



# Impact evaluation of regional policy business support: what is the evidence?

## EoRPA thematic paper

### Highlights

- Support for business is a core element of regional policy in most countries although its effectiveness and impact are debated.
- Evidence from impact evaluations is an important element in informing this debate and shaping regional policy instruments for business support.
- Impact evaluations face basic methodological challenges e.g. limited availability of reliable and comparable data; the complexity of regional policy business support; the need to establishing causal linkages between policy inputs and outputs; and, difficulties in establishing a genuine counterfactual or 'policy-off' situation.
- Different methods are used for impact evaluation, including: experimental, theory-based, participatory and case-based approaches, as well as meta-evaluations.
- The results of impact evaluations can be grouped according to different instrument types: grants for business investment; tax-based incentives; loan-based instruments; venture capital instruments; and business advice and consultancy.
- There are only limited evaluations of some instruments (e.g. due to data weaknesses), notably tax incentives and venture capital instruments.
- Studies indicate positive impacts in the short term but less evidence of long-term effects; and trade-offs between the commitment of public resources and the achievement of enduring impacts.

# EPRC

EUROPEAN POLICIES RESEARCH CENTRE

## EoRPA Paper 15/6

This paper was prepared for the 36<sup>th</sup> meeting of the EoRPA Regional Policy Research Consortium at Ross Priory, Loch Lomondside on 4-6 October 2015. It should not be quoted without permission.

European Policies Research Centre  
School of Government & Public Policy  
University of Strathclyde  
40 George Street  
Glasgow G1 1QE  
United Kingdom

Tel: +44 (0) 141 548 3061  
Fax: +44 (0) 141 548 4898

e-mail: [john.bachtler@strath.ac.uk](mailto:john.bachtler@strath.ac.uk)  
[sara.davies@strath.ac.uk](mailto:sara.davies@strath.ac.uk)  
[fiona.wishlade@strath.ac.uk](mailto:fiona.wishlade@strath.ac.uk)

**The place of useful learning**

The University of Strathclyde is a charitable body, registered in Scotland, number SC015263

## TABLE OF CONTENTS

<b>1. INTRODUCTION .....</b>	<b>3</b>
<b>2. TYPES OF REGIONAL POLICY SUPPORT FOR BUSINESS .....</b>	<b>4</b>
2.1 Introduction.....	4
2.2 Forms of regional aid to business .....	5
2.3 The objectives of regional business support.....	6
2.4 Challenges in implementing business support.....	6
<b>3. METHODOLOGIES FOR EVALUATING IMPACT .....</b>	<b>8</b>
3.1 Introduction.....	8
3.2 Challenges in evaluating the impact of regional policy business support.....	9
3.3 Methods for evaluating the impact of regional business support.....	12
3.3.1 Experimental or quasi-experimental approaches.....	12
3.3.2 Theory-based evaluations .....	19
3.3.3 Participatory approaches .....	22
3.3.4 Case-based evaluations.....	24
3.3.5 Meta-analysis .....	26
<b>4. CONCLUSIONS AND ISSUES FOR DISCUSSION .....</b>	<b>29</b>
4.1 Introduction.....	29
4.2 Investment grants and vouchers.....	31
4.3 Tax incentives .....	32
4.4 Loan-based instruments.....	32
4.5 Venture capital and equity instruments .....	33
4.6 Business advice .....	34
4.7 Issues for discussion .....	35
<b>EORPA RESEARCH .....</b>	<b>36</b>



## EXECUTIVE SUMMARY

This paper assesses the impact of regional policy support for enterprise, exploring the challenges facing impact evaluations and reviewing the evidence base. **Support for business development is a fundamental pillar of regional policy but its effectiveness and impact is debated.** Policy intervention is based on the conviction that support for business can spur sustainable economic growth, boost employment and strengthen the competitiveness of struggling regions. However, there are criticisms of the effectiveness of these instruments, the scope for economic distortions, and the complexity and cost of administration. Evidence from impact evaluations is key to informing this debate and shaping regional policy instruments for business support.

