, as were the critical regulatory factors affecting the effectiveness of the education, including the internship system. The focus on the establishment of sectoral skills councils as part of the higher education reform process, too, was well identified. The project was relevant for informing the implementation of the new Law on Higher Education by providing examples of dual education systems as well as platforms--through the Working Group meetings and study visits--to discuss models that would be applicable to the Ukrainian context.

What is less certain is **the relevance of the work of the WGs in the context of ongoing national-level reform efforts in Ukraine in 2014/2015**. Ukrainian stakeholders were not able to clearly link the two. Internship schemes, and the need for the establishment of sectoral skills councils are issues that have been included in the Single and Comprehensive Strategy and Action Plan for Agriculture and Rural Development 2015-2020 (hereafter: the Strategy), where the Agri-Skills Working Group reports that the inclusion of these topics was, at least in part, a result of its work. The OECD reports that the findings from the Working Groups were fed into the Strategy drafting process during the Agriculture Donors' Meetings in 2015 in which the OECD participated. However, the project Working Groups ran in parallel to (rather than feeding directly into or being merged with the Strategy Working Group 4.2 that was concerned with "Agricultural Education") the multi-stakeholder Strategy drafting process, which was facilitated and funded by the EU and which worked to a tight schedule and at high intensity. The project's Agri-Skills WG developed two Action Plans—one to set up an internship scheme in agricultural universities in Ukraine; the other on the establishment of agricultural skills councils—the status of these Action Plans in relation to the Strategy remains unclear.

What is insufficiently clear from the project documentation is that the project did not necessarily introduce new discussions or establish/facilitate new partnerships.

Stakeholders have pointed out that the discussion around the internship schemes had been ongoing prior to the OECD-led Agri-Skills Working Group, as well as cooperation with Agrosup, the agricultural university in Dijon/France, a study visit to which became one of the most appreciated outputs from the perspective of stakeholders.

While it has not been possible to have sufficient evidence on the use of the **skills gap survey** that was also part of the work strand on skills in the agricultural sector (although the survey went beyond this sector to include renewable energy companies), a collaboration between the OECD project and the World Bank Ukraine, this type of survey would seem highly relevant for evidence-based policy-making.

With regards to **access to finance for agribusinesses**, this is, in principle, a relevant issue for Ukraine (and problematic for businesses beyond the agricultural sector). The Phase 2 work on a Credit Guarantee Scheme for Agribusiness SMEs became a separate Swedish-funded project. As a result, the Working Group on Access to Finance for Agri-Business came to heavily focus on financial literacy as an avenue to overcome other problems relating to access to finance. In Ukraine, the main constraint with regard to access to finance is not so much low financial literacy, or lack of availability of credit, but rather the high interest rates in local currency and the need for credit enhancement to facilitate access to loans. The survey produced as the key reported output of the Working Group came to the conclusion that financial literacy was an issue among younger or inexperienced entrepreneurs, but that it was not a major problem among other groups. It is questionable whether there was a need for a survey to establish this rather unsurprising picture, or whether a less detailed analysis would have sufficed and highlighted that the more significant problems lie elsewhere.

For the **agriculture sector**, under Pillar 3, a full **assessment of and recommendations on agriculture policies** was foreseen in the 2012 project document. In 2013, this was changed to become the implementation of the OECD Policy Framework for Investment in Agriculture (PFIA). In principle, there would not seem to be any contradiction in recalibrating this goal so as to fall under an established OECD analytical framework for the sector, although in 2013, this was, in its present form, a relatively new tool that had been piloted in just a few countries.

The in-country data collection has not produced any stakeholder reaction to support a conclusion as to how relevant or not the assessment is to Ukraine and whether it is being used as a reference framework by stakeholders, including the wider donor community. It is debatable how relevant the PFIA was during a time when the Ministry of Agrarian Policy and Food did have overriding priorities posed by the intense schedule for the development of the national Strategy and whether the project

should have taken this into account.

2. Did the project fill gaps that other assistance programmes did not address adequately?

The OECD project offered a different approach that Sida thought might help overcome some entrenched problems in political processes.

From Sida Assessment Memo, 2/7/2009, Section 2.1: “Sida is currently supporting the International Finance Corporation (IFC) project Business Enabling Environment, which aims at improving the business climate in Ukraine by addressing key regulatory barriers hindering Ukrainian SMEs. The results ... have been satisfactory, but the project has not managed to advance the laws in business enabling and regulatory reform in Parliament. This is mainly due to the unstable political situation and the frequent disagreements between the Parliament and the President. The (IFC) project is more technical ...than the proposed one, which has a stronger policy focus. The project of the OECD will not engage in legal initiatives in the same way, but rather offer proven tools and methodologies to Ukrainian policy makers in order to better prioritise among sectors for increased competitiveness.”

“The OECD will employ a proven methodology that helps identify and remove policy barriers at both regional and country levels. Its benefits are threefold: (i) focusing scarce resources on specific sectors to increase the likelihood that policy reforms are implemented; (ii) generating interest and involvement from the private sector early in the process (for instance through industry associations and chambers of commerce); (iii) specific - and actionable - policy recommendations to support the growth of a sector.”

See Question 5 on OECD value-added below for additional information.

3. Were there clear synergies and coherence between this project and other Swedish projects in Ukraine?

See the comment above regarding the IFC business climate project and comments below regarding alignment with the Swedish country and regional strategies.

Regarding the Project’s focus on energy efficiency, as one of 3-4 priority areas, Sweden’s Strategy for Development Cooperation with Ukraine 2009-2013 mentions building on EBRD energy efficiency work with industry: “Swedish support through the European Bank for Reconstruction and Development to improve energy efficiency in medium-sized industries has had good results, and there should be preparedness to support further initiatives”.

4. *Were the objectives aligned to Sweden's country and regional programme strategies?*

Yes. See references above to the alignment of Phases 1 and 2 to the Swedish cooperation strategy for Ukraine 2009-2013. While Phase 3 started before the Swedish Regional Results Strategy 2014-2020 went into effect, the objectives (see list under Question 1 above) were also aligned with several expected results indicators.

Expected Results in Eastern Europe

- 1) *Enhanced economic integration with the EU and development of market economy*
 - Partner countries better fulfil EU requirements for entering into and applying association agreements, including deep and comprehensive free trade areas (AAs/DCFTAs).
 - Competitive small and medium-sized enterprises make up a greater share of the economy.
- 2) *Strengthened democracy, greater respect for human rights and a more fully developed state under the rule of law*
 - More efficient public administration with administrative capacity to implement reforms for EU-integration.
 - Delivery of higher-quality public services, based on principles of non-discrimination and equal rights and with less corruption.
- 3) *A better environment, reduced climate impact and enhanced resilience to environmental impact and climate change*
 - Partner countries increase compliance with EU regulations and international agreements on the environment, climate and energy.
 - More sustainable public services in areas such as water and sewage, waste management, energy efficiency and renewable energy.

Source: *Results Strategy for Swedish Cooperation with Eastern Europe, the Western Balkans and Turkey, 2014-2020*

Other parts of this Results Strategy are also quite relevant (note the focus on business, agriculture and energy - the ultimate focal areas of the OECD project):
“The AAs/ DCFTAs aim to bring about increased economic integration with the EU in a number of policy areas, including business, agriculture and energy. In efforts to meet and apply the EU requirements there is a need to strengthen capacity among the responsible institutions in the area of trade. Competitiveness in the business sector, not least among small and medium-sized enterprises (SMEs), needs to increase for the partner countries to be able to take advantage of the opportunities offered by the AAs/DCFTAs. Initiatives to facilitate enterprise and entrepreneurship are an important part of efforts to promote a favourable business climate, strengthened competitiveness and productivity and reduced unemployment, particularly in rural areas and among young people.”

The Sida Assessment Memo, 2/7/2009, Section 2.2, also relates the OECD project proposal to Swedish country objectives and strategies: *“An improved and more*

transparent business environment with less regulatory barriers and other policy-related and structural obstacles will enhance also democracy building in Ukraine and contribute to lowering the levels of corruption - both key areas of the current Swedish cooperation strategy. Particularly in combination with other reforms, improving business climate and attracting investments has the potential of contributing to reduced poverty by lowering unemployment as well as underemployment.”

5. What was the OECD’s value added?

Perhaps the most important aspect was that the Ukrainian Government *wanted* the OECD, as a politically neutral think tank and reputable ‘adviser’, to help Ukraine raise its standing among potential investors. Secondly, the OECD offered the consolidated experience and good practices of its member states (all WTO members and many EU members). Thirdly, the EU and its member states viewed the OECD Investment Policy Review and other OECD instruments, such as the Principles for Corporate Governance of SOEs and the Declaration on International Investment and Multinational Enterprise, as timely, valuable complements to the AA/DCFTA negotiations and implementation.

Regarding the OECD’s role in the **agriculture sector**, stakeholders referred to the organisation’s value-added as one of the leading think tanks with a strong record in agricultural policy analysis which positioned it as a credible and strong player to deliver assistance and policy advice in the context of Ukraine. According to stakeholders, however, this value-added did not fully play out to the extent it could have if there had been a clear and decisive vision overall for the agriculture sector in Ukraine—something that has not been fully achieved by the National Strategy that was developed with EU-support in 2014/2015 and which, according to stakeholders, leaves a considerable number of key questions unresolved.

From Sida Assessment Memo, 2/7/2009, Section 2.3:

“Being a recognised organization representing 30 member states, OECD will in this project draw on well proven methodology and know-how. ... The organisation is known for providing governments with policy advice and developing applicable methods for sustainable economic growth also to countries in transition, although the organisation is a rather recent player in this particular context.

OECD has a strong comparative advantage in the fact that the Ukrainian stakeholders, primarily the government and business community, would like their particular expertise in the area. This is evident from the contacts OECD has had with the Ukrainian Government during its mission to Kiev in February 2009 and the launch of the Eurasia Competitiveness Programme in Paris the following month. OECD also maintains a close collaboration with the European Commission, participates in working groups of EaP, and has good prospects of contributing to the fulfilment of the partnership as to the private sector.”

Nevertheless, Sida had some concerns at the beginning that in some ways were present.

From Sida Assessment Memo, 2/7/2009, Section 2.4:

“OECD clearly has both the mandate and the capacity to implement the proposed activities. The project has been successfully anchored with the Ukrainian government, leading business organisations, at least one academic institution and majors donors. It is however important to closely monitor how OECD accomplishes the task of multi stakeholder involvement during the course of the project.”

Further, policy advice is the strongest asset of the organisation and this is clearly a policy-oriented project. OECD has allocated sufficient resources for implementation.

The organisation is a newcomer in the field of development cooperation. Sida/MENA has in their ongoing project with OECD put considerable efforts into managing the administrative challenges that have occurred as a consequence of OECD not being a donor-oriented organisation. These experiences suggest that the organisation has little capacity of managing development projects and dealing with donors and their reporting requirements.

There seem to be deficits in the system of learning, why it is possible that similar troubles that Sida has encountered previously might occur again. Sida will manage this by maintaining a close contact with the Sida/MENA department and by making sure that realistic targets are set for the project.”

Despite these concerns, Sida concluded that the OECD’s ‘pluses’ in this case (capacity and mandate to implement the proposed activities, and the Ukrainian Government’s clear stamp of approval) outweighed its limitations in managing development projects.

“It was concluded at the Team Committee meeting for this project that the value added of OECD as an implementer outweighs their shortcomings in terms of development project management skills, and that OECD could in fact provide a value added compared to many other actors in this field. The value added of OECD, as seen from the Sida perspective, is that the organisation is being perceived by Ukrainians as a neutral player, applying a relatively inclusive approach, having access to a wide pool of best practices, and providing high-quality advice.”

6. To what extent were the stakeholders ‘owners’ of the project?

The Ukraine Government, from Phase 1, was keen to have the OECD as an adviser, for the reasons spelled out above (under ‘OECD’s value added’). The underlying motivation was a desire to eventually qualify to join the OECD, and in the meantime be able to participate in certain OECD working groups and committees.

From Sida Assessment Memo, 2/7/2009, Section 2.1:

"Ukraine has shown a keen interest for the planned project. In a letter from Vice Prime Minister Hryhoriy Nemyrya to the Head of the OECD, Angel Gurria, the VPM writes..." OECD initiative fully corresponds to the goal of the Government of Ukraine, which is to improve our state competitiveness through the acceleration of policy reforms". The Vice Prime Minister was also appointed to be the main contact point for the OECD during the course of the project. VPM Nemyrya addressed a second letter to OECD at the end of March 2009, expressing a keen interest in developing a closer cooperation with the OECD's Investment Committee and, as a first step, to conduct a Peer Review by this Committee of Ukraine's international investment policies."

The Government was particularly keen to be seen as pro-investment, and considered the **Investment Policy Reviews** and Ukraine's adherence to the *OECD Declaration on International Investment and Multinational Enterprises* as necessary precursors to being able to attract good quality investors. So in that sense it had a firm stake in the project, though Government commitment was variable, depending on who was in power at the time.

Interviews indicated that political ownership depended on the activity and the geopolitical context. It appeared to be strong for the Phase 1 Sector Competitiveness Strategy and the Phase 1 and 3 Investment Policy Reviews. Political ownership was weakest for Phase 2-3 work on aviation SOE reform, which met political resistance.

Working Group (s) on Energy Efficiency and Renewable Energy: Ownership remained fairly strong for activities related to energy, partly due to a dedicated chair and numerous members of the Working Group(s) who remained involved during much of the project.

"Renewable Energy was a good topic to identify and take on board. Back then, it was not obvious that it would be realistic because there was a big lobby of coal and gas interests. Thanks to the events of 2013-14 (Maidan, Russia), the renewable energy sector became topical and important. The previous government would not have implemented the recommendations. But now there is hope that the recommendations will be implemented." Source: Businessman involved in the original Renewable Energy Working Group 2012-13.

WGs on Access to Finance for Agri-Business and Skills Development for Agri-Business: It has been difficult to find clear evidence to assess political ownership, including for reasons outlined in the 'Limitations' section above, i.e., a considerable (and ongoing) turnover of senior level staff in the Ministry of Agrarian Policy and Food (the successor of the previous Ministry of Agrarian Policy) and thus, a loss of institutional memory that would corroborate political ownership. None of the stakeholders consulted for the purposes of the evaluation was in a position to provide a meta-view on the evolution of the cooperation with the OECD, or on specific aspects of it, such as the demand-drivenness of the inclusion of Ukraine into the

Policy Framework for Investment in Agriculture (PFIA); the establishment, in the course of implementation, of two (as opposed to the initially planned one) distinct working groups, on agricultural skills and on access to finance for agricultural businesses, respectively. Somewhat surprisingly, the previous senior official in charge of relations with the project in 2015, Deputy-Minister for European Integration, although officially chairing the two Working Groups, did not recall her involvement nor the project as such when interviewed for the evaluation.

Working Group on Agri-Skills: A fundamental change, in July 2014, in the legislation governing the higher education system in Ukraine, transferred the responsibility for agricultural education from the realm of the Ministry of Agrarian Policy and Food to the Ministry of Education and Science, causing the Working Groups to operate in an environment of considerable flux; the evaluators were unable to come to an assessment about the political ownership by the Ministry of Education of the Agri-Skills Working Group. The latter adopted, at its 11 February 2015 Working Group Meeting, the “OECD Action Plan to Set Up an Internship Scheme in Agricultural Universities in Ukraine” and the “OECD Action Plan on the Establishment of Agricultural Skills Councils in Ukraine”. Stakeholders interviewed for the evaluation were able to recall the Action Plans, but were wondering what had become of their implementation. The Action Plans lists four policy areas (for the Action Plan on internship schemes) and recommendations (for the Action Plan on the Agricultural Skills Councils), and for the implementation of which the Ministry of Education as well as the Ministry of Agrarian Policy and Food are responsible or co-responsible. The OECD reports that the plans have been incorporated into the Strategy, however, it has been difficult to corroborate this clearly, as stakeholders were not able to establish this link, and material provided by OECD is somewhat ambiguous in this respect.

Access to Finance for Agri-Business Working Group: As pointed out above, the work on the Credit Guarantee Scheme for Agribusiness SMEs became a separate Sida-OECD project. However, the evaluators have not been able to establish the rationale behind recalibrating the WG into being primarily concerned with financial literacy and whether this was a demand-driven process.

Policy Framework for Investment in Agriculture: The evaluators were not able to meet Ukrainian stakeholders who were able to discuss this assessment and how it is being used in Ukraine. However, the OECD reports that the compilation of the relevant information by the Ukrainian authorities took considerably longer than initially planned—in part due to the disruption in the project caused by the Maidan events of 2013/2014—and that the assessment ran over schedule. This can serve as either evidence of a lack of ownership; a lack of capacity to engage in the assessment; or a lack of urgency and the existence of other, overriding priorities.

Turnover

Overall, however, the frequent turnover in the chairs of the Coordination Council and

the members of the Working Groups (individuals, not institutions) did not bode well for ownership. Interviews with several former Working Group members - even chairs - in Kyiv revealed that some of them did not have a clear memory of the WG, or of the OECD project, even though they had participated as recently as 2015. They said “*there are so many working groups and so many donor activities....*”. Also, in Phase 3, WG participants seem to have participated less in actual research and analysis; their role was more to react to OECD work and to provide input on findings and recommendations.

In short, it is telling that the areas that focused most directly on investment (IPRs, ESCOs, Agribusiness Credit Guarantee Scheme) made the most progress. (Note: The Credit Guarantee Scheme was transferred after Phase 2 to a separate Sida project, and was not part of Phase 3.) The biomass project, while labelled ‘investment’, was more about regulatory and administrative reform.

