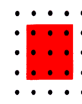


What's new and what works in EU Cohesion Policy 2007-2013

International Evaluation Conference
Vilnius, 3-4 March 2011

Evaluating the Structural Funds in 2007-2013:
What is the situation across the EU?

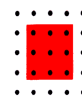
Terry Ward
Applica, Brussels



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Introduction

- ❖ Presentation based on work of evaluation network set up last year by DG Regio in context of new approach to evaluating Structural Funds
- ❖ Network consists of national experts charged with monitoring developments in 27 Member States, coordinated by Applica, Brussels and Ismeri Europa, Rome
- ❖ Purpose:
 - ❖ To assess implementation of the 2007-13 programmes in context of changing economic circumstances
 - ❖ To review achievements from implementation of programmes
 - ❖ To examine way in which programmes being evaluated across the EU
- ❖ Main focus here on third of these aims, but first background and context



Background and context

- ❖ Radical change in economic circumstances since 2007-13 programmes were formulated and agreed
- ❖ All countries hit by economic recession in 2008-2009 if to varying degrees
- ❖ Biggest falls in GDP in Lithuania, Estonia and Latvia (14-18% in 2009) together with Ireland and Finland (8%)
- ❖ Recovery is underway in most countries, but generally slow and continuing decline in 2010 in Ireland, Spain, Bulgaria, Romania and, most especially, Greece (4%)
- ❖ Latest EU forecast - further decline in GDP in Greece and Portugal in 2011, growth well below trend in nearly all countries in 2011 and 2012

Result:

- ❖ Unemployment has risen markedly almost everywhere to 10% or more in all three EU15 Cohesion countries and in 7 of EU12 countries – to over 18% in Lithuania
- ❖ On present forecasts, unemployment likely to remain high in many parts of EU this year and next
- ❖ In consequence – job creation has become a policy priority across EU
- ❖ Further legacy of recession – large budget deficits and increased public debt as result of reduction in tax revenue and higher public spending on social welfare
- ❖ But also result of measures taken to counter downturn and prevent even bigger falls in GDP

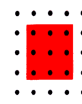
Response:

- ❖ Tough austerity measures introduced or planned across EU
- ❖ In some countries (especially Baltic States, Hungary), reductions in Government expenditure have already occurred
- ❖ General pressure on development expenditure and on funding available for co-financing Cohesion programmes
- ❖ Deterioration in public finances – has led to increased importance of Structural Funds
- ❖ In many countries, little funding available for development expenditure apart from these
- ❖ Some idea of importance can be gained by relating total amount available from the ERDF and Cohesion Fund per year for rest of programming period to public capital expenditure in 2009

Evaluating the Structural Funds in 2007-2013

Scale of ERDF+Cohesion Fund support

	Average funding per year 2011-15, % capital expenditure in 2009
Greece	32
Portugal	46
Bulgaria	47
Czech Republic	34
Estonia	50
Latvia	50
Lithuania	65
Hungary	84
Poland	44
Romania	37
Slovakia	55