However, **impact evaluations face basic methodological difficulties:** accessing reliable and comparable data; synchronising impact evaluation findings with the policy-making or electoral cycle; taking account of periodic policy changes; dealing with the complexity of regional policy business support; establishing causality by isolating this impact from other factors; quantifying cost-effectiveness; generalising insights and lessons from individual studies; and establishing a genuine counterfactual situation in order to assess what would have happened in the absence of policy intervention.

**A range of methodological approaches have emerged to address these challenges,** each with their own rationales, benefits and drawbacks. Experimental approaches use control groups in order to establish a quasi-counterfactual or 'policy-off' situation. Theory-based evaluations aim to identify causal chains between policy inputs and outputs, and explain why an instrument does or does not work. Participatory evaluation seeks validation of impact by participants who can confirm the instrument's effects. Case-based studies focus on understanding context-specific variables that explain causality. Meta-evaluations aggregate the results of multiple studies.

Reviewing the results of such evaluations, **it is important to differentiate between different types of impact:** short-term versus the longer-term, impact according to different indicators (e.g. number of jobs created, quality of jobs, private investment leveraged, increased business productivity); and, impacts on different types and sizes of firm (notably large firms versus SMEs, or firms in different sectors). Within this, the results of impact evaluations can be grouped according to different instrument types.

- Evaluations of **regional policy grants for business investment** have found positive results in terms of the short-term impact on job creation. However, results vary as to whether instruments increase the longer-term productivity of individual firms.
- There are relatively few impact evaluations of **tax-based incentives** and they show varied results. While their automatic character reduces administrative costs, they may enhance deadweight effects unless there are sufficient criteria in place to ensure that benefits target higher quality projects.
- **Loan-based instruments** are new in the regional policy of many countries and so evaluations are limited. There is some evidence that these instruments have improved access to finance for firms facing difficulties in obtaining credit or facing high borrowing costs. There is no clear evidence that loan-based instruments are effective at recycling public funds or in improving the performance of firms in structurally weaker regions.

- **Venture capital instruments** are also new in most regional policy contexts and there is very limited data on such instruments and very few evaluations. Studies show varying results and find only limited evidence of a positive impact on firm performance or economy-wide outcomes.
- **Evaluations of business advice** and consultancy have found a positive impact on productivity, employment and growth, especially in SMEs. However, impact depends on the intensity of support provided, with implications for cost-effectiveness.

There is growing demand for more detailed information on the impact of regional policy support for business and in explaining the causal relationships at work. Evaluation methodologies are becoming more sophisticated in addressing these demands but the process is ongoing as regional policies for business development become more complex.

Against this background, the paper proposes the following issues for discussion:

- **What is your view of the evidence base for the impact of regional policy support for business?**
- **How helpful are impact evaluations for policy-makers?**
- **What are the challenges facing impact evaluations of regional policy support for business and how could these be overcome?**

## 1. INTRODUCTION

**Business support is central to regional policy in every country.** EU Member States spent €67.4 billion on regional aid in 2007-11.<sup>1</sup> Similarly, European Structural and Investment Funds allocations to Thematic Objective 3 (SME competitiveness) in 2014-20 amount to around €60 billion in constant 2011 prices (14 percent of total allocations).<sup>2</sup>

**Regional policy support for business is constrained by EU State aid rules**, in terms of geographical coverage, aid intensity, and types of firm and project aided. EU Competition policy control of State aid has become more restrictive over time, leading to limits on the types of regional business aid which wealthier countries and regions in particular can offer, and which in turn has stimulated national and regional authorities to develop alternative instruments. While EU **Cohesion policy** allocates significant funding for business support, it does not provide resources for all types of instrument (e.g. tax incentives) or firms (notably larger firms), and thus **shapes the orientation of countries' own regional policy support for business**.

There are major **questions about the effectiveness and efficiency of regional policy support to business** – which instruments are most appropriate and effective and, in some countries, whether policy should aim to support business in structurally weaker regions or instead focus on improving the broader context for business throughout the national economy.