Private sector

The private sector did not have a clearly defined role in the project, and therefore their ownership was weak. Business associations and foreign investors were ‘consulted’ regularly, but the government remained the main target of OECD efforts. A number of the stakeholders interviewed considered this an noteworthy shortcoming. Given the ongoing political instability, they suggested that stronger business involvement might have enhanced the project’s usefulness (at the very least, in terms of common policy understanding and advocacy capacity).

7. To what degree were the stakeholders capable drivers of change?

A number of stakeholders - particularly high-level government officials - were selected to participate because the OECD considered they had the necessary influence or backing to promote and even implement the reform recommendations. However, in a number of cases, they were too high level to be interested or have time to participate in Working Groups or even the Coordination Council. Many delegated this task to more junior officers.

Nevertheless, some of the high-level officers (e.g., former deputy ministers) continue, outside the government, to press for change and offer policy options. Others, e.g., the Bank of Ukraine, are taking topics such as the Credit Guarantee Scheme and Financial Literacy further (beyond agriculture SMEs). The Head of the State Energy Agency is continuing to work on ESCOs and other renewable energy issues pursued under the OECD project.

Agri-Skills Working Group: Stakeholders from the Ministry of Education and Science have pointed out that while they appreciated the opportunity to participate in some of the activities, they were not in a decision-making position, and thus could learn, for example from the study visits, but were not ultimately driving the changes. Agroosvita, the educational institution most severely affected by the new Law on Higher Education—the institution is now under the auspices of the Ministry of

Education as opposed to previously being under the Ministry of Agrarian Policy and Food—also stated that the directions of their work are being decided at a more senior level within the Ministry of Education and not by them directly. Agroosvita in particular had questions about the fate of the Action Plans that the Working Group had produced in relation to the establishment of an “Internship Scheme in Agricultural Universities in Ukraine” and on the “Establishment of Agricultural Skills Councils in Ukraine”. Stakeholders were unable to pinpoint in which institution(s) implementation would be pursued.

At the same time, a number of the participants in the agri-skills work would appear to be potential vectors for change, in particular in the framework of the new Law on Higher Education, and which affords universities with considerably greater autonomy on a whole range of issues, including on pursuing partnerships with the private sector. The project was able to attract individuals with a considerable degree of dedication to the subject and which continue to take the work forward beyond the project duration.

Non-political level officers: A number of interlocutors stated that the mid-level, non-political government officials who participated in Working Groups and Study Tours, remain in ministries in positions that allow them to put to use the methods they learned. The interlocutors believe these people can contribute to change from within more effectively than ‘come-again, go-again’ political functionaries. Further analysis of this may highlight lessons to be learned.

2.2 QUALITY OF DESIGN AND THEORY OF CHANGE

8. *To what extent did the project design address the documented needs and expectations of the direct beneficiaries and end users?*

Phases 1 and 2 focused more on documented needs and expectations, and appeared to target beneficiaries more closely than Phase 3, which changed track midstream due to the Maidan uprising and the Russian war.

Phase 3 was meant to be the ‘implementation phase’ but in Phase 3 it was refocused on further developing the recommendations and action plans that emerged from the first two Phases, to make them more concrete and ‘actionable’. However, in the end, it seemed to focus more on what the OECD was capable of providing (more analysis, discussions and recommendations). Several stakeholders interviewed in Kyiv noted this, wondering if it was because the “OECD is not an implementer”. The shift in emphasis to financial literacy, agricultural cooperatives, and another IPR was not clearly explained in reporting. (The EU wanted another IPR to underpin the AA/DCFTA implementation.) An issue here is that the changes in approach in Phase 3 were not sufficiently well explained to stakeholders, including the co-financers.

With regards specifically to the **Agri-Skills WG**, stakeholders were not able to recall

the clear objectives of the working groups, nor how their specific role therein was defined. This is not necessarily in contradiction to participants finding the Working Group a useful forum and format. However, it is difficult to conclude that there were clearly articulated and documented needs and expectations. Participants did report that it was mainly the OECD that prepared materials for discussion prior to the meetings, and that this material was then scrutinised and “corrected” where “the OECD had misunderstood our Ukrainian situation” (stakeholder from Agroosvita). Stakeholders stated that they felt that this was work done on top of their daily workload and that their time should have been reimbursed, which points to some degree of confusion on the objectives of the meetings. As mentioned above, there was also confusion as regards the implementation of the policy recommendations, and the responsibility for this.

Regarding the **Energy WG(s)**, the objectives seemed fairly clear to the participants throughout the three phases, possibly because there was continuity in the chairmanship and membership during most of the project.

9. *To what extent did the activity and outcome indicators reflect the stated objectives? Were they realistic?*

The stated objectives and desired outcomes were a ‘moving target’, with multiple levels of specific objectives and ‘goals’ expressed in a variety of ways in reporting as the project evolved. (The Project Outline in section 1.3 of the Introduction represents an attempt to consolidate them.)

Logical Framework

Only a draft logframe was attached to the Agreement for Phase 3, with a note that it would be refined during the inception phase. The Embassy had received no further updates; it had two versions of the draft and was not sure which one was the more recent since neither had a date written on it. After several requests, the OECD provided its final version of the Phase 3 Logframe in mid-December. The latest version is somewhat akin to what appeared to be the first draft received by the Embassy, and was updated in 2014. It is attached for reference in Annex 6. It is not clear to what extent this represents an update of the original 2009 logframe; the evaluation team was unable to secure a copy of that one for comparison.

All versions of the logframe focused primarily on activity indicators rather than results indicators. The final logframe set out the following overall objective: *To enhance the competitiveness of the Ukrainian economy by supporting the economic reforms process*. The indicator attached to this was: *Recognition of the project’s Phase 3 efforts by the Government of Ukraine*. Comment: The indicator does not relate directly to the objective; recognition of effort does not imply enhanced competitiveness of the economy.

Under Purpose, the logframe stated: *The project Phase 3 will contribute to developing the private sector through sector-specific policy analysis and design of*

recommendations to improve the business climate. More specifically, the project will have:

- (i) one preparatory phase of 6 months, to properly define and launch the Phase 3.*
- (ii) one pillar on sector-specific reforms with a focus on SMEs*
- (iii) one pillar on human capital development*
- (iv) one pillar on assessing Ukraine's agricultural policies.*

The indicators attached to this were:

- *Development of policy recommendations for the development of selected sectors with a special focus on SMEs and how to better integrate them into the global value-chains.*
- *Development and dissemination to policy makers of skills gap analysis tools and methodology*
- *Development of policy recommendations to improve the agricultural policies of Ukraine.*

Comment: Since the stated purpose of Phase 3 as per this 2014 logframe was policy analysis and design of recommendations, the indicators are relevant.

The specific pillars' results indicators were also activities and outputs: 'project bodies', 'review', 'launch', 'meetings', 'screening', 'analysis', 'formulation of recommendations', 'peer review', 'workshops', 'reports'.

Overall comment: There were no indicators that sought to measure achievement of the overall objective of enhancing competitiveness.

10. Were the design and implementation plans flexible enough to be refined to meet the target stakeholders' evolving needs and requirements, given major political changes and upheavals?

The OECD annual reports to Sida emphasised that the project was adaptable in the face of major political upheavals in 2010 and 2013-14. The 2012 Phase 2 report noted: "So far, these risks have not slowed down the project. One key reason is the organisational set-up, including the Ukraine-OECD Coordination Council and the Working Groups. When political or administrative changes took place, this resulted in the appointment of new members to the existing project bodies rather than the creation of new project structures."

An OECD officer added: "In March 2013, Phase 3 was launched. Then Maidan erupted in November 2013. After that we had to re-engage with another new government, new stakeholders, etc. Many of the former stakeholders had gone, to other jobs, to Russia, etc, especially from the civil aircraft sector. So we had to put more effort into communications, even starting from scratch again, to bring people up to speed."

In reality, when the project resumed after Maidan, in mid-2014, it pursued different

tracks in several areas, as mentioned earlier. Neither the reporting nor the meeting minutes explained clearly why these changes occurred.

Overall, the project was insufficiently responsive to ongoing reform efforts (in particular, the multi-stakeholder process developing the 2015-2020 Agriculture Strategy) and to add value to these processes, as well as maximising the use of available resources. While on the **agri-skills** side, some of the recommendations from the WGs eventually found their way into the national Strategy, it is not fully clear to what extent and how this was pursued deliberately or whether this was an inadvertent positive side result. As mentioned above, the project seems to have produced separate Action Plans the link of which to the national Single and Comprehensive Strategy and Action Plan for Agriculture and Rural Development 2015-2020 is rather unclear, although the OECD reports that these have been absorbed into the Strategy.

The link of the **Access to Agri-Finance WG's** work to the 2014 Financial Sector Reform Programme is not explicit from the documentation, and the recommendations produced as a result of the survey on financial literacy are not tagged explicitly to any institution or policy. So no conclusions are possible as to the extent of this work being responsive to stakeholders' needs or to demand for a recalibration of the focus on financial literacy. However, stakeholders at the National Bank of Ukraine reported that the work of this WG provided some inputs into work on the National Financial Literacy Strategy.

11. To what extent did the project design address crosscutting priorities, i.e., gender and environment?

The Sida Assessment Memo approving the project in 2009 mentioned the importance of gender and environment, and set some conditions.

From Sida Assessment Memo, 2/7/2009, Section 2.2:

Gender: *Equal opportunities is a key issue for the OECD. The organisation collects as much statistics as possible separately for women and men. In all interviews and working groups organised in this project, a gender and diversity perspective will be applied.*

Environment: *The OECD proposal has been assessed by Sida's environmental helpdesk. The helpdesk concludes that the proposal is relevant and emphasises the importance of strong ownership of the regulatory framework and its implementation. Sida has brought this to OECD's attention and OECD has agreed to ensure that environmental questions are addressed by formulating a specific criterion which takes into account the environmental impact which will be included in the sector prioritisation framework. The tool helps to prioritise competitive sectors and to identify sectors not yet covered. The helpdesk stated that the most relevant entry point for environmental issues (missing in the proposal) is to introduce strategic environmental assessment as a tool to identify strategic issues to consider when reviewing and revising sector policies. Also this point has been raised by Sida in*

dialogue with OECD. If environment will be chosen as a priority sector for enhanced competitiveness during the course of the project, Sida should support this by drawing on internal competence and by making available ongoing projects and relevant expertise in the area.

OECD reporting did not refer to these conditions (applying a gender and diversity perspective; and a specific criterion on environmental impact for sectoral prioritisation). Analysis of working group participant lists showed many women; the ‘balance’ varied due to the high turnover from meeting to meeting.

Theory of Change:

12. *Have the underlying assumptions proved relevant and accurate throughout implementation to date?*

Underlying Assumptions as Set Out in the Final Phase 3 Logframe (revised in 2014; new assumption added)

- Inadequate political commitment from the beneficiary
- Insufficient Government ownership of project outputs.
- Macro-economic and political stability.
- Continued support from government authorities in Ukraine.
- The changes are effective and not circumvented.
- Data is not accurate and/or unavailable.
- *Changes in government organisation of roles and responsibilities.*

The assumptions link closely to the **key risk factors** that emerged in all three Phases:

- Public sector: Lack of willingness to take a leading role in reform programmes due to ingrained fears of: (1) change; (2) taking the initiative - not well viewed in the Ukrainian government at the time; (3) dealing with private sector issues; (4) committing to things that required resources (e.g., capable staff) and sustained funding, given the uncertainties affecting public finances.
- Changes of government: This occurred more than once in the six years, and presented major challenges for the project. While reporting said the project was flexible enough to deal with these challenges, in reality that was optimistic.
- Private sector: Lack of certain public bodies’ willingness to include the private sector. Lack of SME ability to participate in sectoral activities due to time, capacity, and ingrained private sector scepticism about the utility of donor projects and group approaches in resolving business issues.
- Political instability: Rapid and constant turnover of institutional staff and working group membership
- Economic instability: the global and local economic financial and crisis limited the capacity to take advantage of opportunities emerging from the analyses.

Overall, the above assumptions and risk factors were relevant, and they have proved

to be accurate. However, some assumptions were not accurate, particularly those elucidated in the Sustainability section of this report. See Question 23 below.

The project's theory of change seems to have hinged on the assumption that the sharing of best practices, policy research and analysis, and resulting recommendations, would result in policy change. Research, analysis and recommendations were but the first steps, and governmental stakeholders needed medium- to long-term assistance to advance implementation.

13. To what extent have the expected changes in mindset and behaviour occurred among the main target groups?

Target Groups

From Sida Assessment Memo, 2/7/2009: *"The target groups of the project are various ministries depending on which sectors the project will deal with, the business community, academia and civil society (mainly the think tank International Centre for Policy Studies, which will provide the project with statistics), industry associations and the Ukraine Chamber of Commerce."*

From OECD Phase 3 Concept Paper, 11/2012: *"Target groups: Policy makers from ministries and government agencies responsible for economic affairs and competitiveness issues; SMEs; investment policy and promotion; education and training; labour-market policies; finance; and government bodies focusing on the sectors selected during Phase 1 and 2. Representatives of the private sector, including business intermediary organisations, SMEs and individual companies."*

General: Interlocutors stated that the OECD's rigorous analytical approach and methodology in the pursuit of reforms (particularly in Phases 1 and 2) left a lasting impression on many participants. Some continue to apply it, in government, the private sector and civil society. Field interviews confirmed this was the case at the State Energy Agency, the Bank of Ukraine, the Bioenergy Association, and the Institute for Social-Economic Research (former acting chair of the Coordination Council).

Energy: Well documented changes in mindsets, attitudes and practices have occurred vis-à-vis renewable energy in both the public and private sectors, but vested interests (coal, natural gas) remain strong, inhibiting the extent of change.

Aviation: This was perhaps the biggest challenge that the OECD faced - implacable resistance to change, to reforms and to private sector participation in the state-controlled civil aviation sector. Despite recent moves toward SOE reforms, due in part to international pressure, including from the OECD, institutional rigidities remain.

Agri-finance: Interviews held with stakeholders that were part of the Access to Finance for Agri-Business Working Group were inconclusive: the former deputy Minister in charge of chairing the Working Group in 2015 was unable to recall the work of the WG and was, thus, unable to provide a first-hand assessment of its

impact; a private sector stakeholder did not recall the WG at all. Financial literacy is being taken forward separately by the National Bank of Ukraine, which says that it OECD provided some input into its work on a national strategy for financial literacy and which is broader than the agricultural sector; however, it is not possible to clearly retrace how these efforts relate to the WG, or whether they were the results of separate activity strands.

Agri-skills: Changes have been reported by participants in the study visit to Agrosup in Dijon/France, as well as the follow-up activities to the study visit. Stakeholders report to having established a strong network of contacts that they maintain regularly to date, through meetings and via phone. The study visit to Dijon, while not the first contact the Agrarian University Lviv had with the Agrosup, left a lasting impression on participants as a possible model of highly successful dual education in the agriculture sector. Stakeholders interviewed for the evaluation had greater difficulties to pinpoint to the changes they had experienced as part of the participation in the working group meetings. Overall, as pointed out in previous sections, in 2014/2015, there was a considerable multi-stakeholder effort, funded by the EU, in relation to the development of the State Agriculture Strategy, consisting of 10 Working Groups organised around specific focus areas, and where representatives of the public administration, relevant line ministries, civil society and the private sector participated. In other words, working in a multi-stakeholder format was not, as such, a novelty for the agriculture sector, and as was claimed by OECD during the evaluators' meetings with HQs.

Ministries' capacity to utilise the methodologies and tools 'passed on' by the OECD (esp. MEDT, MoAP). For the methodology in the area of **skills gap survey** in which the project collaborated with the World Bank in Ukraine, the two stakeholders that were able to recall the survey were not aware that the project had contributed to it. No evidence was found that the methodology would be further applied by the Ministry of Agrarian Policy and Food, or the Ministry of Education.

Unfortunately, the team was unable to secure interviews at MEDT. However, a former Deputy Minister of Economy active in the project said that he knew of a number of people in the Ministry who had participated in the Working Groups and Study Tours had adopted some of the good practices they had observed.

14. Have these changes facilitated achievement of the objectives?

Energy: The change in attitudes toward renewable energy and energy efficiency are partially attributed to the OECD project. Of the OECD energy project activities, the ESCO work seems to have produced the most tangible results so far. In addition, a number of the recommendations related to renewable energy policy are being adopted, due to the OECD project as well as other efforts. (*See section on Effectiveness and Results.*) The State Energy Agency team appears motivated and ready to tackle the challenges, which are many.

Aviation: SOE reforms are starting to occur. The Antonov company management was reportedly replaced as part of general management shifts in SOEs. It was not possible to document if the OECD-facilitated work contributed to this particular change, but the IPR and EU emphasis on SOE reforms may well have influenced some changes in thinking and acting. Moreover, the OECD principles are cited in recent government SOE reform documents.

Agri-finance: As mentioned above, the evaluators have not been able to unambiguously ascertain any changes in attitudes among stakeholders as a result of the Working Group on Access to Finance for Agribusiness SMEs; however, the National Bank of Ukraine states that they have used their experience in this working group in Phase 2 for their current National Financial Literacy Project.

