

**HIGH LEVEL GROUP REFLECTING ON FUTURE COHESION POLICY**

**MEETING NO. 3 - 25<sup>TH</sup> JANUARY 2010**

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**170 RUE DE LA LOI, B-1049-BRUSSELS**

**FOCUS ON RESULTS**

A broad consensus is emerging that a stronger focus is needed on the performance of cohesion policy. Currently, management of programmes is driven more by the need to spend resources and avoid financial corrections, than by a focus on results achieved. However, there is no magic bullet which will easily transform the policy in this regard. It is not a question of new procedures or greater bureaucracy; it is one of changing mindsets and the way things are done rather than doing many new things.

A focus on performance and making that performance transparent is driven by many interlinked activities. Key among these are monitoring, evaluation and incentives. These activities need to be explicit and built into programme design and implementation rather than sometimes being an "add-on" to programmes which are designed primarily to spend money correctly.

***Monitoring***

Monitoring has been an integral part of Cohesion Policy programmes since 1988. Physical indicators or quantified objectives aim to measure progress in the implementation of programmes. The model underlying the approach is the so-called logical framework which assumes that the effects of an intervention can be followed through from financial input, via outputs (direct physical products), results (effects on beneficiary) up to impacts (the wider benefit of an intervention for society, the ultimate objective of the intervention). The experience so far tells that Member States and the Commission can deliver and verify in a relatively reliable manner ex post data on outputs and results, but the impacts cannot be "measured" through monitoring.

A further issue is that the use of indicators remains mainly illustrative at the planning stage. It is difficult to find examples where the achievement of earlier set physical targets actually led to the termination of an intervention. Achieving targets is not necessarily, however, a measure of performance as targets may have been incorrectly set.

The quality of indicators and their follow-up through monitoring is crucially dependent on the quality of programming. Concentration on a limited number of priorities is conducive to a clear description of needs, agreed objectives and a few targets for well chosen indicators which can represent what the programme aims to achieve. This can be significantly improved in the future.

The use of core indicators, the reporting against the categorisations of expenditures and strategic reporting all seem useful tools for the current period, which should be continued and improved into the future.

Currently, many programmes still miss baselines and setting targets remains a challenge. Practice in this regard needs to improve, with programmes including realistic but few serious targets and commitments on how data will be gathered to allow evaluation of the achievement of objectives.

### ***Evaluation***

There is also increasing recognition of the challenges involved in evaluating the effects of programmes. "Impacts" are difficult to "measure," especially the impacts of large complex programmes supporting a wide range of types of intervention. The difference between the before and after situation related to a particular indicator is not necessarily the impact, as it includes the effects of factors not linked to the intervention. Building up evidence across major areas of intervention is now regarded as the most effective way to evaluate. But such evaluations need to be based on stronger theories of change built into programmes at the beginning: what do programme authorities and the key stakeholders aim to change? Then baseline data can be gathered and a commitment made to carry out follow-up surveys towards the end of the programme period.

The model of ex ante, ongoing and ex post evaluations should be continued, but some important improvements could be explored for the future.

Ex ante evaluation should focus more strongly on the concentration of resources (prioritisation), indicators and targets (how will we know when the programme has been successful), and proportionality (how can this be done simply – a limited number of indicators which really demonstrate performance).

The Commission is currently experimenting with various more rigorous methods in order to improve quality, credibility and the use of results. This is particularly possible for ongoing evaluation, as different methods are appropriate for different types of intervention. It should be considered if Member States should carry out summative evaluations five years after programme approval, to assess overall progress in the current programming period and look forward to the future.

Ex post evaluation is currently the sole responsibility of the Commission. But Member States should be encouraged to examine the effects (impacts) of interventions that took place in a past programming period.

### ***Conditionalities and Incentives***

Conditionalities and incentives are two related approaches. Conditionalities suggest that the payment of funds – fully or partially – will depend on a certain performance. Incentives suggest a reward for performance, which can be financial but also non-financial.

There are strong conditionalities in Cohesion Policy in terms of compliance with EU legislation, the content of programming, control, audition and implementation, but performance conditionality has remained rather weak. Possible avenues to be explored could be the application of macro-economic conditions, especially for Member States or regions not converging throughout several programming periods. Additionality could also be strengthened, along with a revision of verification methods and effective sanctions. A further

possibility could be to set targets and conditionalities related to a limited number of strategic priorities and link payments to their achievement.

The performance reserve which was applied in the EU15 in 2004 has been criticised as being administratively burdensome with only limited benefits linked to obligations to undertake monitoring and evaluation. Moreover, there was some evidence of perverse behaviour with some targets seeming to be set artificially low.

A new and effective performance mechanism would be dependent on the quality of targets set. A question to be considered is whether such instrument should focus on all indicators of the programmes or only on selected priorities. Competition for funds by programmes is another possibility, using the model of the regional innovation programmes in the 2000-2006 period.

Non-financial incentives could potentially play an important role. Public rankings of projects or programmes at EU or national level could be envisaged. Competitions such as RegioStars and publicity for good practices should continue. It seems likely that a regular political debate on performance could provide a powerful incentive for politicians to want to report results.

***Questions for the High Level Group:***

1. How can a greater focus on results be built into programme design and implementation?
2. Would an annual high level political debate contribute to enhanced performance and visibility for the policy?
3. How can performance be incentivised, remembering both financial and non-financial mechanisms?