Within the field of regional policy business support, **impact evaluations are being given increasing emphasis**. This process is driven by constraints on public spending and an emphasis on targeting policy on those instruments which produce socio-economic benefits. There are, however, a number of methodological challenges in demonstrating policy impact, including variable data availability and reliability; the complexity of causal chains between policy inputs and socio-economic impacts; and the difficulties in isolating the influence of regional policy intervention from other external factors.

Against this background, this paper addresses the questions: **What methods are useful for analysing regional policy support for enterprise? What evidence is there as to which instruments are most effective in achieving regional policy goals?**<sup>3</sup> The paper briefly summarises recent trends in regional policy support for business in European countries (Section 2), and provides an overview of the methods used for evaluating regional policy support for business, including a series of evaluation case studies (Section 3). It then synthesises the findings of impact evaluations of these instruments, before setting out questions for discussion (Section 4).

---

<sup>1</sup> European Commission (2013) *Staff working document: impact assessment, accompanying the Guidelines on regional state aid for 2014 – 2020, Communication from the Commission*, C(2013) 3769

<sup>2</sup> Davies S (2014) Cohesion policy update in 2014-20, *EoRPA Policy Briefing*, December 2014

<sup>3</sup> See also Polverari L, Bachtler J and Van Der Zwet A (2014) Evaluating the Effectiveness of Regional Policy, *European Policy Research Paper* 14/6.

## 2. TYPES OF REGIONAL POLICY SUPPORT FOR BUSINESS

### KEY FINDINGS

**Support for business is a core element of regional policy** in most countries although its effectiveness and impact are debated.

Regional policy support for business can take the **form of grants, financial instruments** (whether loan-based or equity-based), **tax incentives or advisory services**.

The **objectives of these instruments vary**, including: business investment, job creation, SME growth, RTDI and innovation, business skills, and reducing obstacles to exporting.

Policy-makers involved in designing and delivering these instruments face **common difficulties and dangers**, related to: deadweight loss, crowding out or displacement, leakages, and cost-effectiveness.

### 2.1 Introduction

Regional business support has always been a fundamental pillar of regional policy. Over time, the focus has expanded from attracting business investment and encouraging employment creation to include aid to firms which are investing in R&D/innovation, skills and exporting, as well as a stronger emphasis on SMEs and start-up firms. Regional policy support for business takes various forms, including grants, tax incentives, financial instruments, and the provision of advice and consultancy.

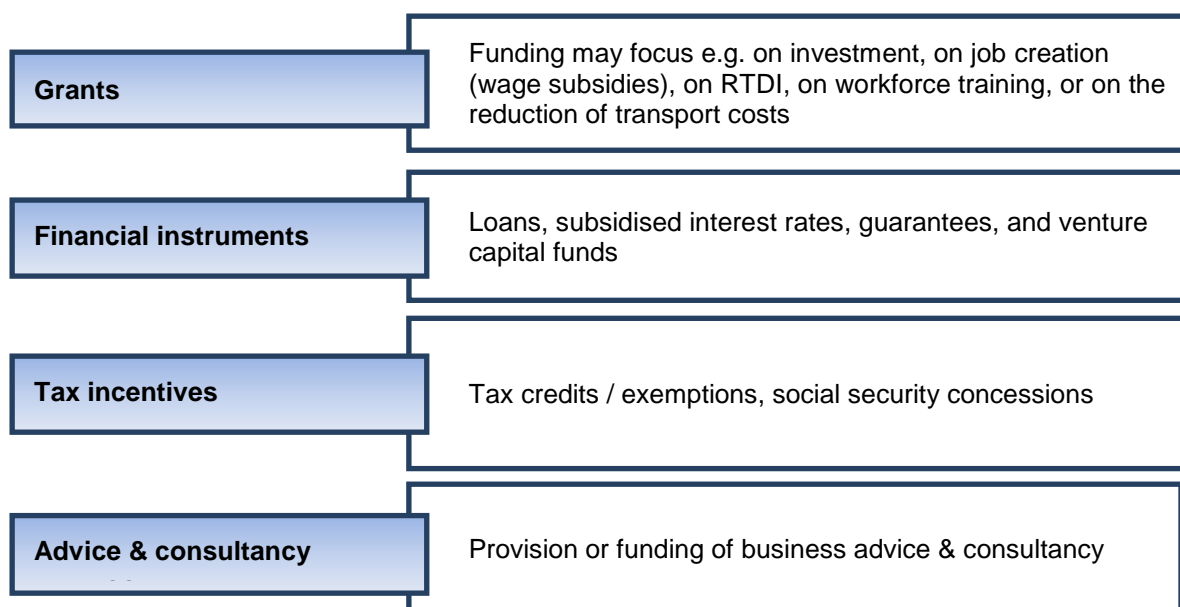
This section provides a brief overview of the various forms of business aid provided by regional policy (Section 2.2), as well as the objectives and rationales of regional support for business (Section 2.3), before examining key implementation challenges (Section 2.4).