Agri-skills: With regards to the knowledge gained in particular during the study visit to Dijon, stakeholders are using it to inform policy choices as a result of the implementation of the Law on Higher Education. Specifically, the Agricultural University in Lviv is considering what aspects of the French dual education system can be implemented taking into account the realities of Ukraine. The university is also making its voice heard with regards to remaining gaps in the legal system in particular where it concerns labour legislation and how it applies to interns, although the legal gaps had been identified prior to the Agri-Skills WG.

2.3 RESULTS AND EFFECTIVENESS

15. To what extent did the project attain the desired results?

The Project's 'desired results' were policy-related activities and outputs like analysis, advice, conferences, study tours and reports. The Sida Assessment Memo approving the first two Phases acknowledged this, noting: *"The production of publications will be one of the tangible results of the proposed project. The policies, foremost the investment policy review, the country sector competitiveness strategy and its action plans, constitute key results of the project."*

Similarly, Phase 3's 'estimated results' from the 2012 Concept Paper were:

- *Contribution to competitiveness enhancement through the promotion of sector-specific policy reforms with a focus on supporting the integration of SMEs into their respective global value-chains.*
- *Development of human capital, mainly through the transfer of know-how in skills gap measurement and the development of policies.*
- *Contribution to better agricultural policy design further to assessing Ukraine's agricultural policies.*

So, in that sense (i.e., publishing analytical assessments, providing policy advice,

promoting sector reforms, handing over methodological tools), the project delivered. The sectoral assessments, recommendations and action plans were well documented, well presented and generally practical.

However, the lack of follow-through to encourage implementation was a major shortcoming. The original idea was that Phase 3 would support implementation of the action agendas delivered in Phase 2. However, the constant changes of government in Ukraine, as well as of OECD project managers and Sida programme officers progressively weakened this original focus. In the end, Phase 3 simply continued analytical and ‘capacity building’ activities. Its ‘outcomes’ were six more publications (see list below). Comments on the sectoral work’s direct or indirect influence on reforms are below the list of reports.

Phase 1-2 Outputs/Outcomes:

1. Investment Policy Review 1
2. Sector Competitiveness Strategy
3. Enhancing Skills through Public-Private Partnerships in Education in Ukraine: The Case of Agribusiness (focus on internships)
4. Implementing Credit Guarantee Schemes in Ukraine: The Case of Agribusiness
5. Attracting Investment in Renewable Energy in Ukraine (focus on biomass)
6. A Corporate Governance Assessment of Ukraine’s State-Owned Aviation Sector: The Case of Antonov

Phase 3 ‘Outcomes’: On 15 December 2015, the OECD issued five reports at a conference in Kyiv. According to the press release, these reports were “*the outcome of the project ‘Sector Competitiveness Strategy for Ukraine – Phase III’, carried out by the OECD Eurasia Competitiveness Programme, co-financed by the European Union and Government of Sweden.... (they) provide action plans for the implementation of policy recommendations to support the development of agribusiness SMEs and energy-related activities in Ukraine, in line with OECD standards. The reports also provide specific actions to encourage more and better quality investment.*”

1. ***Building a sustainable framework for energy service companies (ESCOs)***, supporting the transition to an energy-efficient Ukraine while increasing private sector participation in energy-related activities
2. ***Fostering investment in the biomass sector***, streamlining the procedures and regulations to unlock large potential investment in renewable energy activities while contributing to energy diversification
3. ***Better addressing skills gaps in Ukraine*** through enhanced public-private collaboration via sectoral skills councils and regular skill gaps analysis to better reform the education system
4. ***Enhancing financial literacy among agribusiness SMEs*** to increase their capacities to access finance and build a stronger private sector
5. ***Agricultural Investment Policy Review***, which identifies and addresses policy

barriers for an enhanced investment climate in the agricultural sector.

In late September 2016, the OECD presented its second **Investment Policy Review** in Kyiv. The analysis had been finished in 2015, but discussions with the Ukrainian Government regarding its commitment to reforms continued well into 2016.

Sectoral work's influence on reforms:

Renewable Energy and Energy Efficiency: In addition to comments under other Evaluation Questions above and below, these quotes from interviews with stakeholders indicate how the project has directly or indirectly influenced reforms.

“Attribution is difficult, but this project from 2010 to 2015 contributed to a more positive environment for renewable energy. The ‘green tariff’ procedure was thoroughly discussed, leading to a very logical proposition for improvement from the Working Group. It was sent to the higher level (i.e., Cabinet). Interesting - it was implemented: improvement of the law on the power sector, chapter on tariffs for renewable energy: in effect by July 2015. This OECD Working Group contributed to that, as did other efforts. Perhaps they were a bit early, but the recommendations developed by the project were right. Now in 2016 we are moving toward the situation recommended: one price, more thermal biomass, synchronisation with EU Directive 28 (including biomass): a few paragraphs from Directive in one law and others in other laws. And an independent regulator is close to being approved.” (Note: the independent regulator was approved on 22 November.) Source: Former member of the Renewable Energy/Energy Efficiency Working Groups.

Agribusiness Access to Finance: The Access to Finance WG, which eventually focussed primarily on financial literacy, produced an output (rather than an outcome), i.e., an “OECD Survey to Measure SME Financial Literacy in the Agribusiness Sector of Ukraine”. The survey itself does not on its own constitute an enhancement of financial literacy among agribusiness SMEs to increase their capacities to access finance and build a stronger private sector. The survey findings are accompanied by a number of recommendations, but these are not directed to any specific Ukrainian institution, nor is there any discussion or contextualisation as to where and by whom these recommendations are to be taken forward. There is no evidence available as to whether the findings of the survey are being used by other stakeholders.

Agribusiness Access to Skills: The need for the establishment of sectoral Skills Councils has found its way into the Single and Comprehensive Strategy for Agriculture and Rural Development; however, the skills councils are not yet a reality. The separate four-point Action Plan that was a result of the project appears to be unimplemented (see discussion above). There is no indication that the government will make active use of the methodology on skills gap surveys developed as part of the project, nor that this is going to happen on a regular basis.

Agriculture policy assessment: The project produced a publication reviewing agricultural investment policies, based on the OECD Policy Framework for Investment in Agriculture. Given that Ukraine had just undergone an intensive, multi-stakeholder consultation process in preparation of its national Agriculture Strategy, it is unclear what the added value of this output was at the time. No information is available on users of this assessment.

16. To what extent did the planning and implementation (e.g., of outputs, activities, timing, sequencing, targeting) prove to be realistic in terms of delivering the desired results, meeting expectations and managing risks?

The planning, timing and sequencing of activities were logical, especially the step-by-step approach used in Phases 1-2. These were based on OECD experience in other countries.

However, the lack of an exit strategy was disconcerting to a number of the stakeholders interviewed. The working groups appeared to be left ‘hanging’ after February/June 2015, and the reports and tools (e.g., skills survey methods) were disseminated at conferences with no concrete follow-up.

Therefore, despite the planning, the implementation was not effective in terms of delivering results in line with the desired sectoral outcomes, or in terms of meeting participants’ expectations.

Agribusiness-Skills: As mentioned in various paragraphs above, where outputs included policy recommendations, these were not visibly anchored in any institution, and there is scant evidence that there is concrete ownership of the recommendations and implementation. A further concern, also highlighted above, is that the action plans and policy recommendations sit outside national policies and therefore, stand even less chance of being implemented. The action plans are not costed, which diminishes their usability as operationally relevant documents.

PFIA review: As mentioned above, it is questionable if the Policy Framework for Investment in Agriculture should have been pursued at a time when resources were needed to focus on the development of the national Agriculture Strategy.

17. To what extent was the OECD effective in engaging and inspiring change in the target groups?

According to interviews, the OECD was effective in engaging and *trying* to inspire change in its key target groups (mainly high-level government officials). The sectoral working groups and Investment Policy Reviews brought together people from different agencies and different levels (and at times from the private sector), encouraging discussion and debate on important reform issues. In fact, one of the

participants (Presidential Administration at the time) said that, for her, the best outcome of the Denmark Study Tour was the opportunity it offered for specialists from several line ministries and agencies to get together for the first time to discuss key issues.

A common comment from stakeholders interviewed was that the private sector should have been more directly and intensively involved in the sectoral work and related activities, including study tours. Business people were involved in the Energy WG until late 2014, but apart from that, most WG activities were government-focused.

Another common comment in interviews was that the OECD's strong focus on high-level political figures was risky in terms of sustainability of the achievements of the working groups, since changes of government or party line-ups meant frequent turnover of participants, and scattering of institutional memory and knowledge. (The OECD noted that "many of our most important relationships were with technical-level personnel inside ministries who changed less frequently than their political superiors. Without such contacts, we could not have sustained the project through several changes of government and the turnover of seven economy ministers and four ministers of agriculture, as well as dozens of deputies". (These technical-level people were not necessarily working group members.)

Another comment indicated that there were lessons to be learned in terms of strategic communications. A former senior official involved in the Coordination Council during 2010-2013 noted: *"The OECD did not delve into government procedures and mindsets. They - and we - needed to communicate more effectively to the top level in order to get decisions. That level did not understand the specifics of working with the OECD, and they still don't. Moreover, in donor projects, the implementation stage is always the pressure point. The OECD needed to think carefully the whole approach to communication and relate it to implementation at all stages of the project."*

18. How was the project coordinated with donors and international organisations?

Apart from Sida, the EU and the World Bank/IFC, the OECD project reporting does not mention any formal donor coordination activities. However, there was cooperation with the French and Danish (Dijon and Denmark study tour accomplishments, respectively).

Donor Relations

Sida's project assessment in 2009 listed a few donors but left out major contributors like Sweden, Denmark and Germany. It also assumed that the OECD would maintain close relations with donors, the Ukrainian private sector and other key stakeholders to drive the reform agenda.

From Sida Assessment Memo, 2/7/2009, Section 2.7:

“A number of donors are active in the area of economic transition/private sector development. The EU has recently launched trade sector budget support. Other donors are the UNDP, the EBRD and the World Bank. Among bilateral donors, USAID and CIDA (Canada) are major players.

The OECD has consulted the EBRD, UNDP, World Bank and NGOs working on initiatives complementary to this one (e.g., International Centre for Policy Studies and Razumkov Centre). Generally, the OECD will maintain a close partnership with Ukrainian key stakeholders, including the private sector, to drive reform and coordinate with donor efforts within the area to avoid duplication.” (Assumption.)

The OECD annual reports mention donor coordination as a priority. Reporting shed little light on this, apart from saying that the OECD approached the EU regularly during Phases 1 and 2 to ‘sell’ it Phase 3. Reporting also showed that the OECD worked with the World Bank on the skills survey during Phase 3.

Under the Agreement, coordination with Sida was meant to be formal, but in practice - in Phase 3 at least - it was limited to quarterly meetings in the margins of WG sessions. Sida officers do not remember any formal annual stocktaking or planning (as stipulated in the agreement).

2.4 EFFICIENCY

19. Were Phase 3 activities carried out in a timely, streamlined and cost-effective manner?

Phase 3 was divided into several parts which lack clear links in the reporting.

Apart from the delays caused by Maidan and the conflict with Russia, the WG activities appear to have been conducted more or less according to plan, up to June 2015. However, the final report makes no further mention of WG activities after that date, although WG minutes of late 2014 and early 2015 indicate that meetings were scheduled to be held in September and December 2015. The report does not say what became of the WGs or their members, or if any follow-up occurred after June 2015 (apart from the Energy Efficiency Focus Groups that met in June and September ahead of the OECD Peer Review of ESCO documentation in November 2015). Working Group Project Reports were issued in December 2015 at the end-of-project event. The report does not indicate if the WG members approved these reports.

Cost-effectiveness

The evaluators did not have access to the detailed OECD financial reports, and cost considerations were removed from the ToR at the behest of the OECD and agreed by the Embassy. Therefore, it was not possible to assess if activities were carried out in a cost-effective fashion.

Interviews with the local consultants employed part-time in the latter part of Phase 3

to act as liaison, organisation and logistics experts, indicated that the OECD managed working group and conference/seminar organisation well. However, the consultants said that it would have been more efficient if the OECD had had a full-time Project Office in Kyiv. Several other interlocutors said the same thing, indicating that this could have: facilitated communications with all stakeholders (including Sida/EU), helped improve project ownership, and enhanced the project's ability to influence reforms.

A **permanent presence** in Ukraine could also have had an impact on the visibility of the OECD's efforts, as well as their ability to follow developments in what is a dense donor landscape. This could have enabled a clearer anchoring of the project activities in ongoing reform efforts, in particular in the aftermath of the Maidan events and in direct support of the reform momentum at the time.

Use of Ukrainian Experts

The 2009 Assessment Memo and other notes indicated that Sida had some concerns about financial efficiency, including the OECD's heavy use of the funding for internal staff.

From Sida Assessment Memo, 2/7/2009, Section 2.3:

Regarding cost efficiency Sida has been discussing with OECD different alternatives to lower the large share of fees to OECD and international consultants. The conclusion is that OECD will draw on local consultancies to a greater extent than set out in the original proposal to Sida by establishing cooperation with the Kiev Economics Institute, a policy and research institution supported by Sida. After discussion with KEI, OECD has doubled the local consultant budget. As OECD still will be using international consultants to a great extent, Sida should continue to insist on using local expertise where possible, as a means to both build local capacity and reduce costs.

Reporting does not indicate much use of local expertise, apart from the lawyers contracted in 2015 for the biomass report, and the local liaison/logistics consultants.

2.5 IMPACT

20. What have been the effects, positive and negative, of the project since it started in 2009?

Positive: Mindset and behaviour changes in some areas of government and the private sector. Adoption of a more rigorous, methodological approach to sectoral and issue analysis by some participants.

Negative: Phases 1-2 achievements (agreed sectoral recommendations and action plans) were not consolidated at the institutional or private sector level, due partly to lack of strategic planning by OECD/Sida/EU/local partners to ensure a smooth, seamless transition from Phase 2 to Phase 3. Phase 3 outputs (WGs, CC, tools, reports, recommendations) were left 'hanging', due to the lack of an exit strategy.

21. To what extent has the project contributed to the identified changes?

See Theory of Change above.

22. In particular, how has the project contributed to changes in MEDT's knowledge, mindsets, practices and capacity?

No one in MEDT was available for interview. OECD did not know if they had changed or if their capacity had improved or if they were using the tools and methodologies that the OECD had given them. However, the former Deputy Minister for Economy and Acting Chair of the Coordination Council during parts of Phases 1-3, said that, from what he had observed, at Ministry mid-levels appreciation remained high for OECD methodologies and critical thinking in developing sectoral policy positions.

2.6 SUSTAINABILITY

23. Are the outputs and outcomes sustainable in terms of beneficiaries' budgets and resources, and their ability to manage recurrent costs?

The Sida Assessment Memo, 2/7/2009, Section 2.3, made a number of assumptions regarding the potential sustainability of the projected results:

"One can argue that there is a risk that publications will never be used, thus hampering the sustainability of the project. Sida assesses that there are a number of factors which counter such a possible development. Firstly, OECD has managed to secure ownership for the project at the Vice Prime Minister's level and in various line ministries. The country sector competitiveness strategy is regarded as a tool by the Ukrainian Government to be used in the longer term to prioritise sectors to enhance competitiveness and investment. Secondly, the recommendations made by OECD to the Ukrainian Government will be embedded in laws or structures." (This is a large assumption. It appears to be based on SEE experience.)

The OECD will also ensure that the contents are highlighted and acted upon by the private sector when they have to do with operational challenges. (also a large assumption)

Thirdly, the project has a clear media strategy, which implies that the recommendations OECD makes will be made public through a media launch and commented on both by OECD countries and Ukraine. This degree of transparency and visibility also contributes to sustainability." (also a large assumption)

Energy: All relevant interlocutors said that the State Energy Agency needed to become an semi-independent agency attached to the Cabinet in order for it to deliver sustainable outcomes. At present, under the Ministry of Communal Services and Construction, it is said to be in a precarious position, with "the vested interests in the Ministry of Energy hanging over it like a dark shadow". So far, the SEA appears to have focused on ESCOs with some success, but the whole renewable energy agenda will need dedicated attention if it is to attract sustainable investment.

Agri-finance: As discussed, for the Access to Finance for Agribusiness Working Group no clear outcomes have been identified, and there is a lack of evidence to assess the sustainability of the survey on financial literacy, which was the only

reported output of the project.

Agri-skills: As noted above, the two WG Action Plans have not been visibly anchored in any institution, nor have they been costed. There is no information as to whether the Ministry for Education and Science and the Ministry for Agrarian Policy and Food have the resources to implement their respective parts of the Action Plan. At present, it would seem that the Ministry for Agrarian Policy and Food's priorities lie with the implementation of the national Agriculture and Rural Development Strategy.

There is no evidence as to intentions to replicate the **skills gap** survey in future. Given that the scope of the survey went beyond the agriculture sector, its future replication is probably not the responsibility of the Ministry of Agrarian Policy and Food, but rather the Ministry of Education or possibly another line ministry.

Agri-policies review: No evidence points to sustainability of the Review of Agricultural Investment Policies of Ukraine, although it might serve as a reference tool for international and/or national policy makers.

24. Are these outputs/outcomes sustainable and relevant enough to lead to the desired impacts (e.g., sustainable job creation, sector competitiveness, investment)?

Energy: The progress on ESCOs appears promising in terms of the desired impacts, provided the investment and reform momentum can be maintained. Some progress is also occurring in biomass-related areas, but this will be a longer-term challenge. Access to the grid - a key issue - was largely ignored in Phase 3 outputs.

Aviation/SOEs: While OECD principles for corporate governance and SOE reform are being incorporated into the legal framework, these may require some time to become part of 'daily practice'.

