

Explainer on Evaluation of past EFSF/ESM programmes

Why is an evaluation of past EFSF/ESM programmes needed?

The evaluation of financial assistance programmes, an established practice in international institutions, is designed to improve future ESM crisis management. With the benefit of hindsight, the evaluation will draw up a series of lessons learned which will then inform future ESM programme policies and practices. The timing of this evaluation is also appropriate as four of the five financial assistance programmes granted by the EFSF/ESM, were completed successfully without a need for follow-up arrangements.

What is the scope of the evaluation?

The evaluation will assess the relevance, effectiveness, and efficiency of EFSF and ESM financial assistance in meeting with the institutions' overarching goal: safeguarding the financial stability of the euro area and its Member States.

The exercise will cover activities relevant to EFSF and ESM programmes for Ireland, Spain, Cyprus, and Portugal. The evaluation period covers the negotiations for each programme and runs through the post-programme period up to end-June 2016.

The second Greek programme (EFSF programme) will also be covered but only until the initial expiry date of end-December 2014. This reduced scope is designed to help avoid compromising the current activities of the ongoing third Greek programme (ESM programme). The entire second Greek programme and the third programme could be evaluated after completion in August 2018.

What topics will the evaluation address?

It will investigate design, financing, and cooperation issues, ensuring it is complementary to, and does not duplicate, other evaluation exercises. It will not, for example, focus on examining certain aspects of programme design – such as conditionality – which fall under the remit of other institutions.

The evaluation team will seek to answer a series of questions on the relevance, effectiveness, efficiency of the programmes during the negotiation, programme execution, and post-programme phase. In this context, it will also examine the collaboration among the programme partners and with the beneficiaries. It will not look into the decision-making process of the Eurogroup or other political bodies.

Given that the evaluation is designed to generate lessons learned, the report will approach the relevant activities in a cross-cutting manner, identifying potential lessons across the programmes.

When will the evaluation be finished and how will the results be used?

In spring 2017, one year after the ESM was mandated to conduct the evaluation, the high-level evaluator will report to the ESM Board of Governors, made up of the euro area finance ministers. The evaluator may present a set of recommendations to improve the functioning of the ESM and its programme activities. The report will be made public on the ESM website.

The ESM Management Board will ensure that the report's findings and recommendations are appropriately followed up to improve future programmes.

Why was Gertrude Tumpel-Gugerell chosen as the high-level evaluator?

The ESM Board of Governors' Chairperson determined that Ms Tumpel-Gugerell, an Austrian national, is eminently well-equipped for the role, with the appropriate skillset and personal qualities. She has extensive professional experience in economic policy and financial stability, including eight years on the ECB executive board (2003–2011) and, previously, five years as deputy governor of the Austrian central bank (1998–2003). The chairperson, Jeroen Dijsselbloem, stated that she also demonstrates the authority, competence, and impartiality needed for the post.

Will the high-level evaluator have an office at the ESM and will she receive compensation for this role?

Ms Tumpel-Gugerell will lead the evaluation process, with the support of an ESM evaluation team and external experts who have evaluation experience at other IFIs. She will also have ESM administrative support, but no designated office space at the ESM. Ms Tumpel-Gugerell will receive daily allowances in line with peer institutions.

How is the credibility of the evaluation exercise to be ensured?

The ESM opted for a high-level external evaluator to ensure that this exercise is led by an impartial personality with the credibility and standing to draw up meaningful lessons, and because it was important to avoid any potential conflict of interest. While the ECB was involved as a Troika institution in programme monitoring, Ms Tumpel-Gugerell's central bank duties were unrelated to programme design and monitoring. She was responsible instead for market operations, payment systems and market infrastructure, human resources, budget, and organisation. In addition, she left this role, her last in European economic policy decision-making, over five years ago, in mid-2011, giving her sufficient distance from, and perspective on, the events.

For the evaluation team itself, the ESM has decided to rely both on ESM staff members, excluding however those who worked directly on the design and implementation of the EFSF/ESM programmes, as well as on external advisors with relevant evaluation experience at international institutions.