## 2.2 Forms of regional aid to business

Regional policy includes a number of different instruments that provide support to individual businesses (Figure 1):

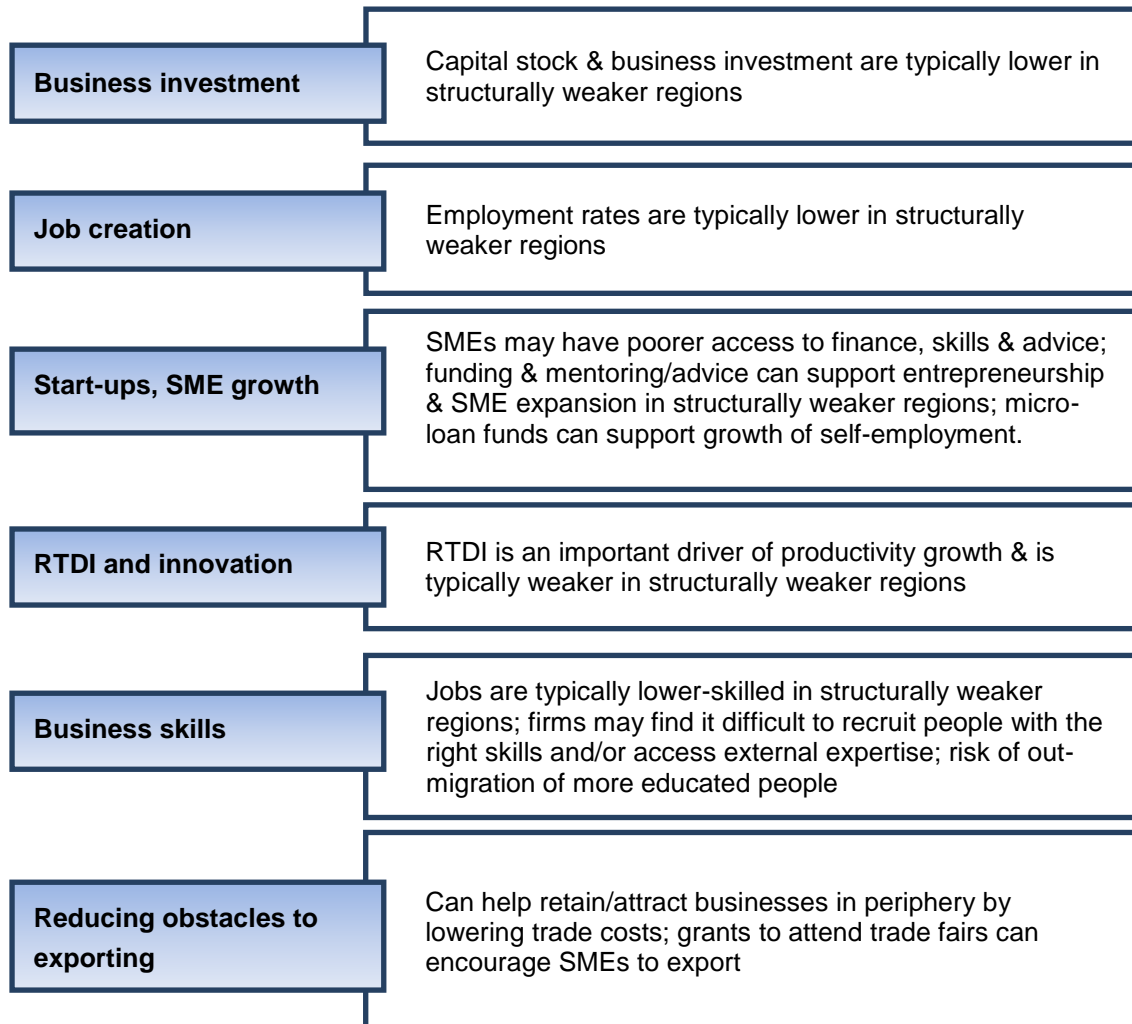
**Figure 1: Forms of regional policy instrument for business development**



