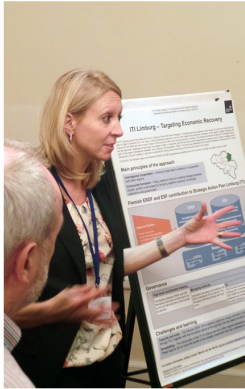


# *inet bulletin*

*Improving the management of Structural Funds programmes*



***New instruments, better results?  
Launching the 2014-20 programmes***

## Welcome to the 19th issue of the IQ-Net Bulletin



With the launch of the new generation of Operational Programmes, **the implementation of the 2013 reform of Cohesion policy is becoming clearer.** The Commission's preliminary analysis of the PA and OP negotiations shows that there has been a significant reorientation

of the policy towards Europe 2020 objectives through greater thematic concentration and closer linkages with country-specific recommendations. A stronger results orientation is evident through clearer and improved intervention logics, specific objectives and indicators. The fulfilment of ex-ante conditionalities varies and has been challenging under some thematic objectives for some Member States. The uptake and experience with new territorial instruments is mixed, partly due to capacity challenges; and the use of financial instruments has increased substantially.

At the heart of the reforms is the aim of ensuring that Cohesion policy is more effective and can deliver results. **Improving the quality of monitoring data and evaluation methods** are central to demonstrating the achievements of programmes, in ways that allow aggregation of data to national and EU levels.

The IQ-Net Conference in Porto (Summer 2015) focused on the preparations being made by Managing Authorities for evaluation plans. Monitoring systems have been reviewed everywhere, with changes variously intended to improve the design, interpretation and tracking of indicators, integration with domestic monitoring systems, interoperability across different platforms, delivering on e-Cohesion agenda, simplifying procedures for project beneficiaries, better accountability and quality control procedures. The emerging evaluation plans show a more systematic approach to evaluation in more countries, a greater commitment to impact evaluation (alongside process evaluations) and the use of a wider range and more sophisti-

cated evaluation methods.

However, the debate among IQ-Net partners showed that the more ambitious objectives are still likely to be constrained by problems such as data quality, the difficulty of isolating the effect of Structural Funds interventions, especially in smaller programmes, and the fact that some effects are only evident in the long term. More fundamental is the lack of an evaluation culture in some Member States. Capacities – within MAs, intermediate bodies, beneficiaries and the evaluation community – continue to be a problem in certain countries and regions, and new challenges are associated with the different skills required compared to 2007-13.

The **options for integrated territorial development** represent a new opportunity for Structural Funds programmes in 2014-20. They respond to the Barca Report's call for place-based policy-making, albeit on a small scale in terms of resources. The IQ-Net Conference in Chester (Winter 2014) discussed how Managing Authorities are using the provisions for integrated sustainable urban development, ITIs and CLLD.

In general, they are regarded as innovative and a 'good idea in principle', but there are tensions. On the one hand, the Commission often stipulates the allocation of a specified level of resources or the use of certain implementation structures. On the other hand, Managing Authorities are concerned about fragmented governance, and the expectation of local actors is often that they can use territorial approaches in order to secure ring-fenced multi-annual funding. The IQ-Net debate highlighted valid questions about the added value of the new instruments, the administrative and institutional capacity of local actors and their limited knowledge and resources for implementing ESIF programmes. Coordination, monitoring and financial control will represent major challenges.

This issue of the IQ-Net Bulletin reviews these issues in more detail, and additional information is available in the IQ-Net papers on these and many other aspects of programme management and delivery on the IQ-Net website at: <http://www.eprc.strath.ac.uk/iqnet/>