Agri-skills: The recommendations from the WG on Agri-skills—establishment of sectoral skills councils and establishment of an internship scheme—are also part of the Agriculture Strategy. As discussed above, the evaluators were not able to ascertain the link between the WG and the multi-stakeholder Strategy drafting process. On its own, the Action Plans on both topics adopted as part of the last WG meeting in February 2015, are unlikely to be taken forward, given that no institutions has been put in charge to take these forward, nor were the plans costed.

Agri-financial literacy: The evaluators have met an insufficient number of stakeholders to be able to assess the potential impact of the survey on financial literacy in the agricultural (and renewable energy) sector. However, as discussed

above, the National Bank of Ukraine is pursuing a Strategy on Financial Literacy at national level, and into which the survey and the recommendations might feed.

25. *To what extent have the beneficiaries/partners used the support and capacity building to good effect (including institutionalising what they learned/ received)? To what extent have they assumed responsibility for results?*

The **State Energy Agency** (Phase 3 participants) and the **Bank of Ukraine** (Phase 2 participants) are taking forward some activities partially attributable to the OECD project (ESCOs, Credit Guarantee Scheme, Financial Literacy). The interlocutors in those institutions and their respective teams appeared results-oriented and motivated. Both agencies will need support and international pressure to achieve their inter-connected goals in these fields, because numerous obstacles and challenges remain.

Agri-skills: There have been results from the study tour to Dijon, and which has facilitated the institutionalisation of the cooperation between the Agrosup University and the Agrarian University in Lviv, and where the collaboration had already started prior to the OECD project. Beneficiaries have taken the knowledge gained on the study trip to further their thinking and discussions at national level about the future shape and models of dual education, as well as informing the discussion around the need for legal reform governing internship schemes.

26. *Are MEDT and MoAP capable of managing similar projects in future?*

The reporting and interviews did not indicate that any ministry had an active role in ‘managing’ the project beyond participating in working groups.

The **Ministry of Economic Development and Trade** is still involved in OECD activities, as it continues to chair the successor of the Coordination Council that has evolved into a standing entity dealing with relations between the OECD and Ukraine. In that sense, some continuity was achieved, though possibly not in the sense desired originally by Sida.

Any future projects with the **Ministry of Agricultural Policy and Food** might need to be more closely aligned with the national Agriculture Strategy and work on specific aspects of its implementation in a demand-driven way.

3 Conclusions

This section follows on from the findings and conclusions highlighted in the Executive Summary and covered in detail in Section 2. To avoid duplication, it focuses primarily on issues related to the usefulness of the outputs and the effectiveness of the OECD and the cooperation format in delivering the desired results. These are the areas of special interest signalled by the Embassy at the beginning of the evaluation.

An overall conclusion is that the Ukraine Government found the OECD project relevant in that the OECD was a neutral party that could provide credibility, proven methods and high-quality advice on reform issues. However, in terms of implementability, some of the recommendations were weak and some of the advice was ‘ahead of its time’. *“The system wasn’t ready for it,”* said a key stakeholder. This was one of the reasons for weak ownership of many of the outputs.

Usefulness of the outputs. The main outputs of the project were publications providing in-depth policy analysis based on OECD tools, and advice and recommendations for reforms and their implementation based on Working Group discussions. Their usefulness lay perhaps more in the process of their development than in the products *per se*.

Interviews with people involved in consecutive phases of the project revealed that the projects had produced changes in mindsets on reform issues and in ways of approaching critical analysis in the Ministry of Economy and Trade and in the energy area (e.g., State Energy Agency). A former Deputy Minister recalled: *“My staff said working with OECD staff was better than going to university abroad....and as for me, it transformed my thinking from dreams and illusions to a world of pragmatic approaches.”*

The Head of the OECD’s Eurasia Division summed it up as follows: *“It is hard to quantify how much change took place. It is not visible in reports how much the interaction with peers changed thinking and ways of doing things. It is not just giving them evidence, instruments, etc, but arriving at big-picture recommendations. Some of these are going forward, some are not. Given the instability during the project period (3 governments, a revolution and a war), for Department Heads, having some stable points of orientation (e.g., OECD analyses and recommendations) to guide and anchor them and a basic reform agenda through the ups and downs, has given some results down the track.”*

Overview of Strengths and Weaknesses of the OECD Project:

Feedback from stakeholders in Ukraine

Strengths

- OECD is respected as a politically neutral source of assistance, offering transparent, high-quality analysis, methodologies and access to best practices.
- Unlike development banks, OECD does not attach conditions to its support.
- It improved participants' awareness and understanding of competitiveness factors through rigorous analysis, working group policy debates, interactive seminars, exposure to good practices, study tours, practical tools, and good-quality publications.
- It offered opportunities for networking and cooperating within and among sectors.
- Its work facilitated greater awareness and understanding of SME issues, the business enabling environment and how it all linked to national and SME competitiveness.
- It offered an opportunity to interact with and influence academia in terms of orienting curricula more toward industry needs.

Weaknesses:

- The short-term, analysis-focused support for sector working groups and government agencies did not allow enough time for consolidating gains.
- An inadequate approach to dealing with the mechanisms and dynamics of decision making affected implementation.
- Lack of a full-time project office affected OECD's visibility and access.
- The lack of a clear methodology for strengthening public-private sector interaction on the business environment and sectoral issues left a gap.
- The lack of an exit strategy and follow-through did not ensure that the advice, the tools and the know-how were actually put to good use.

Source: interviews, analysis.

Effectiveness of the OECD and the cooperation format: Project Management Issues***Conclusion 1: Embassy role***

From a project management and oversight point of view, the project has been less than perfect. Given Sweden's initial concerns about the OECD's inexperience in development projects, it is not clear why the project was not more closely scrutinised and accompanied, particularly given the upheavals in Ukraine during the project period.

Evaluations have shown in recent years that a 'hands-off' approach is not conducive to good results or efficient use of Swedish funds. In this case, the Programme Officer attended very few activities, not even the Coordination Council meetings. Instead the officer relied on quarterly OECD briefings in the margins of the week-long intensive set of activities involving Sida-funded OECD projects (the Sector Competitiveness project, as well as the Credit Guarantee Scheme project which the officer was closely involved in). Even in these briefings, the officer said they didn't discuss progress very much, and she noted that the project purpose was never very clear to her or to other Embassy staff.

Conclusion 2: Timeframes

The project's theory of change insufficiently reflects the realities of development cooperation and achieving change in non-OECD countries. While the quality of policy research, analysis, and recommendations were the acknowledged value-added of the OECD, the project did not ultimately make provisions to accompany these with medium- to long-term assistance in implementation. Donors and their partners are now starting to develop longer-term projects, bearing in mind that implementation of change takes a long time and a lot of effort.

Conclusions 3 and 4: Results orientation of design and reporting

The OECD's activity-based, rather than results-based, planning and reporting ignored the OECD's and Sweden's own championing of results-oriented development cooperation. Annual plans took the form of a short table or PowerPoint image, and included very little information apart from target dates for events.

The lack of proper results indicators tied to the objectives affected the ongoing focus of the project, as well as performance and monitoring. This also contributed to an incomplete understanding of the project purpose.

Conclusion 5: Exit strategy

Lack of an exit strategy is a common problem in development assistance projects. In a project like this one, an exit strategy should be an integral and crucial element. Without follow-through, all the outputs (publications, advice, skills gap measuring tools) and knowledge could be for naught.

Conclusion 6: Crosscutting issues

The Sida Assessment Memo approving the project in 2009 mentioned the importance of gender and environment, and set some specific conditions. OECD reporting did not refer to its commitments regarding these conditions. Nevertheless, the project did not appear to suffer from any particular gender imbalances, and its energy-related work focused on alternative energy and energy efficiency - both considered to be environmentally friendly activities.

Conclusion 7: Reviews and Evaluations

While Sweden's involvement in Phase 3 was not foreseen when the project was designed in 2009, when it became apparent that it would take part in Phase 3, it may have wished to consider a midterm review of the first two Phases (particularly since the concept paper for Phase 3 was largely written in 2009 and updated only slightly in 2012, without referring to any lessons learned). In addition, since evaluations are a normal part of Sida agreements, it was difficult to ascertain why the original 3-year agreement with the OECD did not include a clear clause to this effect.

Conclusion 8: Unconvincing results on the agriculture side

Overall, results have not been convincing overall on the agriculture side. A study trip to gain first-hand insight into the French system of dual education in the agriculture sector was the most useful output for stakeholders. However, the more longer-term results from the visit might have been somewhat overstated in the OECD's reports, given that relations with the host university, Agrosup, preceded the study trip, and some of the policy options discussed in the Agri-Skills Working Group and during the study trip had been raised before the project. A specific concern is the apparent lack of a clear connection of both Working Groups to national reform efforts in 2014 and 2015, in particular the work on the development of the Single and Comprehensive Strategy and Action Plan for Agriculture and Rural Development 2015 - 2020; although OECD reports that the recommendations from the Agri-Skills WG have been included into the Strategy, however, it has been difficult to corroborate this beyond doubt.

The Working Group on Access to Finance for Agribusiness focused, in phase 3, on financial education, although the relevance of this aspect of access to finance is debatable in the context of the Ukrainian agricultural sector. A joint collaboration with the World Bank on a skills gap survey has the potential to inform policy making. However, the objective of handing over the methodology for the survey for future use by the government has not, yet, materialised, and the evaluators did not find evidence of stakeholders being aware of the survey or using it. The status of the Review of Agricultural Investment Policies of Ukraine is uncertain in terms of its use to guide policy choices.

Conclusion 9: Ownership

The evaluators were unable to establish a clear track of Ukrainian ownership of the project's work in Phase 3, particularly in the agriculture sector. Interlocutors were often unable to recall their participation in the Working Groups, including at senior government level and even when they chaired Working Groups. Participants in the Working Groups were consistently unclear as to what their role was. The modus operandi of the meetings seems to have been supply driven - the OECD prepared the content and Ukrainian stakeholders reacted to it, rather than leading the process and agendas. The project documentation, especially the minutes of the Working Groups, provided insufficient evidence about which outputs were demand-driven.

4 Recommendations

This section includes recommendations for the Embassy's consideration. It also includes a number of suggestions for the OECD.

Recommendation 1: Embassy's role

The Embassy Project Officer should consider attending on a regular basis the priority project activities that will enhance understanding of the project, provide an objective sense of progress and highlight any problems. The Embassy should also review the original agreement from time to time to verify compliance.

Recommendation 2: Timeframes

Sida may wish to consider longer timeframes for projects seeking to influence major change. Development partners are increasingly looking at 5- to 7-years, with well-planned sequencing and a significant period for supporting implementation efforts.

Recommendation 3: Results orientation of design

Sida should ensure that project design and logframes are results-oriented, and focus on results indicators rather than activity indicators for monitoring the achievement of overall objectives and desired results.

Recommendation 4: Results orientation of reporting

Sida should ensure that project partners understand that annual reports must be results-oriented, linked to approved results frameworks and indicators. They should also contain a full-fledged, well-considered plan and budget for the following year. Such a plan should be subject to discussion and approval.

Recommendation 5: Exit strategy

Sida should ensure that project partners include an exit strategy in both initial project planning and update it in annual plans. An exit strategy implementation plan should be submitted to and discussed seriously with Sida with the Final Year Action Plan.

Recommendation 6: Crosscutting issues

Sida should ensure that project partners understand its requirements to incorporate gender mainstreaming and environmental sustainability into project design and implementation.

Recommendation 7: Midterm review and evaluations

Sida should ensure that project agreements stipulate clearly that Sida may commission a midterm review and an evaluation at the end of the project, and that the

project partner undertakes to cooperate fully with the evaluators.

Specific recommendations for Sida-OECD projects:

1. Sida should apply to the OECD the same standards and reporting requirements it applies to other project partners.
2. Sida and other development partners should temper their expectations regarding what the OECD can realistically deliver in terms of the change agenda: policy analysis and good practices, but not necessarily support leading to the actual implementation of policy reforms. As mentioned earlier, perhaps such projects should be viewed as ‘think tank’ programmes instead of ‘capacity-building’. That would be more in line with the OECD’s comparative advantage.
3. Sida and the OECD should examine how it can use its comparative advantages in a context such as Ukraine, given such limitations as the lack of in-country presence. While the OECD can provide in-depth analysis and draw on an impressive pool of OECD member states’ sectoral experts, it may not be the obvious partner when it comes to implementing policy changes. The truth is, there is no obvious partner for seeing through policy changes, because very few donors have access to advisers with proven hands-on policy-implementation experience. See Suggestion 1 below.

Suggestions for the OECD

This evaluation contains many lessons, as well as constructive suggestions from former stakeholders and the evaluating team. This section does not replicate them, as they are sufficiently well spelled out in the text. Rather, it focuses on a few high-priority matters related to achieving desired objectives in a challenging context.

1. The OECD may consider developing its comparative advantage in this sense - it has access to its member states’ policy implementation experts, including those who have undertaken major reforms in circumstances similar to those of Ukraine.
2. Adopt modern project cycle management practices. This includes a results-based focus from the design stage and throughout all subsequent phases of implementation, as well as incorporating tried-and-tested OECD-DAC principles of development cooperation, including domestic ownership and stringent alignment of activities with domestic reform agendas.
3. Build evaluation criteria into project planning and results frameworks from the beginning, following OECD-DAC principles.
4. Secure from the beginning, and continue to cultivate, high-level government commitment to seriously consider recommended reforms. The Ukraine

Competitiveness Strategy project had some champions at high and mid-levels, but this was not enough to secure top-level buy-in.

5. Well thought-out, well targeted communications strategies linked to implementation may be required for each phase, from inception to closure and follow-up.
6. To think about implementation from the very start, and keep it at the forefront of people's minds from the design stage to project completion. Developing a logical framework working backwards from desired impact, impact drivers and intermediary steps, can assist the strategic thinking process and lead to a stronger monitoring system.
7. Make implementation action plans for policy recommendations more 'how to' and step-by-step. Since the OECD is an advisory body, not an 'implementing' one, few of its policy officers have hands-on policy implementation experience. Therefore, if the OECD wishes to continue to pursue major reform projects in future, it needs to build in an intensive 2 to 3-year component involving hands-on support drawn from member states that have successfully undertaken similar reforms in similar contexts.
8. These policy implementers are not the usual consultants; rather, they are current or former government officials who have taken reforms all the way from Parliament to the end-users. They would need to be identified at the correct stage (before recommendations are finalised) and engaged in designing a results-oriented implementation component. They will thus be able to advise on the 'workability' of the recommendations before they become final.
9. Develop an exit strategy at the design stage and refine it as the project progresses. Involve the policy implementers and communication experts in this, as their role will be fundamental. Press releases, launches and publications are a means to an end, but they are not the end.
10. Not least, assess critically, for big medium-term projects like the Sectoral Competitiveness Strategy, the relative advantages of a full-time local project office, versus the current fly-in, fly-out approach.

5 Annexes

Please see overleaf.

5.1 ANNEX 1 – PEOPLE INTERVIEWED

Sida

1. Sophie Fyrk, Project Officer 2014-2016, Swedish Embassy, Kyiv
2. Daniel Gronvius, Project Officer from 1 September 2016, Swedish Embassy, Kyiv
3. Wrote to Ebba Aurell, Sophie Fyrk's predecessor, but unavailable

OECD

1. William Tompson, Head of Eurasia Division
2. Antonio Somma, Project Manager Phase 1 (late 2009 - late 2011); Project Supervisor since then
3. Gregory Lecompte, Project Manager Phase 2 (early 2012 - January 2013)
4. Gabriela Miranda, Project Manager, Phase 3, February 2013 - December 2015
5. Yerim Park, Policy Officer, Project Coordinator, Phase 3
6. Daniel Blume, Senior Policy Analyst, Corporate Governance, WG Aircraft Manufacturing, Phase 2
7. Marco Bianchini, Policy Analyst, WG Renewable Energy and Energy Efficiency, Phase 3
8. Kateryna Obvintseva, Policy Analyst, WG Agribusiness - Skills and WG Agribusiness - Finance
9. Kiril Koshev, Policy Analyst, WG Agribusiness - Skills and WG Agribusiness - Finance
10. Chiara Monticone, Policy Analyst, SMEs and Access to Finance, WG Agribusiness - Finance

UKRAINE

Project Coordination Council

Anatoliy Maksiuta, Deputy Chair, Coordination Council in Phase 1, Phase 2 and beginning of Phase 3, when he was First Deputy Minister of Economy. Now Head of the Board, Institute for Social-Economic Research.

Sought an interview with Mr Abramovicius, who was Chair during most of Phase 3, but neither he nor his adviser were available.

National Bank of Ukraine

Valeriy Mayboroda, Senior Project Manager, Strategy and Banking System Reforms Division. Participated in Agribusiness Access to Finance WG, esp. Credit Guarantee Scheme (Phase 2). Now Head of International Relations Dept, National Bank of Ukraine. Currently developing a programme to create a Credit Guarantee Scheme for SMEs and to promote Financial Literacy for SMEs.