## 2.3 The objectives of regional business support

Different combinations of these instrument types are used to pursue a range of aims and are often included in local or regional strategic frameworks (see Figure 2):

**Figure 2: The aims and rationales of regional policy business support instruments**



## 2.4 Challenges in implementing business support

Policy-makers involved in the design and delivery of regional business support instruments face some common challenges:

- **Deadweight loss** refers to a reduction in net economic benefits resulting from an inefficient allocation of resources. In the context of business support, it occurs when a firm would have invested its own funds, even without the public funding, so that the only effect is a windfall gain to the firm. In contrast, government policy aims to induce an outcome that would not have occurred in the absence of public funding (additionality).<sup>4</sup>

<sup>4</sup> Conlon, G.P. and Litchfield, A. (2012) Assessing the Deadweight Loss Associated with Public Investment in Further Education and Skills, *BIS Research Paper* No. 71, London: Department of Business, Innovation and Skills

- **Crowding out or displacement** occurs when a business activity subsidised by government displaces another business activity e.g. by competing for resources or demand and making the alternative activity less profitable. A project may attract scarce skills or investment which would otherwise have gone to another firm in the same region.<sup>5</sup>
- **Leakage** is seen when the benefits of regional business aid largely occur outside the assisted area, for example if the aided businesses purchases its (especially knowledge-related) inputs from outside the region, does not pay local taxes, or does not employ people living locally (especially for more skilled jobs).
- **Efficiency and cost effectiveness** relates to the need to take account, not only of the impacts of interventions but also of their costs, notably in terms of the administration and compliance costs of an instrument, to the public authority and the beneficiary.<sup>6</sup> This dimension is of particular interest in a context of constrained public spending.

---

<sup>5</sup> Criscuolo C, Martin R, Overman H and Van Reenen J (2012) The causal effects of an industrial policy, *Centre for Economic Performance (CEP) Discussion Paper* No 1113

<sup>6</sup> Swales, K. (1997) A cost-benefit approach to the evaluation of Regional Selective Assistance, *Fiscal Studies* 18: 73-85.

### 3. METHODOLOGIES FOR EVALUATING IMPACT

#### KEY FINDINGS

Evaluations of the impact of regional policy business support face a series of **methodological obstacles**, including data availability and reliability: establishing causality, estimating additionality and calculating value for money and administrative costs.

Different methods are used to respond to these challenges, including: **experimental, theory-based, participatory and case-based approaches, as well as meta-evaluations**.

Each approach produces different types of data; and each has advantages and disadvantages.

These characteristics can be illustrated through **case studies of individual impact evaluations** of regional policy business support instruments from across Europe.

#### 3.1 Introduction

Regional policy has seen an increased emphasis on impact evaluation, aimed at measuring effects, distinguishing outcomes from other factors, clarifying whether costs are justified, and strengthening accountability. One driver of the increased emphasis on impact evaluation concerns the budgetary constraints facing policy-makers in many countries, particularly following the financial crisis and economic downturn. A second set of factors relates to the influence of EU policies, particularly evaluation requirements in Cohesion policy over a number of programme period, but also a shift in this direction under regional State aid control in 2014-20, where Commission approval of evaluation plans is required for certain regional aid schemes (e.g. General Block Exemption Regulation schemes where the estimated annual budget exceeds €150 million);

This section outlines some of the key challenges facing any evaluation of the impact of regional policy support for business (Section 3.2), before examining different approaches used for analysing impact and providing examples of recent studies (Section 3.3).