**Professor John Bachtler, European Policies Research Centre**

## A First Stock Take: Integrated Territorial Approaches in Cohesion Policy 2014-20

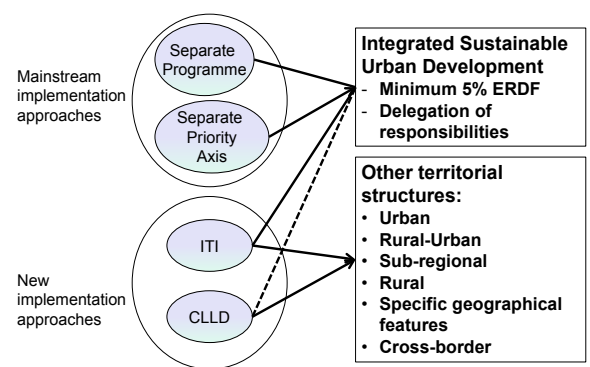
Territorial approaches are a more prominent part of Cohesion policy in the 2014-20 period. Under the evolving urban dimension in European Structural and Investment Funds, the new regulations stipulate a ring-fenced budget of five percent of expenditure for Integrated Sustainable Urban Development (ISUD). New tools to implement territorial approaches have been introduced, including Integrated Territorial Investment (ITI) and Community-led Local Development (CLLD). These tools can be applied in urban areas but also in other territories.

Integrated territorial approaches in Cohesion policy can target different types of territories through different tools. Article 7 of the ERDF Regulation makes it a requirement that five percent of ESI Funds are allocated to ISUD. ISUD can be implemented through so-called mainstream approaches (i.e. in a similar way as other ESI Funds are implemented), as either a separate Operational Programme (OP) or a separate Priority axis. ISUD can also be implemented through the new approaches, most notably an ITI, but CLLD can also contribute towards ISUD requirements. ITI and CLLD have a much broader application and can also target urban areas outside the ISUD context or other types of territory (rural-urban, sub-regional, rural, cross border, territories with specific geographic features).

The manner in which territorial approaches are programmed, funded, thematically focussed and implemented differs greatly across IQ-Net countries/regions:

- **ISUD** – In countries/regions where ISUD is implemented through a Priority axis, spending allocations range from close to five percent to almost 20 percent. Some programmes are solely focusing on large metropolitan centres, while others are also concentrating on smaller regional centres. Thematically, ISUD tends to focus on environmental protection and social inclusion. The governance arrangements require a significant level of delegation to the local level, but not all countries use Intermediate Bodies to achieve this.
- **ITI** – These are used to implement ISUD but can also target other forms of territorial development. In some countries/regions, ITI approaches are expected to be a major delivery instrument. Geographically, ITI approaches tend to focus on urban areas but can also target sub-regional areas, interregional areas or regions with specific territorial features. ITIs are programmed to cover innovation and competitiveness, low carbon economy and renewables and social cohesion themes. Selecting ITIs either happens through pre-selection (based on indicators or a political process) or competitive selection.
- **CLLD** – Funding allocations for CLLD will vary significantly across Member States and regions. Some use CLLD in a large range of geographical areas, including urban and peri-urban areas. Most Member States will implement CLLD across multiple OPs contributing to a range of thematic goals. Most CLLD management approaches retain programme Managing Authorities (MAs) in a management role. CLLD can also be used on a cross-border basis.

The approach for 2014-20 is an extension of existing methods and fits within emerging domestic policy frameworks. Many authorities at Member State level recognise the value of, and show enthusiasm for, integrated territorial approaches and some consider them innovative and inspiring. Potential benefits include increased efficiency and more local power/influence in decision-making. However, MAs have the difficult task of having to establish structures and implementation mechanisms that satisfy local actors' expectations but also adhere to regulatory requirements. Other challenges include local capacity issues in relation to implementing territorial approaches and questions concerning how thematic concentration and results-orientation align with ring-fenced territorial approaches. Finally, due to the variety of ways in which territorial approaches can be implemented, the provision of guidance has been challenging. A workgroup, Territorial Cohesion and Urban Matters (TCUM), supports implementation of the territorial and urban aspects of the regulations governing the European Structural and Investment Funds. In relation to ITIs, the drafting of scenarios should provide clarification and be a source of inspiration.