Agribusiness

1. Tetyana Ishchenko, Agroosvita, Science and methodology centre for agricultural education (WG on Agricultural Skills Development and participant in Study Tour to Dijon)
2. Alla Rybalko, Ministry of Education, Head of Department for University Education (participant in Study Tour to Dijon. No other involvement in the project, ie, not involved in WG).
3. Rodion Kolyshko, former Head of the Federation of Employers (was involved in 2013 in the WG on Agricultural Skills Development)
4. Vladyslava Rutytska, former Deputy Minister for Agriculture (European Integration), Chair of the Agriskills and Access to Agrifinance WG in 2015. Now in private investment company Sigma Bleyzer
5. Jean-Jacques Hervé, Crédit Agricole, Adviser to the Minister for Agrarian Policy and Food of Ukraine (listed as member of the WG on Access to Finance for Agribusiness), via phone
6. Prof Volodymyr Snitijnski, Rector, Lviv Agrarian University, via phone

Energy

State Agency on Energy Efficiency and Energy Saving

1. Serhiy Savchuk, Head of State Agency on Energy Efficiency and Energy Saving
2. Igor Gorovyh : Adviser to Head of State Energy Agency
3. Denis Tkachenko, Acting Head Intl Coop/EU Integration, State Energy Agency
4. Kotsiuba Valeriy, Head of Inv Attraction Div., State Energy Agency
5. Konstantyn Gura, Acting Director, SCS Green Investment Development Centre, State Energy Agency
6. Serhiy Dubovyk: Chair of the Working Group on Renewable Energies in Phase 2 and 3. Was Deputy Head of the State Agency of Energy Efficiency and Energy Saving. Participated in Denmark study visit. Now independent consultant.
7. Yana Bugrimova: As representative of Presidential Administration, Member of WG on Energy Efficiency and Coordinator of reforms in energy efficiency. Participated in Denmark Study Visit. Now Adviser to Minister, Ministry of Finance.
8. Yaroslav Petrov, Counsel, Asters Law Firm: contracted to review sections of and prepare the annex on *Key Legal Stages for Bioenergy Projects* for ‘Fostering Investment in the Biomass Sector in Ukraine’, the final report of the WG on Renewable Energy.
9. Maksym Sysolev, Associate, Dentons Law Firm: contracted to review sections of and prepare the annex on *Key Legal Stages for Bioenergy Projects* for ‘Fostering Investment in the Biomass Sector in Ukraine’, the final report of the WG on Renewable Energy.
10. Georgii Geletukha, Member of WG on Renewable Energy. Denmark Study Tour. Now Head of the Board of the Bioenergy Association of Ukraine
11. Kostyantyn Solyanyk, private sector member of WG on Renewable Energy and Energy Efficiency, 2011-July 2013, Sumy Field Visit. Director, Ecosolum Group.

OECD local consultants

1. Yevgheni Semchuk, OECD’s Kyiv-based administrative/liaison consultant in 2015
2. Nikita Perunov, OECD’s Kyiv-based administrative consultant in 2015:

Wrote to Anders Kristensen, long-term Danish adviser to Energy Ministry who participated in the Working Group on Renewable Energy/Energy Efficiency. Received no response.

Other

Mr Oleh Sheiko. Former Deputy Chairman, State Administration for Regulatory Policy and Entrepreneurship (According to the contact list the OECD provided, he was a “member of all WGs”, but in fact he was not involved in the Project at all.)

Wrote to Timo Kuusella, ETF, and Ximena del Carpio, World Bank. No reply.

5.2 ANNEX 2 – DOCUMENTS REVIEWED

Documents available at the time of submission of the Inception Report

(original document names as submitted)

1. 20100222--OECD_Eurasia_UKRAINE Sector Competitiveness Strategy_Q1_March 2010_ENG
2. 20101125--SIDA Interim Report year 1 – financial
3. 20101125--SIDA Interim Report year 1 – narrative
4. 20111209 SIDA Narrative Report Interim year 2 Phase I--v5
5. 20120130 SIDA Narrative Report Phase II Draft
6. Agreement Amendment 2 - OECD SCS Phase 3 150211
7. Agreement_53060021
8. Amendment letter OECD Phase I II
9. Amendment Letter Phase I II
10. Annex 1
11. Annex 4
12. Annex III - Budget – amended
13. Assessment Memo OECD Euroasia_August 6
14. audit 2010.oecd
15. Audit financial statement 2011
16. audit report_2009
17. BC 2013 20 financial statement 2012
18. D 20100222--OECD_Eurasia_UKRAINE Sector Competitiveness Strategy_Q1_ENG--v4 FINAL
19. Dec on Amendm_Sector competitiveness strategy_March2015
20. Decision on Agr Am signed OECD
21. Decision
22. DI290823 Interim Report Year 3 signed
23. Expenditure report signed
24. F Council Update -20100611--OECD_Eurasia_UKRAINE Sector Competitiveness Strategy_Q2_ENG--v7
25. General Agreement_OECD_Sida
26. Letter of commitment Phase 3 extension and 2nd policy review
27. Letter re the use of remainder resources
28. LF_ UA SCS Ph 3_for the EU Updated
29. Narrative Report Year 1 - SCS Ukraine Phase III_FINAL2
30. Narrative Report Year 2 - SCS Ukraine Phase III_REV FINAL
31. Note on remainders SIDA
32. OECD LFA phase III
33. OECD Prog doc Phase III
34. OECD Sector Competitiveness Ukraine extension Sida
35. OECD Ukraine Competitiveness report_incl energy
36. Promemoria_53060021 (1)
37. Statement on audit FY 2012
38. Statement on audit FY 2013

Further documents were received after submission of the Inception Report and after Missions.

5.3 ANNEX 3 – TERMS OF REFERENCE

Terms of Reference for the evaluation of the project “OECD Sector Competitiveness Strategy, Phase I, II, III including bridging phase”

Date: 2016-05-13

Case number: PLUSid: 55070096

1. Background

In 2009 the Embassy in Kyiv entered into a long-term programme with OECD aiming at enhancing Ukraine’s competitiveness and Foreign Direct Investment (FDI) appeal. The programme was divided into three phases, each with separate aims and objectives. These are briefly described below as an introduction.

Phase I (October 2009-October 2011) aimed at prioritising and defining sector specific sources of competitiveness and specific policy barriers. Three high-potential sectors – agribusiness, energy-efficiency and renewable technologies, and machinery and transport equipment manufacturing – were selected for project focus. A list of recommendations was drawn up on how to overcome the structural weaknesses and address sector-specific barriers that are currently hampering competitiveness. An OECD Investment Policy Review of Ukraine was also conducted in collaboration with senior experts from the OECD Investment Division. The main objectives were to:

- 1) Focus scarce resources on specific sectors to increase the likelihood that policy reforms are implemented.
- 2) Further generate specific interest and involvement from the private sector early in the process (thanks to focus on specific sectors).
- 3) Design specific – and actionable - policy recommendations to support the growth of a sector.

Phase II (November 2011-October 2012) aimed at strengthening sector competitiveness by addressing specific policy barriers focusing on short term results. The OECD co-operated with the Ukrainian Government, the private sector, other international organisations and civil society to design recommendations on how to remove key sector specific policy barriers, hampering its industrial development to focus on the most practical and effective measures. The second phase of the project was completed on 15 November 2012. The main objectives were to :

- 1) Identify and prioritise policy reforms and determine key success factors in three economic sectors of Ukraine resulting in the establishment and implementation of a country private sector development strategy.
- 2) Contribute to the reduction of sector specific barriers that hamper investment flows both within the country and between Ukraine and the EU. This has resulted for example in the establishment and development of specific action plans.

Intermediary Phase between Phase II and Phase III (mid November 2012-March 2013) aimed at maintaining the momentum of the project by disseminating key project findings to current and possible future stakeholders.

Phase III (March 2013-December 2015 – initially until February but extended) aimed at embedding sustainable reforms and was co-financed by the Embassy and the European Union. The main objectives were:

- 1) Building Ukrainian institutional capacity, and

2) Supporting the economic reforms process

It focused on the following three pillars:

Pillar 1: Putting in place sector-specific policy working groups to address in a consistent manner any policy and administrative barriers hindering the integration of local small and medium-sized enterprises (SMEs) in the global value chains. Initially, the work scope aimed at facilitating administrative procedures to foster investment in the renewable energy sector, strengthening SME clusters in the aircraft value chain, and improving access to finance as well as skills supply in the agribusiness sector.

Pillar 2: Further human capital development by means of a skill gap survey and recommendations to bridge identified skills gaps, and ensure local resources are sufficient in quantity and quality to match sector-specific requirements.

Pillar 3: Assessment of agricultural policies through the implementation of the OECD Policy Framework for Investment in Agriculture (PFIA).

The programme as a whole was finalised by the end of 2015 with a final summing up conference held in Kyiv on December 15 2015.

2. Evaluation Purpose

The main purpose of the evaluation is to assess the impact and efficiency of the project in relation to the projected results. To that end the evaluation should take its departure from the results frameworks as presented in the project plan. The evaluation should furthermore assess the sustainability in results and the methods used during implementation. The evaluation will also be used for learning purposes and inform future programming. The lessons learned and recommendations for future programming should be targeted to the Embassy and Sida HQ.

3. Evaluation Questions

General: How is the capacity of the main beneficiaries MEDT and MoAP to take on more projects similar to this?

Impact:

- What has been the impact of the project results and activities on MEDT knowledge, routines and capacity?
- What are the intended and unintended positive and negative effects of the project? To what extent can identified changes be attributed to the project intervention?

Effectiveness:

- Were the objectives clear and realistic?
- Have the results been achieved according to plan? What are the reasons for the achievement or non-achievement of results/objectives?
- Which methods were used for capacity building and how effective were these?
- What factors, internal and external, have influenced the implementation process (both positive and negative effects) and did the implementing partner address these matters in a relevant manner?

Relevance:

¹⁵ToR, Section 4: Delimitations: "The main focus of the evaluation should be the last three years of the implementation, namely Phase III, and assessing the efficiency and impact related to the activities implemented during that programme period. However, to fully understand and assess the efficiency of the last phase, assessments of the prior phases are needed to a certain extent. This has to do with the overall approach of the programme and efficiency of OECD as a partner."

- Were the outputs and activities chosen appropriate to achieve the set results?
- Was theory of change in alignment with the needs of the ministries involved and other key stakeholders?
- To what extent has the project been managed by the host country actors (i.e. MEDT, MOAP) and to what extent has those actors been prepared to invest their own resources into the project?

Sustainability and coherence:

- How did the OECD ensure sustainability in the capacities strengthened?
- What methods, tools were used to promote knowledge outreach and sharing within the ministry and among other key ministry stakeholders?
- How did the Embassy ensure proper follow up and sustainable results?
- Does the partner (i.e. MEDT, MoAP, Ministry of Education and Science, State Agency for Energy Efficiency and Energy Savings, Presidential Administration, UABio, UCCI, Agroosvita, Lviv National Agrarian University, National Bank of Ukraine) have the financial capacity to maintain the benefits and services from the project when donor support has been withdrawn?

Efficiency:

- To what extent and how did the project implementor (OECD) as well as the Embassy ensure coordination with other projects in the same area and, and with the Ukrainian government's priorities and activities?

Value added:

- Where did the OECD as a project implementor have an advantage over other project implementers?
- To what extent was the choice of implementing partner (OECD) cost efficient in relation to other possible implementors (WB, IFC, EBRD, others).

To inform future programming particular efforts should be taken to assess the following:

- The effectiveness of the cooperation format in reaching the projected results as presented in the project plan.
- The effectiveness of the chosen outputs in relation to the aim of the project and the expected results.
- The effectiveness of the implementing partner in relation to the project outcome and the needs of the main stakeholders (MEDT, MoAP, Ministry of Education and Science, State Agency for Energy Efficiency and Energy Savings, Presidential Administration, UABio, UCCI, Agroosvita, Lviv National Agrarian University, National Bank of Ukraine)

4. Delimitations

¹⁵ToR, Section 4: Delimitations: "The main focus of the evaluation should be the last three years of the implementation, namely Phase III, and assessing the efficiency and impact related to the activities implemented during that programme period. However, to fully understand and assess the efficiency of the last phase, assessments of the prior phases are needed to a certain extent. This has to do with the overall approach of the programme and efficiency of OECD as a partner."

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Although the programme was initiated in 2009, the main focus of the evaluation should be the last three years of the implementation, namely Phase III and assessing the efficiency and impact related to the activities implemented during that programme period. However, to fully understand and assess the efficiency of the last phase, assessments of the prior phases are needed to a certain extent. This has to do with the overall approach of the programme and efficiency of OECD as a partner. Meetings and interviews are foreseen to take place in Kyiv and while OECD is not based in Kyiv, the evaluation team should ensure that the OECD project staff is available for meetings accordingly and no trips to OECD HQ in Paris are foreseen.

5. Approach and Method

The proposed methodology should be a combination of a desk review, field visits, in-depth structured interviews, report writing and a presentation to the Swedish Embassy, OECD representatives, representatives from the involved ministries and other relevant stakeholders. Flexibility re the proposed methods is welcome.

Informants during the assignment should include the OECD project staff, EU-delegation (as they were co-financing the last implementation period between 2013-2015), relevant ministries' (to be defined during the inception phase) staff, other development actors.

At the reviewers' request, the OECD shall provide documentation, information, materials for analysis.

Sida will support the review financially and will also provide the necessary documentation. An initial contact with the Swedish Embassy should be arranged before starting the review in Kyiv to fine-tune the approach and clarify any outstanding questions.

6. Time Schedule, Reporting and Communication

The timeframe for the assignment is ideally from **August 30 2016 to December 15 2016**.

¹⁵ToR, Section 4: Delimitations: "The main focus of the evaluation should be the last three years of the implementation, namely Phase III, and assessing the efficiency and impact related to the activities implemented during that programme period. However, to fully understand and assess the efficiency of the last phase, assessments of the prior phases are needed to a certain extent. This has to do with the overall approach of the programme and efficiency of OECD as a partner."

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The call off contract expiry date is moved to 31 March 2017 to include the publication and submission of the final invoice. The review will take up to 30 consultancy man days, including preparation, implementation, report writing and a presentation.

An **Inception Report** should be presented to the Embassy by **September 15 2016** on the basis of the information gathered, desk analysis, online and skype consultations with informants. Submitted to clarify any outstanding methodological issues, to agree the assignment plan and the schedule, its approval does not require any travel to Kyiv. The invoice shall be submitted upon approval of the final evaluation report, on January 31 2017 by the latest.

The assignment implementation including the field visit, verification and triangulation through interviews and focus groups will results in the Draft Final Report to be submitted on 15 November 2016. The draft report will be sent out by the embassy in Kyiv to OECD to eliminate any factual errors or inaccuracies over one week. Final input by the embassy and OECD should be provided by 22 November 2016. The Final Report should be submitted by 1 December 2016 and a presentation of the review findings to the OECD and the Embassy is to be delivered between 2 and 15 December 2016. The final version should be submitted in Word format, not to exceed 40 pages (excluding annexes) and should include an executive summary of maximum 3 pages.

The evaluation will include an inception phase, an evaluation phase, and final reporting phase. Key outputs from the evaluation include:

- An inception report in English including a detailed study plan and further elaboration of the approach and methodology, incl. case study approach; study questions; data collection strategy; an annotated outline of the study report; a work plan with timing of outputs and feedback.
- An evaluation report in English presenting findings, conclusions, lessons learned and recommendations. The report must include an executive summary, introduction and background, presentation and justification of the methods applied, findings, conclusions and recommendations.
- A dissemination workshop presenting main findings and conclusions to relevant stakeholders at the Embassy.

7. Resources

¹⁵ToR, Section 4: Delimitations: "The main focus of the evaluation should be the last three years of the implementation, namely Phase III, and assessing the efficiency and impact related to the activities implemented during that programme period. However, to fully understand and assess the efficiency of the last phase, assessments of the prior phases are needed to a certain extent. This has to do with the overall approach of the programme and efficiency of OECD as a partner."

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The total budget of the assignment should not exceed SEK 450 000. The evaluation team is expected to come to Kyiv for meetings and interviews with the Ukrainian stakeholders and OECD.

8. Evaluation Team Qualification

Responsibilities of the study team

The study team will:

- Be responsible to the Embassy and Sida / HQ for the findings, conclusions and recommendations of the study.
- Ensure that quality assurance is carried out and documented throughout the study process according to quality assurance plan.
- Report to the Embassy of the progress of the study.
- Coordinate meetings and other key events with key stakeholders.
- Organise dissemination workshop with the Embassy / Sida HQ and EU-delegation

The Team Leader is responsible for the team's reporting, quality assurance, and for the organisation of the work of the team.

The study team

The study team must contain substantial experience in conducting evaluations. Strong methodological and analytical skills are required, and the tender should explain the specific experience of the suggested team with evaluation work and the specific methods applied.

The ideal team combines a high level of evaluation experience with field level experience from development work and strong academic background related to trade issues. The study team is expected to consist of 2-3 members. One of the experts should be a local consultant.

The study team will be required to have:

- Proven capacity and extensive experience in management and conduct of evaluations, including also strong methodological and analytical skills and solid knowledge of development issues
- Strong understanding and experience in work involving partnerships and relationships between authorities, focusing on capacity building activities
- Experience and knowledge of working with policy analysis with a particular focus on private sector development
- Experience and knowledge about the region

Qualifications of the Team Leader

General experience:

- Relevant, higher academic degree
- Experience with study / evaluation in the field of development assistance
- Experience as team leader for multi-disciplinary teams (at least three references)

¹⁵ToR, Section 4: Delimitations: "The main focus of the evaluation should be the last three years of the implementation, namely Phase III, and assessing the efficiency and impact related to the activities implemented during that programme period. However, to fully understand and assess the efficiency of the last phase, assessments of the prior phases are needed to a certain extent. This has to do with the overall approach of the programme and efficiency of OECD as a partner."