### 3.2 Challenges in evaluating the impact of regional policy business support

Evaluations of the impact of regional policy business support face a series of methodological obstacles (Figure 3):<sup>7</sup>

**Figure 3: Challenges in evaluating the impact of regional policy business support**



<sup>7</sup> Davies S (2014) Assessment of Effectiveness, in Polverari L. and Bachtler J. (eds) *Balance of Competences Cohesion Review: Literature Review on EU Cohesion Policy*, Final Report to the Department for Business, Innovation and Skills, February 2014

- **Data availability, reliability and comparability.** A fundamental question is whether there is sufficient evidence even to address the question of whether business support instruments are effective or not.<sup>8</sup> Effective monitoring systems are needed to collect data on (i) policy expenditure, (ii) outputs, (iii) (where evaluations aim to use control groups of non-aided firms) broader groups of comparator firms, and (iv) consistent historical time-series of regional socio-economic indicators. Although there have been improvements in financial and output monitoring systems (partly under the influence of Cohesion policy), **further steps are needed to improve the quality of data** in some countries, particularly in relation to certain types of instrument (e.g. financial instruments and advisory services).
- **Timing.** Policy outcomes – and thus data on outcomes – take time e.g. spending needs to occur, to generate outcomes in the short and longer term, and data needs to be collected, before impacts can be evaluated. The time needed may not, however, fit with the policy-making cycle (e.g. in the context of Cohesion policy programme periods) or the political-electoral cycle. Moreover, **longitudinal analyses using consistent data sources and methods are more likely to generate useable and reliable results.** Longitudinal approaches are facilitated by consistent policy goals and instruments over time, and a political commitment to evaluation that is independent of the electoral cycle.
- **Policy change.** Policy instruments are often subject to **periodic change** in objectives, eligibility conditions, area coverage and thematic focus – all of which **limits data consistency and the scope for effective evaluation.**
- **Capacity and engagement.** Effective **evaluations rely on the administrative capacity**, especially the ability of policy-makers to understand the scope and potential bias of different evaluation methods, to write appropriate terms of reference, and to beware of over-ambitious claims about policy impact.<sup>9</sup> Similarly, **good quality connections between people** responsible for policy design, data collection and evaluation **can help to ensure the development and selection of appropriate methodologies.** One means of encouraging experimentation and the use of state-of-the-art methods in evaluations is for policy-makers to publish calls which allow evaluators to propose the methods to be used.
- **The complexity and diversity of regional policy business support.** Evaluations need to be tailored to the particular instruments funded, in terms of their focus on different types of activities (R&D, innovation, training...) or instruments (grants, loans, equity, consultancy...).<sup>10</sup> Figure 4 illustrates how **evaluation methods need to be adjusted, depending on the complexity of instruments** used for regional policy business support.

---

<sup>8</sup> Morton, M. (2009) *Applicability of Impact Evaluation to Cohesion Policy*, Working paper contributing to Barca, F (2009) An Agenda for A Reformed Cohesion Policy: A Place-Based Approach to Meeting European Union Challenges and Expectations.

<sup>9</sup> See also Polverari, Bachtler and van der Zwet (2014) *op cit*

<sup>10</sup> Lenihan, H. (2011) Enterprise policy evaluation: Is there a 'new' way of doing it? *Evaluation and Program Planning* 34: 323–332