The IQ-Net paper, written by Arno van der Zwet, Stephen Miller and Frederike Gross (November 2014), can be found here: <http://tinyurl.com/zqvv3tr>

Findings from the IQ-Net paper and case studies were also used for the publication in two articles for the European Structural and Investment Funds Journal (ESTIF) Miller S (2014) Emerging trends in Community-Led Local Development, ESTIF 2(4), 302-8; van der Zwet A (2014) Ambiguity and Versatility: First Experiences with the Integrated Territorial Investment Tool, ESTIF, 2(4), 319-27.

### Workshop discussions: feedback from IQ-Net partners

**Selection of ITIs** - The Commission perspective is that ITIs can take a negotiated approach to identify the areas, while for CLLD a competitive call procedure would be more suitable.

**Management of ITI/CLLD** - There is some reluctance to delegate responsibilities from the MA, as this is felt to be risky, especially where municipalities lack experience, sufficient capacity or are simply too small.

**Monitoring** - The monitoring approach is expected to be largely the same as for the rest of the OP. One suggestion was that effective monitoring needs to be done at the level of the MA. If not, guidance provided has to be very good.

**Evaluation** – Due to the innovative nature of territorial approaches, it will take time to understand how these work, and they should be excluded from the performance framework. Evaluation is an important part of this learning process.

**Administrative capacity** - Having the necessary capacity available at local level is challenging. Some programme managers identified a lack of capacity in key areas where there is no proven track record in Structural Funds management. However, there is a need to give new bodies the opportunity to build up capacity. One possibility is to start with a smaller number of territorial tools (ITI and CLLD) and increase the number at a later stage if it works well.

## Providing better evidence for the results of Cohesion policy: monitoring and evaluation challenges in 2014-20

Monitoring and evaluation are key to the results-orientation emphasised in the legislative framework for Cohesion policy 2014-20. There are now requirements to stipulate more precisely what changes and results are expected by ESIF interventions and to provide evidence of these results, but what are the implications for programme authorities?

Monitoring arrangements have to respond to various demands. Regulatory requirements for the detailed definition of targets and baselines, clarity in the interpretation and tracking of indicators and pursuit of the e-Cohesion agenda must be met. The need to simplify forms and procedures to lighten the load on project beneficiaries has to be taken into account. The introduction of improved accountability and quality control procedures to ensure timeliness and accuracy and to reduce error rates must also be considered. A variety of responses can be identified among programme authorities: integration of ESIF monitoring with domestic monitoring systems; introduction of interoperability across different platforms; reassignment of monitoring responsibilities across organisations, programmes or territories; and, integration of all ESI Funds in a single platform.

*Making the programmes more focussed and better targeted towards achievements.*

However, there have been common efforts to strengthen harmonisation, integration and interoperability across programmes, funds and domestic systems to allow aggregation of information and the elaboration of summative views. These efforts are making the programmes more focussed and better targeted towards achievements. There are nevertheless both unresolved challenges and new tensions linked to the rolling out and the complexity of the new systems. The challenge of setting detailed baselines, targets and related indicators under a defined intervention logic is significant and made more acute where capacity or experience is limited, where the interpretation of indicators across different actors, intermediate bodies and applicants is not uniform and where guidance provided by different Commission DGs is inconsistent.



The elaboration of Evaluation Plans (EPs) indicates how programme authorities are responding to the results-orientation. Evaluation Plans have different approaches to programme coverage, largely reflecting the institutional settings of a country or strategic or operational choices. This includes examples of Plans covering a single programme, either single-fund or multi-fund; a single Fund across an entire country; more than one programme within a region; a single, national EP for all ESI Funds; and an EP for the whole Partnership Agreement, plus individual EPs for programmes. However, EPs commonly emphasise some key characteristics. Flexibility is being pursued through regular updating, refreshing of EPs and making provision for ad hoc evaluations. Coordination is stressed through the overview role of national coordinating authorities or the integration of evaluations across themes, funds and programmes.