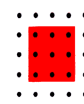
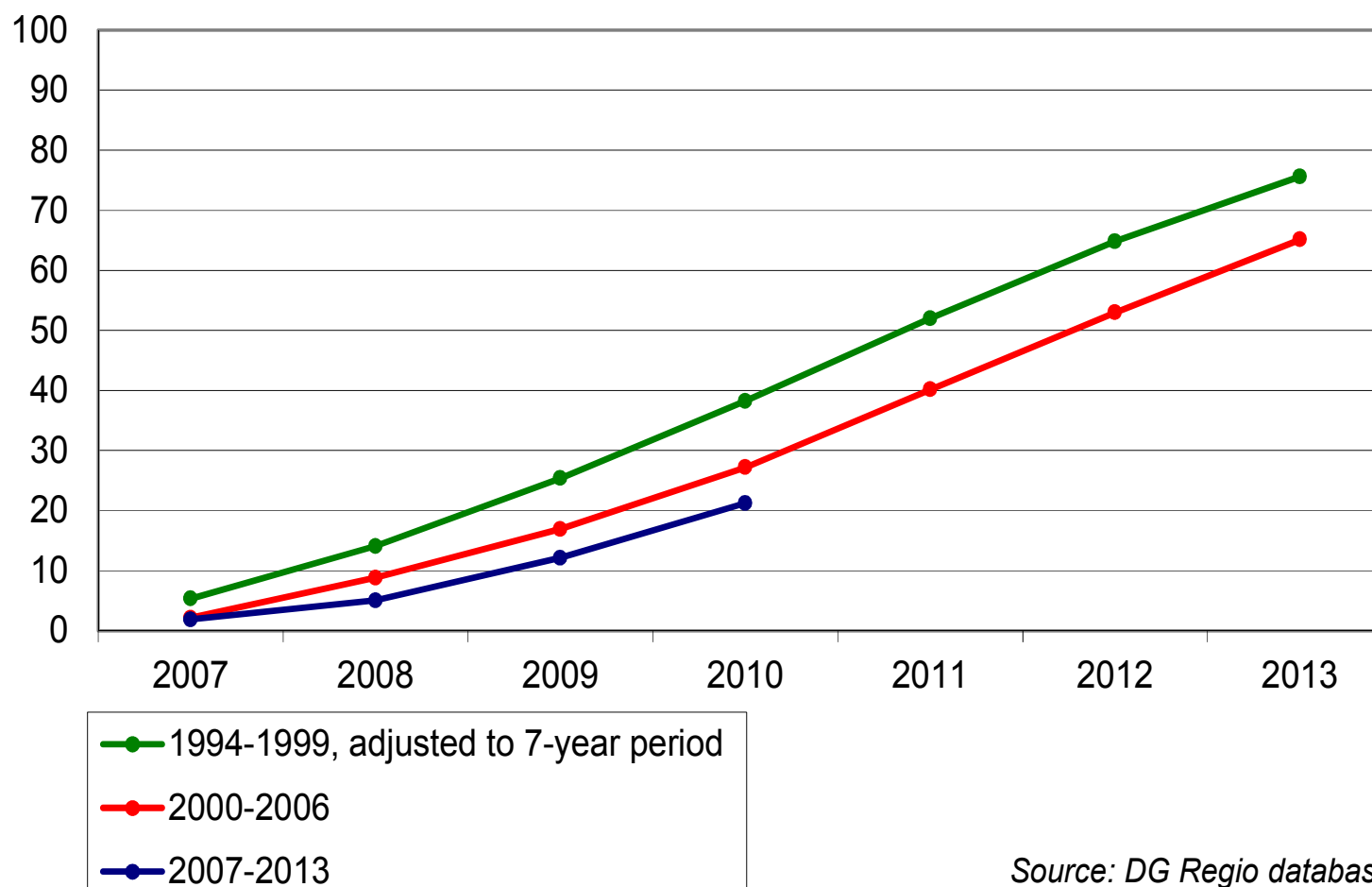


Implementation so far

- ❖ Financial data show that start-up of programmes has been significantly slower than in previous programming periods
- ❖ Despite recession, payments to Member States from Structural Funds and Cohesion Fund up to end-2010 much smaller than in equivalent period in 2000-2006 and smaller still than in 1994-1999
- ❖ Can be shown by payments from ERDF – payments from Cohesion Fund and ESF little different ...

Evaluating the Structural Funds in 2007-2013

ERDF expenditure in successive periods (% total allocation)

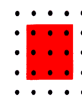


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Evaluating the Structural Funds in 2007-2013

Result:

- ❖ At time of desperate need for funding, payments from previous and current period summed together 20% smaller in 3 three years 2008-10 than if rate of implementation had been same as in 2000-06
- ❖ At end 2009, certified expenditure from ERDF+Cohesion Fund across EU just 7% of total funding allocated for period
- ❖ In EU12 countries, only 4% on average (9% in EU15)
- ❖ Expenditure much above 10% of funding allocated only in Ireland, Belgium, Austria and Lithuania
- ❖ In most EU12 countries, below 5% - only 1% in Romania and Bulgaria – only countries where above 5%, three Baltic States plus Cyprus



