

EVALUATION ROADMAP

Roadmaps aim to inform citizens and stakeholders about the Commission's work to allow them to provide feedback and to participate effectively in future consultation activities. Citizens and stakeholders are in particular invited to provide views on the Commission's understanding of the problem and possible solutions and to share any relevant information that they may have.

TITLE OF THE EVALUATION	Cyprus economic adjustment programme evaluation
LEAD DG – RESPONSIBLE UNIT	DG ECFIN – Unit A1
INDICATIVE PLANNING (PLANNED START DATE AND COMPLETION DATE)	Planned start date: Q4 2018 Planned completion date: Q3 2019
ADDITIONAL INFORMATION	https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-financial-assistance/which-eu-countries-have-received-assistance/financial-assistance-cyprus_en

The Roadmap is provided for information purposes only. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described by the document, including its timing, are subject to change.

A. Context, purpose and scope of the evaluation

Context

During 2012 a number of Cypriot banks encountered financial difficulties. The Republic of Cyprus considered it necessary for the banks to be recapitalised and submitted a request to the President of the Eurogroup for financial assistance. The Economic Adjustment Programme for Cyprus¹ was agreed by euro area countries in April 2013 and covered the period 2013 - 2016.

The programme was designed to address the main financial, fiscal and structural challenges faced by Cyprus through the provision of up to €10 billion of financial support (€9 billion from the European Stability Mechanism and approximately €1 billion from the International Monetary Fund). The key objectives were to:

- restore the soundness of the Cypriot banking sector and rebuild depositors' and market confidence by thoroughly restructuring financial institutions, strengthening supervision and addressing expected capital shortfalls, in line with the political agreement of the Eurogroup of 25 March 2013²
- continue the fiscal consolidation process to correct the excessive government deficit through measures to reduce current primary expenditure and maintain fiscal consolidation in the medium-term
- implement structural reforms to support competitiveness and sustainable and balanced growth, allowing for the ending of macroeconomic imbalances, in particular by reforming the wage indexation system and removing obstacles to the smooth functioning of services markets

In March 2016, Cyprus exited its 3-year economic adjustment programme.³

The 2016-2020 DG ECFIN multiannual evaluation programme includes the *ex post* evaluation of the Cyprus economic adjustment programme. The evaluation will commence in 2018.

Purpose and scope [max 15 lines]

The evaluation will assess the economic objectives, content and results of the programme in order to draw lessons for decision-making and identify areas of improvement for possibly similar interventions in the future. The evaluation will cover the period of the programme from 2013 – 2016. Relevant events leading up to the programme will also be considered as part of the wider context.

The evaluation will focus on five criteria to be addressed through the following broad evaluation questions:

¹ http://ec.europa.eu/economy_finance/publications/occasional_paper/2013/op149_en.htm

² http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/136487.pdf

³ http://www.consilium.europa.eu/en/press/press-releases/2016/03/07/eurogroup-statement-cyprus/?utm_source=dsms-auto&utm_medium=email&utm_campaign=Eurogroup+Statement+on+Cyprus

1. Effectiveness: To what extent has the programme achieved its objectives? What have been the qualitative and quantitative effects of the programme? What was the social impact of the programme? What have been the unintended effects of the programme?
2. Efficiency: Could there have been a different programme strategy to achieve the objectives at lower economic and social costs? To what extent were the focus, timing and flexibility of conditionalities appropriate? To what extent was the implementation of the programme efficient? How proportionate were the costs and benefits of the intervention borne by different stakeholder groups? Was the programme's exit strategy appropriate?
3. Relevance: To what extent was the design of the programme appropriate in relation to the outputs to be produced and the objectives to be achieved?
4. Coherence: To what extent was the programme strategy coherent across its different areas and with other EU policies?
5. EU added value: What was the rationale of an EU level intervention? To what extent was the EU surveillance framework helpful for programme entry, implementation and exit? How did the EU level intervention interact with other approaches adopted by the Cypriot government?

The results of the Cyprus evaluation will be published as a Staff Working Document and made public on the European Commission website.

B. Better regulation

Consultation of citizens and stakeholders

An outline of a consultation strategy has been prepared to assess the rationale of the programme, the key challenges in its implementation and to help contextualise the analysis. This includes a targeted consultation that will seek input from a wide range of stakeholders with different points of view. To do this, it will focus on three dimensions:

- 1) A wide and representative stakeholder consultation of bodies with an informed understanding of the economic adjustment programme – or the context in which it was implemented – will be undertaken to collect a broad and multi-dimensional understanding of the issues surrounding the programme. This exercise will be conducted via written questionnaire in Q4 2018. It will include, but may not be limited to, industry/business/employers' organisations, workers' organisations, the banking sector, consumers, public authorities, charitable/NGO organisations, research/academia and EU Member States.
- 2) A consultation of partner individuals and organisations directly involved in the development and implementation of the programme will be undertaken via interviews in Q1 2019. This will enable the evaluation to benefit from their experience and knowledge.
- 3) A workshop with academics and stakeholders will be conducted in Q2 2019, to stress-test and validate the preliminary findings of the evaluation.

A succinct summary of the stakeholder consultation results will be included as an annex to the final evaluation report which will be published on the European Commission website.

Data collection and methodology

The evaluation will be centred on a data-based economic analysis. It will use publicly available data, European Commission, European Central Bank and International Monetary Fund reports, documents published by the Cypriot authorities and other international organisations as well as private sector and academic research. This will be supplemented by information on the rationale, context and implementation of the programme obtained during the stakeholder consultation.