The content of planned evaluation is also balanced between thematic and programme-wide approaches and between evaluations focused on process and impact, with an emphasis on the latter in the second half of the 2014-20 financial perspective. In terms of methodology, increased focus on impact evaluation is apparent. Nevertheless, programme authorities have noted methodological obstacles, related to: data availability, reliability and comparability, particularly where evaluations aim to use control groups of non-aided actors. There is also the issue of timing, where policy outcomes – and thus data on outcomes – take time to emerge. Establishing causality is challenging, particularly where smaller amounts of ESIF investment are involved. All of this highlights the importance of evaluation capacity and the human and financial resources dedicated to it.

The results-orientation focus of the new regulations is generally appreciated by programme authorities. Nevertheless, a number of open questions remain, on data quality, impact evaluation methods and techniques, planning of evaluation activities and the capacities available across different types of actors.

## Selected workshop outcomes

**The procurement process is a key stage in producing good quality evaluations.** There are a number of ways of designing the tendering process:

- The use of framework contracts and agreements to streamline evaluation, reducing tendering costs and achieving economies of scale (e.g. via consortium bids).
- Taking a prescriptive approach in the content of tenders and setting evaluation aims and methodologies to ensure quality (despite pressures on budgets/costs of evaluation).
- Building in quality assurance mechanisms (guidance, ex-ante regulation, including the use of EU requirements; monitoring and review; and use of external international experts).

**Feedback 'loops' between evaluation and policy design and implementation must be strengthened.** There is a perception among programme authorities that evaluation results often do not feed efficiently into policy. This involves:

- Encouraging critical perspectives. Evaluators are often cautious rather than critical in their assessment of the authorities that have contracted them.
- Evaluators, programme authorities and politicians have to acknowledge that there can be good evaluations with bad results as well as bad evaluations with good results.

**Methodological approaches are evolving in response to the emphasis on impact, but there is also some continuity:**

- To a certain extent, methodological approaches represent a break from past periods in terms of expectations of what evaluation can produce and the fresh emphasis on impact evaluation (e.g. theory-based impact evaluation, use of counterfactuals etc.).
- Nevertheless, there is continuity and the value of traditional or established evaluation methodologies (e.g. interview samples) is still recognised by programme authorities. Indeed, different methods can be combined to strengthen evaluation studies.

*There can be good evaluations with bad results as well as bad evaluations with good results.*

**Capacity issues must be addressed, on the 'supply' and 'demand' side.** There is some continuity and the value of traditional or established evaluation approaches is recognised. However, methodological approaches in the 2014-20 period, to some extent, represent a departure in terms of expectations of what evaluation can produce and the demands on capacity stemming from increased emphasis on impact.

- This concerns human resources in contracting authorities, the intensity of effort needed to design evaluation methodologies and then follow them through in cooperation with evaluators.
- In several Member States, this also relates to the evaluation market where expertise in innovative impact evaluation methodologies is often limited and programme authorities often have to expend resources guiding external evaluators who are not experienced in more innovative methodological approaches.

**Lessons must be learned from previous experience, particularly concerning the timing of studies**

- A basic lesson learned by programme authorities from previous evaluation experience is the importance of timing issues and the need to synchronise evaluations to feed into different programme needs at different stages. This is always challenging, but proper planning can help to facilitate timely evaluation studies.
- Preparing a proper evaluation plan involves: deciding at the outset which type of knowledge has to be produced and which methodologies are best suited to generate this; taking into account the strength and weaknesses of the evaluation culture; and, being realistic about the data that is available when considering different methodologies.

The Executive Summary of the briefing paper, written by Laura Polverari (May 2015), can be downloaded here: <http://tinyurl.com/oplqqv>



# ITI Limburg – Targeting Economic Recovery

The ITI Limburg covers the whole province of Limburg in the North East of Belgium. Following the announcement of the closure of a Ford car manufacturing plant in Genk in October 2012, the region is facing renewed pressures in terms of job creation and economic prosperity. As the region's largest employer the closure of Ford Genk will have a major impact on the economic fabric and social structures in Limburg. The closure provided an impetus for immediate action, but the economic challenges of the region are deeper rooted. In response, the Flemish Government established an expert council to draft a strategic action plan for the region (*Strategisch Actieplan voor Limburg in het Kwadraat* – SALK). The plan was presented to the Flemish Parliament in February 2013. At the following EU Council meeting, it was announced that EU funding would contribute to fund the action plan for the region.