Reasons for delayed implementation

- ❖ Overlap in programming periods and focus on spending 2000-06 money
- ❖ Limitations in administrative capacity, especially in EU12 countries, but also in Greece and Italy
- ❖ Lack of experience of initiating programmes in EU12
- ❖ Concentration on infrastructure projects – longer to get started, but also excessively bureaucratic procedures, especially planning regulations
- ❖ Effect of recession – slowed down demand for funding from both private sector and public authorities – in both cases partly due to co-financing difficulties but also uncertainty about future
- ❖ Difficulties of co-financing could well get worse in 2011 and after – major risk is cutback in government transfers to regional and local authorities responsible for most development expenditure across EU

Implications:

- ❖ In context of financing constraints, using funds as effectively as possible increasingly important
- ❖ Need evaluations more than ever to identify best policies
- ❖ Review of situation across EU reveals major differences in attitudes to evaluation and in strategy adopted
- ❖ In some countries, policy of carrying out extensive evaluations – in particular, in Poland, Portugal, Sweden, France, UK, Estonia and Hungary
- ❖ In others, evaluation activity being minimised – in Greece, Bulgaria, Cyprus and Slovakia, especially
- ❖ Latter approach reinforced by funding shortages – dispensing with evaluations, or delaying them, potentially seen as means of reducing public spending

Evaluations so far undertaken

- ❖ Many of countries where evaluation activity minimised in receipt of large-scale funding – should arguably imply obligation to EU taxpayers to ensure funding is spent effectively
- ❖ Overall, relatively few evaluations carried out so far on 2007-13 programmes – perhaps not surprising given limited progress in implementation and lack of expenditure to assess
- ❖ Those carried out have focussed overwhelmingly on financial aspects, processes and procedures (e.g. methods of financial control, project selection)
- ❖ Few aimed at assessing tangible outcomes and effectiveness in achieving policy objectives – though implementation delays provide possible explanation, implications for future policy formulation

Data deficiencies

- ❖ Efforts of network to assess progress in implementing programmes highlighted serious deficiencies in information available to do this
- ❖ Applies especially to outside efforts but has implications for internal ability to monitor policy performance
- ❖ Main information source, Annual Implementation Reports, intended to enable implementation of programmes to be monitored and assessed , but in most cases inadequate for purpose
- ❖ According to Regulation, reports should provide *‘a clear view’* of *‘progress made in implementing the operational programme ... in relation to their specific, verifiable targets, with a quantification, wherever and whenever they lend themselves to quantification’*
- ❖ Few of them do so

Nature of deficiencies:

- ❖ Deficiencies relate to both quantitative data and qualitative information provided
- ❖ Quantitative data more focused on inputs (e.g. number of projects carried out, firms assisted) than on outcomes
- ❖ Where indicators of outcomes given, often not directly related to main purpose of intervention or defined in consistent way
- ❖ Applies as much to core indicators as others and to those used in different regions in same country as much as to differences between countries
- ❖ Result – indicators of variable quality, cannot readily be aggregated across regions, even less across countries or EU as a whole
- ❖ Questionable how far they are useful or meaningful for monitoring progress of programmes or their performance

Implications of data deficiencies:

- ❖ Qualitative information in most cases does not enable targets set or outcomes to be properly interpreted and assessed.
- ❖ Typically, no systematic attempt to explain setting of targets or to relate them to policy objectives
- ❖ Little attempt to explain why outcomes have fallen short of targets or exceeded them or to put outcomes into context
- ❖ Deficiencies inevitably make it difficult to obtain satisfactory overview of Structural Fund performance, to identify Cohesion policy achievements and to construct 'headline' figures to demonstrate these
- ❖ Difficulties of pointing to concrete achievements hinder debate over future nature and direction of policy and scale of funding

Implications for evaluations:

- ❖ Deficiencies likely to affect ability to carry out meaningful evaluations
- ❖ Constrained by lack of satisfactory indicators and appropriate targets linked to policy objectives
- ❖ Delays in implementation and in evaluations carried out limit how far results can be used effectively to modify programmes in current period
- ❖ Delays and lack of evaluations could also limit possibility of taking account of experience of present period in formulating programmes for next period from 2014 on
- ❖ Common problem but exacerbated this period
- ❖ No evidence so far that more freedom for Member States to decide evaluation strategy has generally led to more evaluations and increased interest in evidence-based policy-making