¹⁵ToR, Section 4: Delimitations: "The main focus of the evaluation should be the last three years of the implementation, namely Phase III, and assessing the efficiency and impact related to the activities implemented during that programme period. However, to fully understand and assess the efficiency of the last phase, assessments of the prior phases are needed to a certain extent. This has to do with the overall approach of the programme and efficiency of OECD as a partner."

- Knowledge of evaluation design and methodology, including participatory approaches.
- Excellent writing, communication and facilitating skills
- Fluency in English

Adequacy for the assignment: Experience in evaluation of development assistance with references as team leader for complex evaluations (at least three references)

Qualifications of the experts

General experience:

- Relevant, higher academic degree
- Relevant (at last 5 – 10 years) professional experience with evaluation in the field of development assistance
- Experience as team member on multi-disciplinary teams (at least three substantial references)

Adequacy for the assignment:

- Experience with evaluating development assistance projects
- Experience of working / evaluating / studying projects related to policy analysis specifically related to market development/Private sector development
- Experience of evaluating projects related to capacity building
- Knowledge of the Ukrainian context
- Excellent writing, communication and facilitating skills
- Fluency in English

5.4 ANNEX 4 – INCEPTION REPORT AND EVALUATION MATRIX

Assessment of the scope of the evaluation

SCOPE AND OBJECTIVES OF THE EVALUATION

The main purpose of the assignment is to review the achievements, effectiveness, efficiency, quality, sustainability and effects, to date, of Phase III of the Sida- and EU-funded OECD Sector Competitiveness Strategy Project in Ukraine.

Regarding the **scope** of the Evaluation, Section 4 of the ToR states that the assignment is to focus primarily on Phase III of the project, i.e., the last three years of the six-year endeavour spanning October 2009 to December 2015. The previous phases are to be examined only to the extent necessary to evaluate Phase III and to assess the overall programme approach and “the efficiency of OECD as a partner”.¹⁵

The ToR indicate the following **specific objectives and emphases** for the evaluation:

1. To assess the **relevance, coherence** and **clarity** of the Phase III project design and its outputs, activities and desired results, in terms of meeting documented needs and priorities in challenging circumstances.
2. To look at the project’s **theory of change** across the various phases.
3. To assess the extent of local partners’ [e.g., the Ministry of Economic Development and Trade (MEDT), the Ministry of Agricultural Policy (MoAP)] role in and **ownership** of the project; to evaluate the extent to which the partners have fulfilled their respective roles; to assess their **capacity** to sustain and build on the gains.
4. To assess the extent to which the project achieved or progressed toward the objectives and planned **results**, as per the indicators in the planning and implementation documents.
5. To assess the **effectiveness of the various outputs and activities** in achieving the project’s objectives and desired results.
6. To assess the **effectiveness of management** in planning, managing risk, and implementing the agreed plans, activities, reporting, dialogue, communication, collaboration, etc.
7. To assess the **efficiency** of implementation and management in terms of timeliness and value for money.
8. To identify the **reasons for achievement or non-achievement** of desired results/objectives, or deviations from project plans.
9. To explore the project’s **effects** to date and **efforts** to realise their potential to contribute in a meaningful way to the relevant Ukrainian reform processes (sustainability).

¹⁵ToR, Section 4: Delimitations: “The main focus of the evaluation should be the last three years of the implementation, namely Phase III, and assessing the efficiency and impact related to the activities implemented during that programme period. However, to fully understand and assess the efficiency of the last phase, assessments of the prior phases are needed to a certain extent. This has to do with the overall approach of the programme and efficiency of OECD as a partner.”

10. To assess attribution.
11. To provide **lessons learned** to date and to make suggestions for future programming.

Brief Outline of the OECD ‘Sector Competitiveness Strategy’ Project for Ukraine

The **Project** objective was to enhance Ukraine’s competitiveness and foreign direct investment (FDI) appeal. The specific objectives were to define and prioritise sector-specific competitiveness issues and the respective policy barriers.

It was carried out in 3,5 phases:

- Phase I: October 2009 - 2011
- Phase II: November 2011 - October 2012
- Bridging Phase: November 2012 - March 2013
- Phase III: March 2013-February 2015, later extended to December 2015.

The key project activities and their respective aims were:

Phase I - Goal: To conduct an OECD Investment Policy Review of Ukraine. To focus on ‘high-potential’ areas: *agribusiness, energy-efficiency and renewable technologies, and machinery and transport equipment manufacturing*. To design actionable policy recommendations aimed at overcoming structural weaknesses and addressing sector-specific impediments to competitiveness.

Phase II - Goals: To strengthen sector competitiveness by addressing specific policy barriers focusing on short-term results. To design recommendations for practical and effective measures to address specific policy barriers hampering industrial development. To identify and prioritise policy reforms and key success factors in 3 sectors, leading to establishment and implementation of an overall private sector development plan. To contribute to the reduction of sector-specific barriers hampering both domestic and EU-Ukraine investment flows.

Bridging Phase - Goal: To disseminate project findings to date to existing and potential stakeholders.

Phase III - Goals: To enhance the competitiveness of the Ukrainian economy by supporting the economic reforms process. To conduct a second Investment Policy Review.

The Project Document for Phase III set out the following **specific objectives**:

- Provide information on best practices in policy and programme design distilled from the evaluated experiences of OECD member countries and to transfer methodology
- Advise on sector-specific policy reforms, with a focus on SMEs and their role in global value chains
- Improve the Ukrainian Government’s ability to design and implement tools to analyse and address skills gaps
- Assess Ukrainian agricultural policies and recommend ways to enhance sectoral competitiveness.

To achieve these objectives, Phase III focused on three ‘pillars’:

Pillar 1: Goals: sector-specific policy working groups to address policy and admin barriers hindering SME integration into global value chains. To streamline admin procedures to foster investment in **renewable energy**; strengthen SME clusters in the **aircraft** value chain; improve access to finance and skills in the **agribusiness** sector.

Pillar 2: Goals: To identify skills gaps via a survey. To ‘ensure sufficient human resources in quality and quantity’ to meet sector-specific requirements.

Pillar 3: Goal: To implement the OECD Policy Framework for Investment in Agriculture (assessment of and recommendations on agriculture policies).

The overall financial envelope for Phase III was €2 million, of which Sweden provided approximately €470.000 (SEK 4,5m), and the EU and the OECD the rest.

Sources: ToR, Project documentation, 2013 funding decision by the Swedish Embassy

Questions raised in the Terms of Reference and how the Evaluation will address them

TOR EVALUATION QUESTIONS

The ToR presented a list of questions under the categories of “general, impact, effectiveness, relevance, sustainability and coherence, efficiency, value added, and to inform future programming”. In the table below, we have regrouped these questions into the conventional OECD-DAC evaluation categories used by Sida, and then - for further efficiency and clarity - we have reconstructed them into ‘equivalent questions’. We have also added some ‘additional questions’ to ensure full DAC coverage.

ADDRESSING THE EVALUATION QUESTIONS

The evaluation will focus on the questions in the third and fourth columns of the following table. The **Evaluation Matrix in Annex 1** explains how the questions will be addressed in terms of evidence, sources of information, and methods of securing the information.

Table 1: Sida-OECD Ukraine Evaluation: ToR Evaluation Questions

Original Distribution of ToR Evaluation Questions	ToR EQs Redistributed under OECD-DAC Categories	Equivalent Questions	Additional Questions
Relevance	Relevance	Relevance	Relevance
• Were the outputs and activities chosen appropriate to achieve the set results? • Was theory of change in alignment with the needs of the ministries involved and other key stakeholders? • To what extent has the project been managed by the host country actors (i.e. MEDT, MOAP) • To what extent have those actors been prepared to invest their own resources in the project?	• Were the objectives clear and realistic? • To what extent and how did the project implementer (OECD), as well as the Embassy, ensure coordination with other projects in the same area and with the Ukrainian government’s priorities and activities? • Where did the OECD as a project implementer have an advantage over other project implementers? • To what extent has the project been managed by the host country actors (i.e. MEDT, MOAP)? • To what extent have those (host-country) actors been prepared to invest their own resources in the project?	• Did the objectives relate closely to key competitiveness problems in Ukraine, as per documented evidence and regular needs assessments? • Did the project fill gaps that other assistance programmes did not address adequately? • Were there clear synergies and coherence between this project and other Swedish projects in Ukraine? • What was the OECD’s value added? • To what extent were the stakeholders ‘owners’ of the project?	• Were the objectives aligned to Sweden’s country and regional programme strategies (Regional Result Strategy 2014-2020)? • To what degree were the stakeholders capable drivers of change?
n.a.	Quality of Design	Quality of Design	Quality of Design

	• Were the outputs and activities chosen appropriate to achieve the set results? • Was theory of change in alignment with the needs of the ministries involved and other key stakeholders?	• To what extent did the project design address the documented needs and expectations of the direct beneficiaries and end users? • To what extent did the activity and outcome indicators reflect the stated objectives? Were they realistic? • Were the design and implementation plans flexible enough to be refined to meet the target stakeholders' evolving needs and requirements, given major political changes and upheavals? This refers in particular to the Maidan events of 2013/2014 and the major armed conflict with Russia during the implementation period. These events have had a major impact on the investment climate, as well as on project implementation. • To what extent did the project design address crosscutting priorities, i.e., gender and environment? Theory of Change: • Have the underlying assumptions proved relevant and accurate throughout implementation to date? • To what extent have the expected changes in mindset and behaviour occurred among the main target groups? • Have these changes facilitated achievement of the objectives?	• To what extent have the concept, assumptions, risk mitigation strategies, baselines, indicators, results frameworks proven appropriate in terms of monitoring progress and achieving the desired results?
Results & Effectiveness	Results & Effectiveness	Results & Effectiveness	Results & Effectiveness
• Were the objectives clear and realistic? • Have the results been achieved according to plan? • What are the reasons for the achievement or non-achievement of re-	• Have the results been achieved according to plan? • What are the reasons for the achievement or non-achievement of results/objectives? • Which methods were	• To what extent did the project attain the desired results? • To what extent did the planning and implementation (e.g., of outputs, activities, timing, sequencing, targeting) prove to be <u>realistic</u> in terms of delivering	

sults/objectives? • Which methods were used for capacity building and how effective were these? • What factors, internal and external, have influenced the implementation process (both positive and negative effects) and did the implementing partner address these matters in a relevant manner?	used for capacity building and how effective were these? • What factors, internal and external, influenced the implementation process (both positive and negative effects) and did the implementing partner address these matters in a relevant manner? • The effectiveness of the cooperation format in reaching the projected results as presented in the project plan. • The effectiveness of the chosen outputs in relation to the aim of the project and the expected results. • The effectiveness of the implementing partner in relation to the project outcome and the needs of the main stakeholders (MEDT, MoAP, Ministry of Education and Science, State Agency for Energy Efficiency and Energy Savings, Presidential Administration, UABio, UCCI, Agroosvita, Lviv National Agrarian University, National Bank of Ukraine)?	the desired results, meeting expectations and managing risks? • To what extent was the implementing partner effective in engaging and inspiring change in the target groups? • How was the project coordinated with other donors and international organisations?	
Efficiency	Efficiency	Efficiency	Efficiency
• To what extent and how did the project implementer (OECD), as well as the Embassy, ensure coordination with other projects in the same area and with the Ukrainian government's priorities and activities?	<i>The issues in the question in the first column will be covered in the Relevance and Effectiveness sections..</i>		• Was Phase III carried out in a timely, streamlined and cost-effective manner? • Was spending transparent, within budget and according to plan? • Were activities/outputs delivered on time, within budget?
Impact	Impact	Impact	Impact
• What has been the impact of the project results and activities on MEDT knowledge, routines and capacity? • What are the intended and unintended positive	• What has been the impact of the project results and activities on MEDT knowledge, routines and capacity? • What are the intended and unintended positive	• What have been the effects, positive and negative, of the project since it started in 2009? • To what extent has the project contributed to the identified changes?	

and negative effects of the project? To what extent can identified changes be attributed to the project intervention?	and negative effects of the project? To what extent can identified changes be attributed to the project intervention?	In particular, how has the project contributed to changes in MEDT's knowledge, mindsets, practices and capacity?	
Sustainability	Sustainability	Sustainability	Sustainability
- How did the OECD ensure sustainability in the capacities strengthened? - What methods, tools were used to promote knowledge outreach and sharing within the ministry and among other key ministry stakeholders? - How did the Embassy ensure proper follow up and sustainable results? - Does the partner (s) (i.e. MEDT, MoAP, Ministry of Education and Science, State Agency for Energy Efficiency and Energy Savings, Presidential Administration, UABio, UCCI, Agroosvita, Lviv National Agrarian University, National Bank of Ukraine) have the financial capacity to maintain the benefits and services from the project when (<i>now that?</i>) donor support has been withdrawn? Under: 'General' at beginning of Section 3 of ToR: - How is the capacity of the main beneficiaries MEDT and MoAP to take on more projects similar to this? <i>"To inform future programming particular efforts should be taken to assess the following:</i> - The effectiveness of the cooperation format in reaching the projected results as presented in the project plan. - The effectiveness of the chosen outputs in relation to the aim of the project and the expected results.	- How did the OECD ensure sustainability in the capacities strengthened? - What methods, tools were used to promote knowledge outreach and sharing within the ministry and among other key ministry stakeholders? - How did the Embassy ensure proper follow up and sustainable results? - Does the partner (s) (i.e. MEDT, MoAP, Ministry of Education and Science, State Agency for Energy Efficiency and Energy Savings, Presidential Administration, UABio, UCCI, Agroosvita, Lviv National Agrarian University, National Bank of Ukraine) have the financial capacity to maintain the benefits and services from the project when (<i>now that?</i>) donor support has been withdrawn? - How is the capacity of the main beneficiaries MEDT and MoAP to take on more projects similar to this?	Are the <u>outputs</u> and <u>outcomes</u> <u>sustainable</u> in terms of beneficiaries' budgets and resources, and their ability to manage recurrent costs? - Are these outputs/outcomes sustainable and relevant enough to lead to the desired impacts (eg. sustainable job creation, sector competitiveness)? - To what extent have the beneficiaries/partners used the support and capacity building to good effect (including institutionalising what they learned/received)? To what extent have they assumed responsibility for results? - Are MEDT and MoAP capable of managing similar projects in future?	

The effectiveness of the implementing partner in relation to the project outcome and the needs of the main stakeholders (as per the list above).			
Value Added	Value Added	n.a.	n.a.
- Where did the OECD as a project implementer have an advantage over other project implementers? - To what extent was the choice of implementing partner (OECD) cost efficient in relation to other possible implementers (WB, IFC, EBRD, others).	1: <i>Moved to Relevance.</i> 2: <i>Discarded. See comments below.</i>		

COMMENTS ON THE EVALUATION QUESTIONS

A key concern relates to the questions on impact. Given that the Competitiveness Strategy project finished only in December 2015, it is too early to determine definitive impacts; however, the team will endeavour to assess initial effects to the extent that baseline data, indicators and results information are available. Regarding the question: “To what extent can identified changes be attributed to the project intervention?”, the team will assess this to the extent that data (quantitative and qualitative) is available. Competitiveness is a broad area with many players and support activities. Attributing specific changes to specific interventions is never easy, particularly in fluid political and economic situations. The focus will therefore be on contribution rather than attribution. Regarding the question: “What has been the impact of the project results and activities on MEDT knowledge, routines and capacity?”, the evaluation team would like clarification as to the specific focus on MEDT (as opposed to other target institutions in the project). Regarding the two ToR questions under “value added”, the first question was moved to Relevance, and the second was considered too speculative to answer. One would need full access to World Bank, IFC, EBRD, etc, bidding documents and would then have to theorise about how they might have done things differently. This would add many days to the evaluation, and would be unlikely to be cost-efficient or to add value.

Proposed approach and methodology

THE PROPOSED APPROACH

Further to the description of the evaluation questions above, and in line with Sida *Evaluation Guidelines* (2010) and OECD-DAC evaluation criteria, the Evaluation Team will assess the **relevance, design quality, results, management effectiveness, efficiency** and **sustainability** of the assistance programme.

As requested in the ToR, the Team will pay particular attention to the following aspects of Phase III:

- The effectiveness of the cooperation format in reaching the projected results as presented in the project plan
- The effectiveness of the chosen outputs in relation to the aim of the project and the expected results
- The effectiveness of the implementing partner in relation to the project outcome and the needs of the main stakeholders (MEDT, MoAP, Ministry of Education and Science, State Agency for Energy Efficiency and Energy Savings, Presidential Administration, UABio, UCCI, Agrosvita, Lviv National Agrarian University, National Bank of Ukraine).

As relevant and as time permits, the team will also address crosscutting issues, particularly environment and gender. The latter was specifically highlighted as a crosscutting area of interest for the OECD in the internal Sida assessment memo of 2009 at the beginning of phase I. A further point of enquiry, reflected in the evaluation questions above, will be the impact of the Maidan events and the armed conflict on the project design and implementation, given the effect on investor confidence and the economy in 2014 and 2015. The evaluation will focus on the questions in the last two columns of Table 1 above. The detailed approach and methodology are set out in the Evaluation Matrix in Annex 1. The issues raised in the questions will be investigated in the initial desk analysis, and will then form the basis of the interviews and discussions during the field mission. The evaluation will also provide lessons learned that may be useful in future assistance related to SMEs, the business environment and sector competitiveness.