In 2014-20, the Flanders region will implement ERDF and ESF programmes, benefitting from €173.6 million of ERDF and €393.9 million of ESF.

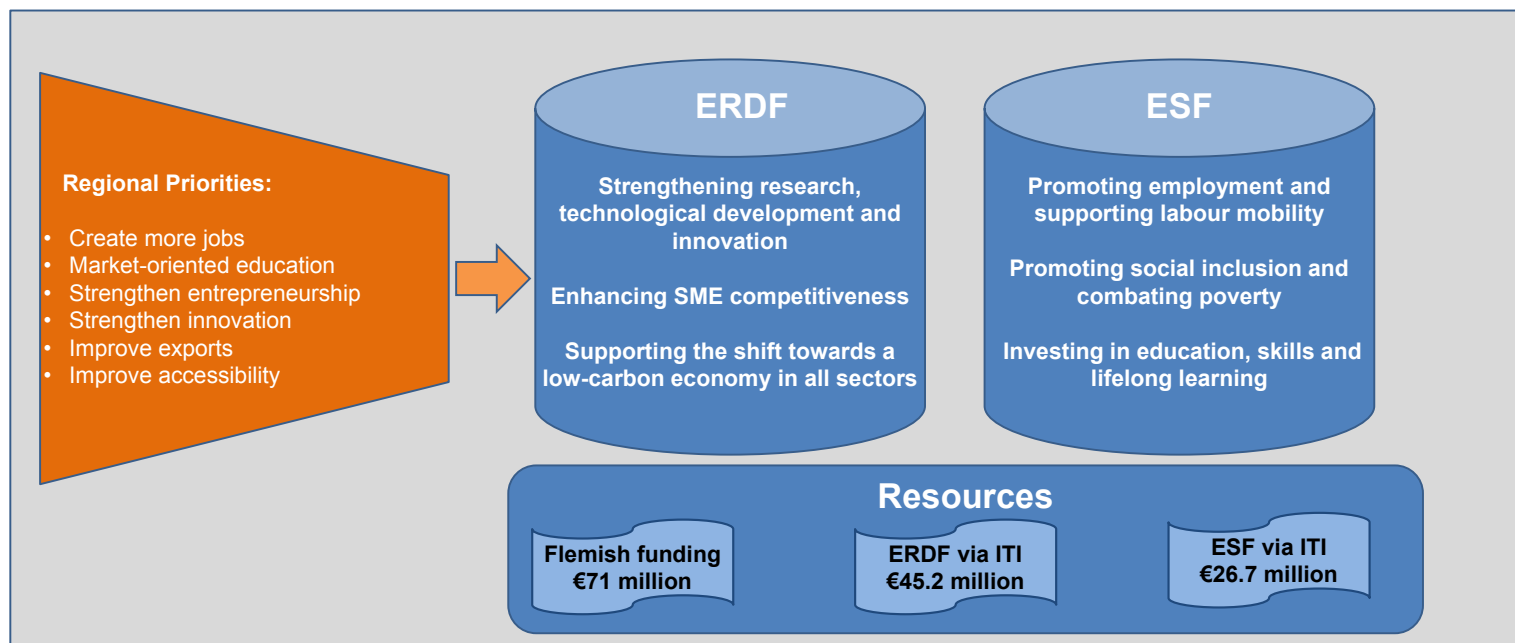
## Main principles of the approach

**Interregional cooperation** – Limburg is best able to develop in cooperation with other regions.

**Community formation** – Policy needs to focus on creating linkages between people: growth is stimulated by bringing together business, knowledge institutions and government.



## Flemish ERDF and ESF contribution to Strategic Action Plan Limburg (ITI)



## Governance

High-level coordination meeting		
Coordination between ERDF and ESF Managing Authorities will take place via an annual high-level forum that includes all partners.	Managing Authority	
	Application submission and selection will follow mainstream OP procedures. The Managing Authority will liaise with local actors.	ITI
		The Provincial Technical Committee Limburg will, in corporation with actors from Taskforce Limburg, prepare, implement and monitor projects within the SALK framework.