- **Causality.** In order to assess impact, evaluations need to provide reasonable evidence to believe that any changes in outcomes (e.g. business growth, job creation) are caused by the policy intervention, rather than external influences (e.g. the broader economic climate, other policy changes...). This implies the **need to construct causal chains** which may, however, be open to interpretation or challenge.
- **Results relate to the instrument not the broader economy.** Evaluations of individual instruments are not able to provide a full assessment of economy-wide spillovers and interactions at the level of the regional or national economy. Some evaluations aim to estimate **net effects**, by taking account of negative spillover effects (due e.g. to deadweight, displacement and leakage) as well as positive multiplier effects that go beyond the direct target population to the broader regional economy.
- **Value for money and administrative costs.** A full analysis of the impact of interventions also needs to take account of implementation costs for public authorities and beneficiaries. **Costs vary between instruments** and may be significant, yet are difficult to quantify and may be sensitive from a political or business viewpoint (e.g. if they depend on staff costs).
- **Difficulties in generalising from individual studies.** Evaluations of particular instruments can provide evidence of effects within a particular set of circumstances but it is **difficult to ensure that the results can be sufficiently robust to be transferred** to other countries/regions with different economic, social, political and institutional contexts.
- **Lack of a genuine counterfactual situation.** Various methods aim to estimate or incorporate an assessment of the counterfactual situation i.e. what would have happened in the absence of policy intervention. In truth, **the counterfactual cannot be known with any certainty**. The only methods which allow for an economy-wide assessment of a hypothetical counterfactual situation are forms of macroeconomic modelling; however, this approach is not appropriate for assessing the impact of individual instruments.
- **Knowledge and evaluators are not neutral.** The collection, processing and analysis of socio-economic information cannot be undertaken in a wholly objective way. Socio-economic theories are value-laden and politically-shaped. Evaluators and policy-makers are human beings who are influenced by their personal history and current situation. All of these factors mean that **evaluations** – whether drawing on qualitative or quantitative data, and whatever type of methods are used – **invariably involve some subjective elements**.

**Figure 4: Regional policy support for business – characteristics and evaluation methods**

	Regional business support characteristics	Evaluation method
<b>Simple</b>	<ul style="list-style-type: none"> <li>• Single delivery agent</li> <li>• Cause and effect understood</li> <li>• Similar in different contexts</li> <li>• Best practices are identifiable</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring data are supplemented with previous evaluation results</li> <li>• (Quasi-)experimental methods</li> <li>• Analysis of secondary data</li> <li>• Qualitative methods – case studies of theory testing kind</li> </ul>
<b>Complicated</b>	<ul style="list-style-type: none"> <li>• Multiple components and/or need for supportive context or interventions</li> <li>• Multiple partners with clearly defined roles</li> <li>• Cause and effect depend on context and other factors</li> <li>• Works differently in different contexts but in predictable ways</li> <li>• Good rather than best practice identifiable</li> </ul>	<ul style="list-style-type: none"> <li>• Previous evaluation evidence only of use if clearly like-for-like</li> <li>• More difficult to establish control groups and allow for other variables</li> <li>• Quasi-experimental methods may be feasible</li> <li>• More sophisticated analysis of secondary data needed</li> <li>• Qualitative methods – case studies of theory building kind</li> </ul>
<b>Complex</b>	<ul style="list-style-type: none"> <li>• 'Non-standardised, responsive to changing circumstances</li> <li>• Focus on softer forms of support and institutional setting</li> <li>• Multiple stakeholders with changing values/roles</li> <li>• Cause and effect not well defined at outset</li> <li>• Uncertainty about future context, relationships and values</li> <li>• Limited potential for generalisations</li> </ul>	<ul style="list-style-type: none"> <li>• Previous evaluations likely to be helpful as a guide to what methods work</li> <li>• Quantitative methods difficult to apply - limited internal/external validity</li> <li>• Use of systemic approaches such as network analysis</li> <li>• Qualitative methods - action learning and problem solving case studies</li> </ul>

**Source:** Based on White, G. (2013) Evaluation of Industrial Policy in a Context of Uncertainty and Complexity, *Presentation to OECD Expert Group on Evaluation of Industrial Policy*, 16 January 2013

### 3.3 Methods for evaluating the impact of regional business support

Figure 5 outlines **methods used for evaluating the impact of regional policy support for business**, including: experimental, theory-based, participatory and case-based approaches, as well as meta-evaluations. Each approach aims to investigate causality and evaluate impact in different ways; each produces different types of data; and each has advantages and disadvantages.