THE PROPOSED METHODOLOGY

The evaluation will focus on a qualitative assessment of the project, analysing the contributions made towards improving sector competitiveness in Ukraine. The evaluators will unpack the theory of change underlying the project assumptions, and will seek to establish causal links between the project outputs and activities and the desired outcomes.

The process will encompass three-phases:

4. **Desk Phase:** initial data collection, inception report/work programme, desk review, field mission organisation
5. **Field Phase:** field work and continued data collection through interviews
6. **Reporting Phase:** analysis and reporting, including the requested post-report presentation.

The desk review phase serves several purposes:

1. To elaborate the Evaluation methodology based on the ToR, the Proposal and further discussion with the responsible programme officer leading to this Inception Report.

2. To hold discussions with the implementer (OECD) and conduct the desk study of relevant documents, reports and other information, with the aim of understanding the theory of change underpinning the project design and establishing and understanding of the causal factors and contributions in relation to the evaluation questions. During this stage, the evaluation team will be identifying key issues, hypotheses and gaps to follow up during the field mission.
3. To develop, in consultation with the Sida/Embassy programme officer and project partners, the field work programme, including dates, the key target group sample, a short-list of people and institutions to interview, and tailored questionnaires based on the evaluation questions. At the time of the submission of the inception report, the evaluators were not in a position to determine an interview sample or produce discussion points for interviews. Only a few project documents and no list of contacts had been received (see Table 3: ‘Challenges’, below). The project engaged a large number of stakeholders, but the events of 2013-2015 (Maidan, Russia conflict) led to the dispersal of many of the people involved. Therefore, the team will endeavour to interview stakeholders who were: (1) involved in the overall project for sufficient time to be able to provide insights on the issues raised in the evaluation questions; and (2) involved in specific activities with potential for sustainable impact. Such activities and stakeholders will be selected on the basis of project documentation and interviews with the OECD and the former Sida/Embassy programme manager, Sophie Fyrk. The team will endeavour to secure interviews with a broad enough sample of stakeholders to cover a variety of perspectives. In addition, the team will interview other donors in Kyiv, including the EU Delegation which was the main funder of the Phase III-related activities. Once the interview sample is selected, the team will develop tailored questionnaires/discussion points to guide semi-structured interviews aimed at responding to the evaluation questions.
4. To organise the field interviews, translate questionnaires, etc. An experienced local consultant will organise the interviews and logistics, secure documentation as necessary, provide interpretation and translation services, and contribute to the analysis.

The field mission phase will be organised and conducted in close cooperation with the Sida/Embassy programme officer. Its aim will be to secure first-hand information from stakeholders and non-stakeholder experts through semi-structured interviews based on tailored questionnaires. This will allow the evaluation team to test hypotheses, fill gaps in the analysis, triangulate initial findings, and shape recommendations.

For the field mission, the following approach is proposed:

1. Initial briefing with the Embassy at the beginning of the mission
2. Briefing with the EU Delegation
3. Interviews with a sample of stakeholders and non-stakeholder experts (see also above)
4. Interviews with relevant business and civil society organisations
5. Meetings with relevant donors
6. Development of initial findings and recommendations
7. Debriefing and presentation of initial findings at Embassy at the end of the field mission.

The reporting phase will include:

1. Further analysis

2. Post-mission follow-up
3. Report drafting
4. Quality assurance of the draft report
5. Submission of the draft report to Sida and the stakeholders with which it wishes to share the draft
6. Refining the report to address feedback
7. Finalising the report
8. Submitting the final report to Sida
9. Presenting the findings and recommendations to Sida and the OECD by teleconference, if required, as per the ToR.

SOURCES OF INFORMATION

The Evaluation Team will endeavour to review as much as possible of the following documentation, to be provided by the Sida programme officers and the implementers (OECD):

- All previous analyses, reviews, evaluations, etc, internal or external, of the project and/or any of its activities (2009-2016)
- Project documents and budgets, and especially baseline data and indicators
- Documentation on specific activities conducted as part of the project
- Initial and any subsequent project concept papers and any reviews, evaluations, etc, that led to the project concept
- Correspondence between Sida and implementers on key issues in the lead-up to and during the project
- The signed and dated copies of the implementation agreements between the donors and the implementers
- The original project Inception Report, risk assessment and logical frameworks with objectives, targets, baseline data, indicators and verification tools (and any refinements that were later introduced)
- Annual and/or periodic (e.g., quarterly, half-yearly) implementation/activity plans and annexes
- Annual and periodic progress reports and their annexes, including outputs
- Management responses and other correspondence regarding reporting, implementation and results to date
- All audit reports
- Management responses to audit reports
- Participant lists and feedback forms from training and capacity-building activities, conferences, workshops
- Plans, reports, correspondence on coordination with other donor programmes
- Any other relevant project documentation that Sida and the Evaluators may consider necessary including on issues that arise during desk analyses and field interviews.

Annex 1 explains how these sources of information will be used to respond to the evaluation questions.

Annex 3 contains a list of the documentation received to date from the Embassy and the OECD.

PROPOSED TIMEFRAME AND DELIVERABLES

In line with the ToR, the Review Team proposes the following Work Programme, to take place during September - December 2016. Please see the Work Plan Matrix setting out activities week by week (Annex 4).

While the deadline for the Inception Report remains unchanged, the dates for submission of the draft and final reports have been extended by two weeks. This is because a new Sida project officer was posted to the Embassy at end-August. Partial project documentation was received in early September. As a result, the evaluation was unable to start in August, as requested in the Proposal. Given strict time limitations and team availability, the Embassy has agreed to extend the delivery deadline for the Draft and Final Reports from 15 November to 30 November, and from 1 December to 15 December, respectively. Should the team be able to deliver the report earlier, it will do so. The proposed work programme, revised accordingly, is set out below.

- **1-15 September 2016:** First discussions with Embassy; consultations with OECD; review of documentation provided by Embassy and implementer;; and preparation of a concise **Inception Report**.
- **15 September: submission of Inception Report** (Embassy to respond within one week).
- **16 September - 2 October 2016:** continuation of **Desk Review**. Following Sida's approval of the proposed Work Programme, commencement of **mission preparations**, including organisation of meetings in consultation with the Embassy and OECD, and preparation of targeted interview questions.
- **3-11 October 2016: Field mission**
- **13 October - 30 November 2016:** Mission follow-up, analysis, report writing, quality assurance.
- **30 November: submission of Draft Report** to Embassy, which will send it to the OECD
- **7 December 2016:** Feedback from Sida and OECD
- **7-14 December 2016:** Finalisation of the Evaluation Report
- **15 December 2016: Submission of the Final Report** (Sida to respond within one week)
- **Second half December 2016 tbc:** Presentation of Final Report to Embassy and OECD (teleconference).

Table 2: Calendar of Milestones and Deliverables

Milestone/Deliverable	Responsibility	Date (2016)
Start of the Evaluation: Inception/Desk Phase	<i>Embassy, Indevelop</i>	30 August
Submission of the draft Inception Report	<i>Indevelop</i>	15 September
Comments on Inception Report	<i>Embassy, stakeholders</i>	22 September
Submission of final Inception Report	<i>Indevelop</i>	25 September
Approval of Inception Report	<i>Embassy</i>	27 September
Field Mission Phase starts	<i>Indevelop, stakeholders</i>	3 October
- Initial briefing at Embassy	<i>Embassy , Indevelop</i>	4 Oct (p.m) or 5 Oct (a.m.)
- Debriefing at Embassy	<i>Embassy, Indevelop</i>	10 Oct (0930) <i>(proposed)</i>
Submission of Draft Evaluation Report	<i>Indevelop</i>	30 November
Comments on draft report	<i>Embassy, stakeholders</i>	7 December
Submission of Final Evaluation Report	<i>Indevelop</i>	15 December
Approval of Final Evaluation Report	<i>Sida</i>	22 December
Presentation of Final Report to Embassy and Stakeholders	<i>Embassy/Indevelop/ Stakeholders</i>	To be confirmed by Sida

Other issues and recommendations

CHALLENGES AND LIMITATIONS

In addition to the timing and deadline issues noted above, a number of other challenges must be taken into consideration. The following table illustrates the types of challenges that the team might encounter in securing answers to the evaluation questions. It also proposes how the team might deal with such challenges.

Table 3: Managing Challenges in the Evaluation Process

Challenge/Risk	Mitigation Strategy
Managing expectations	Inform Sida and OECD of progress at regular intervals (e.g., Embassy briefing and debriefing at beginning and end of field mission), and of any major problems that may arise.
Evaluability of this project in general.	The team has made an initial first contact with the project officer in charge of Phase III at the OECD. This discussion indicated that it may be difficult to locate the major counterparts the project has worked with, due to the bifurcation caused by the events of late 2013/early 2014 in Ukraine which resulted in a complete overhaul of the government and key positions within the Ukrainian public administration.
Delay in receipt of information to prepare field work in Ukraine.	As of 14 September 2016 (date the draft Inception Report was completed), the evaluators had not received a list of contact details from the OECD. Given the complex Ukrainian administrative structure, the evaluators urgently need the contact details of the institutions and individuals involved in the project activities, as well as an introduction letter in Ukrainian language from the Swedish Embassy in Kyiv, in order to organise a solid field interview schedule for 3-10 October. The team has requested from the OECD key information relating to Phase III of the project, but has, as yet, not received this documentation. It has therefore been impossible to advance with the desk study to the extent required in the Terms of Reference. The team will continue to liaise with the OECD to hasten receipt of data.
Insufficient insight at proposal stage about the management of the project at the OECD.	During the first discussion with the OECD project manager, it became clear that the implementation structure of the project at the OECD HQ is considerably more complex than evident during Proposal preparation. The team elaborated in the Proposal the need for face-to-face interviews with the OECD in Paris; it is now clear that a more extensive set of interviews at OECD HQ will be required. Contact details have been requested from the OECD.
Fragmentation of institutional memory in Sida.	The Embassy project manager for Phase III of the OECD project being evaluated is no longer with Sida. The new Embassy officer responsible for the Evaluation was not involved in the project. The evaluation team has scheduled a telephone conference with the previous Sida project manager on 15 September 2016, the submission date for the draft Inception Report. Information from this conference call will not be incorporated into the inception report, because it will already have been sent to Sida.
OECD participation and co-ownership of the evaluation; uncertainty of EU awareness of the evaluation.	The evaluation team understands that while the OECD is aware of the evaluation, it was not involved directly in the development of the Terms of Reference for the evaluation. In the initial contact with the OECD, the project officer had not seen the final ToR. The evaluators have not been able to establish contacts with the EU Delegation in Kyiv, as this contact is not yet available to them; the evaluators do not know whether the EUD is aware of and has participated in the development of the ToR of this evaluation. Given that the EU is the larger co-funder of the Phase III project, the evaluators will endeavour to ascertain, in the field mission preparations, that the EUD contributes in a meaningful way to this evaluation.

Review Questions	Evidence	Sources and Methods
Relevance		
• Were the objectives aligned to Sweden's country and regional programme strategies (Regional Result Strategy 2014-2020)? • Did the objectives relate closely to key competitiveness problems in Ukraine, as per documented evidence and regular needs assessments? • Did the project fill gaps that other assistance programmes did not address adequately? • Were there clear synergies and coherence between this project and other relevant Swedish projects in Ukraine? • To what degree were the stakeholders capable drivers of change? • What was the OECD's value added? • To what extent were the stakeholders 'owners' of the project?	• The OECD project and Sweden's country and regional strategies exhibit clear synergies. • Problems and issues identified in Sida and EU analyses of the national and subregional context are built into the theory of change • Problems and needs identified by OECD before and during Project delivery were factored into project design and implementation. • Gaps in other donor programmes were filled by the OECD project, and complementarities were sought through ongoing donor consultation and coordination. • Synergies existed between the OECD project and other relevant Swedish projects in Ukraine. • OECD's and stakeholders were in a position (given their respective mandates) to drive change and make a difference. • Beneficiaries/partners had a well-defined role in project design and implementation.	• Sweden's regional strategies and country programmes • Analytical reports on Ukraine business and sectoral development • Project documentation (henceforth this means all documentation, including concept papers, needs assessments, results framework, plans, reports, correspondence, audits, all outputs, surveys, M&E, feedback from training, etc) • Interviews with Embassy, OECD, EU Delegation, local partners, government officials, external experts, other donors, academia • Interviews with beneficiaries • Donor coordination documentation, including reports of meetings and other coordination fora
Quality of Design and Logical Framework		
• To what extent did the project design address the documented needs and expectations of the direct beneficiaries and end users? • To what extent did the activity and outcome indicators reflect the stated objectives? Were they realistic? • Were the design and implementation plan flexible enough to be	• The OECD systematically assessed evolving needs, expectations and risks, and developed realistic plans for addressing them. The design addressed evolving needs by tailoring the services/outputs appropriately and targeting stakeholders in a position to drive policy and legislative change.	• Relevant project documents and results frameworks: original and revised versions • Needs assessments and other Baseline information: original and revised facts, figures and other data) • Interviews with Embassy, OECD, local partners,

refined to meet the target stakeholders' evolving needs and requirements, given major changes and upheavals? • To what extent have the concept, assumptions, risk mitigation strategies, baselines, indicators, results frameworks proved appropriate in terms of monitoring progress and achieving the desired results?	• Coherence of project concept paper, annual plans, assumptions, risk management strategies, etc • Suitability/measurability of baseline data, results indicators and verification sources	government officials, external experts, other donors, academia • Progress reports, reviews, outcomes to date of the 3 phases
Theory of Change: • Have the underlying assumptions proved relevant and accurate throughout implementation to date? • To what extent have the expected changes in mindset and behaviour occurred among the main target groups? • Have these changes facilitated achievement of the objectives?	• Assumptions and underlying reasoning, evidence • Extent to and direction in which mindset and behaviour have changed so far • Extent to which the stakeholders have proved to be effective change agents	• OECD project documentation • Analyses, statistics and other relevant documentation, as available • Interviews with Sida, EU, OECD, stakeholders and non-stakeholder experts
Results and Effectiveness of Implementation		
• To what extent did the project attain the desired results? • To what extent did the implementation design/plan (outputs, activities, timing, sequencing, targeting, results-orientation) prove to be <u>realistic</u> in terms of delivering the desired results, meeting expectations and managing risks? • To what extent was the implementing partner effective in engaging and inspiring change in the target groups? • How did the OECD manage donor coordination?	• Results achieved versus 'desired results' in the period under review • Outputs/services delivered versus annual/semi-annual action plans • Quality of outputs and services (ease of understanding, correct language, extent to which they complied with ToRs, etc) • OECD follow-up and responsiveness to stakeholders • Stakeholder satisfaction with outputs, services, implementation • Effectiveness of risk management strategies and actions versus actual risks encountered • Effectiveness as viewed by non-stakeholder experts • Timeliness and ease of comprehension of narrative and financial reporting • Transparency and accountability of the implementer as reflected in project documentation and responsiveness to Sida requirements and requests • Effectiveness of donor coordination and complementarity,	• Project documentation, especially Results Frameworks and reporting • Auditors' reports (pre-audit, organisation audits, annual audits) • Relevant international statistics, analyses • Project outputs • Interviews with all relevant OECD officers • Interviews with EU Delegation in Kyiv • Interviews with stakeholders/beneficiaries • Interviews with donors • Donor coordination-related documentation

	as per documentation and interviews	
Efficiency of Implementation		
• Was Phase III carried out in a timely, streamlined and cost-effective manner? • Was spending transparent, within budget and according to plan? • Were activities/outputs delivered on time, within budget?	• Timeliness of Swedish and OECD funding disbursements, as per Plans • Extent to which activities, outputs, services were delivered on time, as per Plans • Extent to which activities, outputs, services were delivered within budget, as per Plans	• Project documentation • OECD financial reports • Audit reports • Interviews with OECD, Sida, EU, stakeholders, beneficiaries • Interviews with other donors
Impact and Sustainability		
• What have been the effects of the project since it started in 2009? • In particular, how has the project contributed to changes in MEDT's knowledge, mindsets, practices and capacity? • • Are the outputs and outcomes sustainable in terms of beneficiaries' budgets and resources? • Are these outputs/outcomes sustainable and relevant enough to lead to the desired impacts (eg, sustainable job creation, sector competitiveness)? • To what extent have the beneficiaries/partners used the support and capacity building to good effect (including institutionalising what they learned/received)? To what extent have they assumed responsibility for results? • Are MEDT and MoAP capable of managing similar projects in future?	• Results achieved, intended and unintended effects • Extent to which OECD calibrated and sequenced its activities to stakeholders' and beneficiaries' ability to absorb and sustain the outputs • Impact (on results) of challenges experienced during the project (including political turmoil) • Beneficiaries' commitment, ownership, willingness and ability to maintain and build on the outputs and outcomes • Extent to which gains can be attributed to the OECD programme (if sufficient information is available)	• Project documentation • Reviews, evaluations to date of the OECD EE competitiveness initiative • Statistics and reports, including Baseline studies and logframes of all 3 phases • Evolving needs assessments • Interviews with selected beneficiaries (e.g., MEDT, MoAP) • Interviews with local stakeholders • Interviews with donors

5.5 ANNEX 5 – OECD SECTOR COMPETITIVENESS PROJECT, PHASE 3 LOGFRAME

Sector Competitiveness Strategy For Ukraine Phase 3 – Sustaining Reforms

(Sida-OECD Agreement) LOGICAL FRAMEWORK (received from OECD mid-Dec. 2016, dated 2014)

The Logical Framework and, in particular, the objectively verifiable indicators, have been further developed and refined during the inception phase of the Phase 3 and after the Phase 3 project amendment in 2014.