## Challenges and learning

**Capacity and scale** – The Flemish ERDF OP is relatively small and a large proportion of its funds will be channelled through ITIs. Together with the innovative nature of the approach this has raised concerns about administrative capacity.

**Snowballing** – The introduction of the ITI in Limburg has led to other regions expressing an interest in establishing an ITI. These regions did not have the benefit of the strategic preparation that was undertaken by SALK.

For further information, please contact: Werner van den Stockt, [werner.vandenstockt@agentschapondernemen.be](mailto:werner.vandenstockt@agentschapondernemen.be)

Background information

Strategisch Actieplan voor Limburg in het Kwadraat: [http://www.vlaamsparlament.be/vp/pdf/20122013/salkrapport\\_080213.pdf](http://www.vlaamsparlament.be/vp/pdf/20122013/salkrapport_080213.pdf)

Partnership Agreement: [http://ec.europa.eu/contracts\\_grants/agreements/index\\_nl.htm](http://ec.europa.eu/contracts_grants/agreements/index_nl.htm)

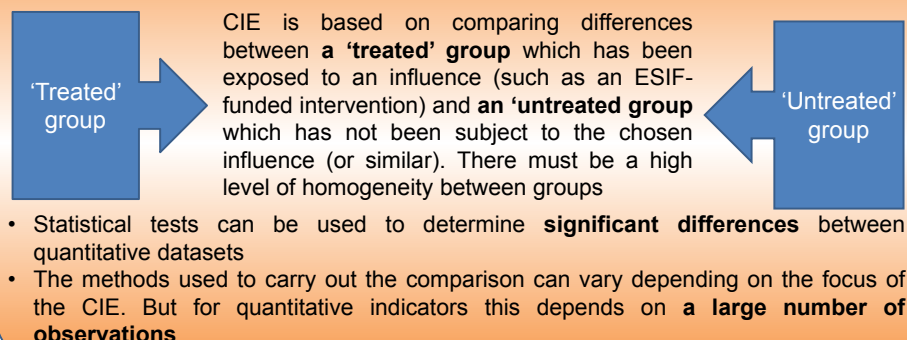
# Counterfactual Impact Evaluation in the Czech Republic

## The Human Resources and Employment (HRE) Operational Programme

A Counterfactual Impact Evaluation (CIE) was used in the Czech Republic to assess the impact of the HRE OP:

- Objective 1: to evaluate the impacts (if any) of interventions delivered under the HRE OP 'Adaptability' support area on companies assisted, including the effect on companies with different characteristics (e.g. size)
- Objective 2: to expand awareness of the possibilities of CIE in the evaluation of ESIF Programmes in the Czech Republic

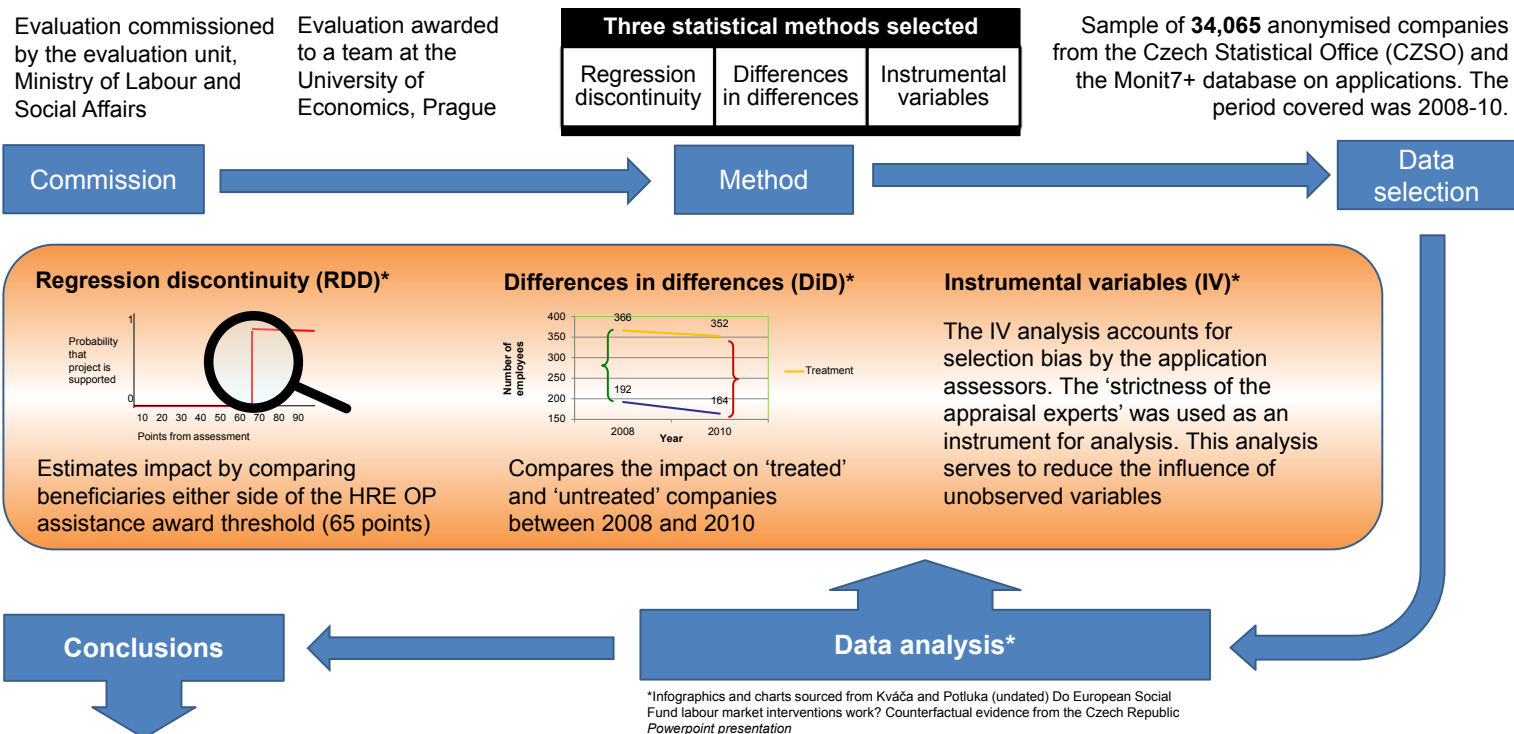
### What is Counterfactual Impact Evaluation (CIE)?



### The Human Resources and Employment OP

- The HRE OP 2007-13 was a multi-objective ESF-funded Operational Programme with 5 Priority Axes
- Contributing to **support area 1.1, 'Adaptability'**; investment in human capital in companies and the development of systems which help to increase workforce flexibility, knowledge and skills
- As part of an Active Labour Market Policy approach, project interventions aim to prevent unemployment by providing **grants to employers for employee training**

## Stages in the HRE OP evaluation process



### FOR THE CIE METHOD

- **The combination of complementary statistical methods is beneficial.** However, based on a review of the assumptions which underpin each analysis, the IV method provides the most credible results. The RDD method is effective but can only be used to examine firms close to the application scoring threshold. The DiD method is less credible as it relies upon the strongest assumptions.
- **Further discussion and the application of CIE to other Operational Programmes is needed to improve the methodology**

### FOR THE HRE OP

- **HRE OP employee training support has a determined positive impact on employment:** however, employee training interventions through the OP HRE, support area 1.1, do not have a significant impact on firm turnover.
- **Small and medium companies benefit more from HRE OP investment than do large companies**

For further information, please contact: Vladimír Kváča, Ministry of Regional Development ([vladimir.kvaca@mmr.cz](mailto:vladimir.kvaca@mmr.cz))

**Sources**  
 MLSA (2015): Outputs from 'Pilotní counterfactual impact evaluation OP LZZ, oblast podpory 1.1', available at <http://www.esfcr.cz/file/8798/>  
 Potluka, O and Brůha, J (2011) Counterfactual Impact Evaluation of Human Resources Development  
 Potluka, O and Brůha, J (undated) EU Cohesion Policy attribution to employment: a case of the Czech Republic (no publishing data)

For further reading...