Evaluator's Note: entries in red indicate changes from the draft versions attached to the Phase 3 Agreement.

	Intervention logic	Objectively verifiable indicators (OVI)/ benchmarks of achievement	Sources and means of verification	Assumptions and risks
Overall objective	To enhance the competitiveness of the Ukrainian economy by supporting the economic reforms process.	Recognition of the project's Phase 3 efforts by the Government of Ukraine.	Reports and economic data from the Government of Ukraine.	Changes in the political and economic climate may impact on project outcomes. Political and economic stability is maintained over the study and implementation period. Private Sector participation and involvement.

Project Purpose	The project Phase 3 will contribute to developing the private sector through sector-specific policy analysis and design of reforms recommendations to improve the business climate. More specifically, the project will have: (i) one preparatory phase of 6 months, to properly define and launch the Phase 3. (ii) one pillar on sector-specific reforms with a focus on SMEs (iii) one pillar on human capital development (iv) one pillar on assessing Ukraine's agricultural policies.	Development of policy recommendations for the development of selected sectors with a special focus on SMEs and how to better integrate them into the global value-chains. Development and dissemination to policy makers of skills gap analysis tools and methodology Development of policy recommendations to improve the agricultural policies of Ukraine.	Official State Government and State Agency Publications Official OECD Publications National statistical data and statistical studies of the project. Consultations with key stakeholders in Ukraine. Project monitoring documents.	Inadequate political commitment from the beneficiary Insufficient Government ownership of project outputs. Macro-economic and political stability.
Results	<u>(i) Preparatory Phase of 6 months</u> R.0.1. Set-up of Project organisation, including institutions and governance. R.0.2. Performing the initial research and mapping activities. R.0.3. Official launch of the practical implementation of the Project.	OVI.0.1 Newly established or updated Project bodies and governance: Co-ordination Council, Working Groups on specific sectors and on human capital. OVI.0.1 Strong involvement and participation of relevant ministries and government bodies (e.g. Ministry of Agriculture, Ministry of Education), private sector intermediary organisations, donors. OVI.0.1 Strong local presence. OVI.0.2 Review of OECD best practice and initial policy gaps for each pillar, mapping of existing initiatives, programmes and institutions relevant to the Project. OVI.0.3 Launch meeting under the auspices of the Co-ordination Council,	Official minutes of Co-ordination Council and Working Group meetings. Official project communications. Project materials developed by the Working Groups and the OECD management unit.	Macro-economic and political stability. Continued support from government authorities in Ukraine. The changes are effective and not circumvented. Data is not accurate and/or unavailable.

		definition of an Action Plan for each pillar, selection of high potential sectors for the Sector Specific pillar and definition of methodology for the Human Capital pillar.		
Results	<u>(ii) Pillar 1: Sector Specific Policy Reforms with a focus on SMEs</u> R.1.1 Establishment of four sector-specific public-private Working Groups chaired by high-level government officials. R.1.2 Sector specific policy gaps analysis, with a focus on SMEs and barriers to address to support sector competitiveness. R.1.3 Definition of action plans to foster development in key sectors and initiation of implementation of those actions by the Government. R.1.4. Investment Policy Review of Ukraine	OVI.1.1 Quarterly Working Group meetings. Continued support and involvement of national agencies, national policy-makers and private sector representatives involved in those specific sectors. OVI.1.1 Screening and identification by the WGs of pilot value-chains to focus on within the initially selected sectors during Phases 1 and 2 – Agribusiness, Machinery and Transport Equipment Manufacturing, Renewables and Energy-Efficiency Technologies. OVI.1.2 Analysis by the WGs of specific policy issues which hamper the competitiveness of those value-chains. OVI.1.3 Within each WG, formulation of practical recommendations and design of policy action plans to enhance sectoral competitiveness. OVI.1.4 Peer review of Ukraine by the OECD Investment Committee.	Official minutes of Co-ordination Council and Working Group meetings. Official project communication. Project materials developed by the Working Groups and the OECD management unit. OECD reports – Action Plans Guidebooks summarising the WGs analysis and suggesting a way forward for practical implementation of reforms. Roadmap of actions to enable Ukraine to comply with all requirements of the OECD Declaration on International Investment and Multinational Enterprises.	Macro-economic and political stability. Continued support from government authorities in Ukraine. The changes are effective and not circumvented. Data is not accurate and/or unavailable. Changes in government organisation of roles and responsibilities.
Results	<u>(iii) Pillar 2: Human Capital Development</u> R.2.1 Identification of pilot value-chains, based on sector-specific WG outcomes. R.2.2 Implementation of the pilot value chain(s) with input from the Co-ordination Council, Human Capital WG and sectoral WGs. Formulation of recommendations.	OVI.2.1 Identification at the Co-ordination Council - with input from sectoral WGs and the Human Capital WG - of specific value chains for which skills gap analysis tools will be designed. OVI.2.2 Design of skills gap surveys for	Official minutes of Co-ordination Council and Working Group meetings. Official project communications.	Macro-economic and political stability. Continued support from government authorities in Ukraine.

	R.2.3 Presentation of recommendations to the Co-ordination Council. OECD to make final recommendations. R.2.4 Initiation of implementation of the recommendations by the Government and the monitoring process.	the selected value-chains – with input from the Coordination Council and sectoral WGs. OVI.2.2 Measurement of skills gaps based on data collected. OVI.2.3 Formulation of practical recommendation and design of policy plans to address the gaps. OVI.2.4 Capacity-building workshops to transfer the methodology to Government stakeholders, including members of the Working Group on Human Capital.	Project materials developed by the Working Groups and the OECD management unit. OECD reports – Action plan Guidebooks summarising the skills gaps analysis and suggesting a way forward for the practical implementation of reforms. OECD training materials. Results from Skills gap survey.	The changes are effective and not circumvented. Data is not accurate and/or unavailable. Changes in government organisation of roles and responsibilities.
Results	<u>(iv) Pillar 3: Assessment of agricultural policies in Ukraine</u> R.3.1 Assessment of agricultural policies of Ukraine including analysis of the latest developments in selected policy areas; report to include key recommendations.	OVI.3.1 Report on the assessment of agricultural policies in Ukraine for sector competitiveness. OVI.3.1 Formulation of policy recommendations to enhance agricultural competitiveness. OVI.3.2 Policy seminar and in-country roundtable meeting to discuss the draft of the assessment with the Government, agribusiness representatives and academia.	Official minutes of Co-ordination Council and Working Group meetings. Official project communications. Agricultural policy WG meetings. Seminar material and minutes	Macro-economic and political stability. Continued support from government authorities in Ukraine. The changes are effective and not circumvented. Data is not accurate and/or unavailable.

5.6 ANNEX 6 - OECD PROJECT GOALS, ACHIEVEMENTS, EVIDENCE 2009-2015

OECD Project Goals, Achievements, Evidence: Phases 1 to 3, 2009-2015

Phase 1: 15 November 2009 - 31 October 2011 - Goals:	Extent Achieved	Tangible Evidence
1. To conduct an OECD Investment Policy Review of Ukraine.	Achieved.	Investment Policy Review www.oecd.org/globalrelations/ukraine-publications.htm
2. To identify and focus on 'high-potential' areas (to achieve the goals set out in #3):	Achieved, with guidance from Ukraine Government	Research, analysis leading to focus on: • agribusiness • energy-efficiency and renewable technologies • machinery and transport equipment manufacturing.
3. To design <u>actionable policy recommendations</u> aimed at overcoming structural weaknesses and addressing sector-specific impediments to competitiveness.	The Sector Competitiveness Strategy Report delivered sector-specific policy analysis and recommendations.	Sector Competitiveness Strategy Report
Phase 2: 1 November 2011 - 15 November 2012 - Goals:	Extent Achieved	Evidence
1. To strengthen sector competitiveness by <u>addressing specific policy barriers</u> focusing on short-term results.	<i>Policy analysis and recommendations addressing specific policy barriers achieved.</i> The first three goals say basically the same thing. The project in effect identified barriers in the following priority areas (selected by the government): • <i>Agribusiness/grains: access to finance</i> • <i>Agribusiness/dairy: skills</i> • <i>Energy-efficiency and renewable technologies</i> • <i>Corporate governance: civil aviation (Antonov)</i> The project did not lead to an overall private sector	4 Sector-Specific Policy Handbooks in Nov. 2012: 1. Enhancing Skills through Public-Private Partnerships in Education in Ukraine: The Case of Agribusiness (<i>focus on internships</i>) 2. Implementing Credit Guarantee Schemes in Ukraine: The Case of Agribusiness 3. Attracting Investment in Renewable Energy in Ukraine (<i>focus on biomass</i>) 4. A Corporate Governance Assessment of Ukraine's State-Owned Aviation Sector: The Case of Antonov.
2. To design <u>recommendations for practical and effective measures to address specific policy barriers</u> hampering industrial development.		
3. To <u>identify and prioritise policy reforms and key success factors in 3 sectors</u> , leading to establishment and implementation of an overall <u>private</u>		

sector development plan.	development plan.	
4. To contribute to the <u>reduction of sector-specific barriers hampering both domestic and EU-Ukraine investment flows.</u>	See above	crosscutting
Bridging Phase: 16 November 2012 - 28 February 2013 - Goal:	Extent Achieved	Evidence
- To disseminate project findings to date to existing and potential stakeholders.	5 events in Kyiv in late Feb. 2015	Programmes of five events in Kyiv (but no participant lists available)
Phase 3: 1 March 2013 - 1 Nov. 2014/ Feb 2015/ Dec. 2015 Objectives	Extent Achieved	Evidence
‘Expected Results’: Phase 3 Concept Paper, 2009 & July/Nov 2012 1. Contribute to the enhancement of competitiveness through the promotion of sector-specific policy reforms with a focus on supporting the integration of SMEs into their respective global value chains. 2. Develop human capital, particularly through the transfer of know-how in skills gap measurement and development of policies. 3. Contribute to better agricultural policy design following an assessment of	1. This is not a very measurable ‘result’, since the necessary baseline information was not available. Reporting and interviews did not provide enough evidence to determine the extent of the contribution toward SME competitiveness in terms of facilitating their integration into global value chains. 2. The OECD activities aimed to transfer know-how in skills-gap measurement. However, there was no evidence to determine if the know-how was retained in the ministries, given the large turnover and transfer of responsibilities to Ministry of Education and Science.. Skills-development policies (eg, to develop agribusiness internship programmes, etc.) informed existing and ongoing efforts among agriculture universities (led by Lviv Agricultural University). The objective to “develop human capital” was not reached. 3. The project contributed, to a limited extent, to Ukraine’s (draft?) Agriculture Strategy in 2015; the relation	1. No evidence of SMEs being integrated into global value chains as a direct result of the project. 2. Skills gap measurement survey and tools 3. Review of Agricultural Investment Policies of Ukraine

Ukraine's agricultural policies.	between the Strategy and the assessment of Ukraine's agricultural investment policies is unclear; lack of clarity as to whether the assessment constitutes a full PFIA; no evidence of the assessment being used to design better agricultural policies.	
Specific Objective 1: Provide to Ukraine government information on <u>best practices in policy and programme design</u> distilled from the evaluated experiences of OECD member countries, and to <u>transfer methodology</u>	Crosscutting - applies to #2-4.	See below
Specific Objective 2: Advise on sector-specific policy reforms, with a focus on SMEs and their role in global value chains	The OECD analyses and activities (Working Groups, seminars, study tours, etc) provided considerable advice on reforms , but not necessarily focused on SMEs' role in global value chains.	Project documentation (ie, reports, publications, powerpoint presentations), interviews
Pillar 1 Goals:		
- Sector-specific policy working groups to <u>address policy and administrative barriers</u> hindering SME integration into global value chains.	Achieved - 4-5 Working Groups existed between mid-2013 and mid-2015. They were created for the four subsectors: 1. Agribusiness - Skills 2. Agribusiness - Finance 3. Renewable energy and energy efficiency (split into two after aviation was disbanded) 4. Civil aviation (governance, clusters) All but energy efficiency had their last meeting by June 2015, although minutes foresaw additional meetings in September and December.	Working Group meeting minutes, presentations 2013-2015. Working Group Project Reports (Dec 2015). - Identifying and Addressing Skills Gaps in Ukraine - Measure and Strengthen SME Financial Literacy in the Agribusiness Sector in Ukraine - Fostering Investment in the Biomass Sector in Ukraine - Enhancing Competitiveness in Ukraine through a Sustainable Framework for Energy Service Companies (ESCOs) All available at: http://www.oecd.org/globalrelations/ukraine-publications.htm
- To <u>streamline administrative procedures</u> to foster investment in renewable energy	The Working Group on Renewable Energy and Energy Efficiency took forward - to a degree - the recommendations of Phase 2 Policy Handbook on biomass. (A key constraint, grid access, was not pushed by either set of recommendations.) The RE/EE Working Group was split into two in late 2014,	Working Group meeting minutes (2013-2015), presentations; Denmark Study Tour report (April 2015); interviews with participants, experts, State Energy Agency; reports on energy reforms. Project report: Fostering Investment in the Biomass Sector in Ukraine www.oecd.org/globalrelations/ukraine-publications.htm

	to allow for a new WG on Energy Efficiency to address policy barriers to ESCOs. This WG, from June 2015, turned into a Focus Group for the OECD Peer Review of their ESCO report in November 2015. The recommendations contributed to reforms in 2015-16.	
- To <u>strengthen SME clusters</u> in the aircraft value chain	Not achieved. Working Group disbanded in 2014, due to persistent government reluctance to participate or consider the recommendations on corporate governance.	None.
- To improve access to finance and skills in the agribusiness sector.	1. Access to finance: The focus changed in Phase 3, from the Credit Guarantee Scheme (which Sida took as a separate project and which appears to be moving forward), to financial literacy for inexperienced agribusiness entrepreneurs, and cooperatives. (Trento Study Tour (2013) highlighted cooperatives and their easier access to finance.). The main output was a survey on Financial Literacy in the Agribusiness Sector. But this in itself did not lead to improved access to finance. 2. Access to skills: the project has made a contribution to informing the policy discussion, but has not led to improved access to skills in the sector. This was overambitious to start with.	1. WG minutes, presentations. Trento Study Tour programme (2013). Project Report (Dec. 2015). 2. WG minutes, presentations; Dijon Study Tour report (May 2015); Project Report (Dec. 2015).
Specific Objective 3: Improve the Ukrainian Government's ability to <u>design and implement tools to analyse and address skills gaps</u>	See Pillar 2 below.	
Pillar 2: Goals:		
- To identify skills gaps via a survey.	Achieved for agribusiness growers, food processors, renewable energy companies.	Survey conducted in cooperation with the World Bank. According to meeting minutes, there was no presentation to the respective WG.
- To 'ensure sufficient human resources in quality and quantity' to meet sector-specific requirements.	This goal, as stated, was not achieved. This should not have been a goal of the project. Rather, it should have stated, like the others, " <i>to contribute to/promote efforts to ensure....</i> "	None
Specific Objective 4: Assess Ukrainian <u>agricultural policies</u> and	Achieved (see Pillar 3).	Phase 1, 2 and early Phase 3 analytical work, recommendations: Sector Competitiveness Strategy

recommend ways to <u>enhance sectoral competitiveness</u> .		(Jan. 2012), Policy Handbooks <i>insert titles</i> , Nov. 2012) Reports Dec. 2015: PFIA? (see below), Report Measure and Strengthen SME Financial Literacy in the Agribusiness Sector in Ukraine ; Report Identifying and Addressing Skills Gaps in Ukraine ; both 2015
Pillar 3: Goal:		
- To <u>implement</u> the OECD <i>Policy Framework for Investment in Agriculture</i> (assessment of and recommendations on agriculture policies).	We assume 'implement' here means 'carry out'. See above – the ensuing report is called Review of Agricultural Policies of Ukraine, and it is not clear that this is the PFIA. The OECD website does not list Ukraine as one of the countries that has done a PFIA (lists Burkina Faso, Myanmar, Indonesia and Tanzania).	Review of Agricultural Investment Policies of Ukraine, 2015



Evaluation of the OECD's 'Sector Competitiveness Strategy' Project in Ukraine

The Swedish Embassy in Kyiv contracted NIRAS Indvelop to conduct an evaluation of Phase 3 of the Sida and EU-funded "Sector Competitiveness Strategy for Ukraine" project implemented by the OECD. Phase 3 took place during a particularly challenging time, with the 2013-14 Maidan revolution and the conflict with Russia in 2014-15 having both negative and positive effects on the project objectives. A new government meant that new high-level contacts had to be cultivated and convinced to join the project, the working groups rebuilt and work plans revised to fit new priorities.

Activity indicators were mostly achieved. Attaining the sectoral objectives was more challenging, given the political and economic instability, and inadequate government capacity and will to implement the recommended reforms.

Effectiveness of the cooperation format (i.e., funding an international organisation to implement a medium-term project) potentially suffered from OECD's lack of experience in project delivery, but it may be reasonable given the context (the government wanted the OECD). However, whether the high risks (political instability) and the rather vague results-orientation of the project justified the project remains an open question until impact can be assessed.

Overall, the OECD was considered a welcome and valued partner of the government in determining sectoral competitiveness and investment environment priorities, which was well documented in interviews in Ukraine. The EU and its member states viewed the OECD IPRs as a timely, valuable complement to the AA/DCFTA negotiations and implementation. Sweden saw the sectoral work as an important step in the right direction, aligned with its country and regional strategies for development cooperation.