### *Strategic coherence of Cohesion policy (February 2015)*



This study for the REGI Committee of the European Parliament assesses the evolution and implementation of the strategic coherence of Cohesion policy. Using a sample of 11 Member States, it compares the 2007-13 and 2014-20 programme periods. The study finds that there have been overall improvements compared to the previous period, but it also highlights a series of EU and domestic challenges in ensuring a strategically coherent approach between different European Structural and Investment Funds and with other EU policies. The study can be downloaded here: <http://tinyurl.com/lpk5v6a>

### *A macro-regional Europe in the making (October 2015)*



The book examines whether macro-regional strategies are helpful instruments for improving actor-policy linkages at the European, member/partner countries, and sub-national levels, and whether the objective of social, economic and territorial cohesion can be fulfilled through these strategies. Irene McMaster and Arno van der Zwet of EPRC contributed a chapter reviewing the role of macro-regional strategies as an instrument of Cohesion policy, including their design and implementation to date, and the theoretical and policy issues surrounding their use. Further details are available here: <http://tinyurl.com/z8q7bo7>

### *EoRPA papers on Cohesion policy and Competition policy (October 2015)*



Two papers prepared in the context of the EPRC-run EoRPA network on regional policy have been made available online. The EoRPA Consortium is a group of government ministries and agencies from 11 European countries which fund a research programme on regional policy developments in Europe. The report 'Permanent revolution in Cohesion policy: restarting the reform debate' by Carlos Mendez and John Bachtler can be found here: <http://tinyurl.com/gltp4eo>. The study on 'Recent Developments in Competition Policy and Regional Aid: Adjusting to a New Normal' by Fiona Wishlade is available here: <http://tinyurl.com/h9sbuu8>

### *Balance of competences cohesion review for the English Department for Business, Innovation & Skills (2014)*

EPRC conducted a literature review of EU Cohesion policy as part of the UK Government's 'Balance of Competences Review'. Launched in 2012, the Review is "an audit of what the EU does and how it affects the UK". The review of EU Cohesion policy was launched by the UK Department of Business, Innovation & Skills with a consultation in Autumn 2013 and completed in July 2014. The full research paper is available here: <http://tinyurl.com/odjylko>

### *Issue 2/15 of ESIf journal now available*



The autumn 2015 edition of the European Structural and Investment Funds Journal (ESIf) includes a series of articles of potential interest to programme managers:

- the implications of the regulatory changes on the calculation of management costs and fees for those managing financial instruments (Natalia Budzynska and Lars Wirbatz)
- how Member States can prevent aid to users in the context of the public funding of infrastructure under the new State aid rules for 2014-20 (Phedon Nicolaides)
- an audit authority's perspective on the systems put in place for the prevention, detection and correction of irregularities as a part of the management and control system of ESI Funds (Marita Markevica)
- a cooperation framework for developing cross-programme evaluation exercises and a methodology for joint programme thematic evaluation in the field of renewable energy, in the context of ETC programmes in the Mediterranean (Javier Gomez Prieto)
- the role of financial instruments in improving access to finance in Hungary in 2007-13 under the combined microcredit scheme (Györgyi Nyikos)
- experience with implementation of the JESSICA pilot project in Slovakia in 2007-13, which targeted housing infrastructure, energy efficiency and the renewal of residential buildings in urban areas (Michaela Kollárová and Dana Pištová)
- an assessment of accountability in the OP Noord in the Netherlands, and a framework for 'good accountability' in examining the relationships between the European Commission, national ministry, audit authority and managing authority (Maaïke Damen-Koedijk)

To order the latest issue or to become a subscriber: <http://tinyurl.com/o9sfefh>