#### 3.3.1 Experimental or quasi-experimental approaches

These approaches can establish causal links and estimate the impact of interventions (subject to data availability). They use a **control group** to understand what would have happened if the instrument had not been in place and to estimate project additionality, deadweight, displacement and spillovers.<sup>11</sup> The use of control groups is particularly well-suited to evaluations of single instruments in situations where cause and effect is relatively clear (e.g. grant schemes, loan schemes or venture capital instruments).

The **best method for establishing a control group** - due to its ability to ensure that the intervention-group and the comparison-group are statistically equal on a range of characteristics – **is to assign**

<sup>11</sup> Chadwick, M., Tyler, P. and Warnock, C. (2013) How to raise the bar on impact evaluation: Challenges for the evaluation of local enterprise partnerships and the regional growth fund in times of austerity, *Local Economy* 28



**participants randomly to groups** before the intervention begins. This approach was used in an evaluation of an innovation voucher scheme in the Netherlands, which allowed SMEs to buy in knowledge from (semi-) public research institutions, with a view to encouraging them to develop new products, processes and services. The instrument involved a series of pilot phases during which vouchers were randomly allocated to scheme applicants. An evaluation found that 87 percent of firms which received vouchers went on to commission a research project, compared with 8 percent in the control group. A follow-up study after 18 months found evidence of a small effect on process improvements but no significant effects on product innovation or the introduction of new processes.<sup>12</sup>

However, this approach often impossible, so that evaluators instead opt for **quasi-experimental** designs that identify control groups that, as far as possible, minimise the effect of spurious variables.

Potential difficulties relate to:<sup>13</sup>

- **Creating the appropriate control group:** Simple assessments of differences before and after raise the question of whether the firms would have done the same without aid. 'Difference in difference' approaches look at how a control group performs, with firms being matched in terms of industry, area, size and other variables. Control groups may draw on existing databases or ad hoc surveys. Policy-makers may also ensure that beneficiary data is included in periodic, large scale surveys, as seen via moves to strengthen links between Poland's National Evaluation Unit and the National Statistical Office.
- **Beneficiaries may differ systematically from non-beneficiaries** in ways which are not observable. If beneficiaries are stronger, estimates of impact will be biased upwards because better firm outcomes are attributed to the policy, whereas beneficiaries would have done better even without support.<sup>14</sup> Selection problems may also lead to downward bias e.g. if firms seeking support are experiencing problems and thus less likely to grow or succeed independent of assistance.
- **Sample size may be too small** to allow for effective statistical analysis.
- **The need for clear causal chains linking input** (e.g. policy funding or advice) **with outputs** (e.g. jobs created), rather than outcomes which are complex and potentially affected by multiple external factors.

---

<sup>12</sup> Warwick, K. and Nolan, A. (2014) Evaluation of Industrial Policy: Methodological Issues and Policy Lessons, *OECD Science, Technology and Industry Policy Papers*, No. 16

<sup>13</sup> University of Glasgow Training and Employment Research Unit and Metis (2012) *Final synthesis report on access to employment*, Report to the ESF Expert Evaluation Network: Glasgow and Vienna.

<sup>14</sup> Caiumi, A. (2011) The Evaluation of the Effectiveness of Tax Expenditures - A Novel Approach: An Application to the Regional Tax Incentives for Business Investments in Italy, *OECD Taxation Working Papers* No. 5,

**Figure 5: Methodological approaches for evaluating the impact of business support instruments**

Design approaches	Basis for the causal inference	Type of information produced	Challenges	Examples
<b>Experimental</b>	Counterfactuals; the co-presence of cause and effects.	Quantitative estimate of impact by identifying 'policy off' position.	Finding a robust control group requires comprehensive, good quality data	Evaluation of UK Regional Selective Assistance between 1986 and 2004 (2012) Micro-econometric impact analysis of Germany's Regional Joint Task (2010) Evaluation of regional investment support for entrepreneurship & SMEs in Sweden (2012) Counterfactual Impact evaluation of Business Incentive Schemes in Portugal (2013)
<b>Theory-based</b>	Identification/ confirmation of causal chains	Explains why an instrument does (not) work.	Risks simplifying reality; may exclude issues that cannot be expressed in theories; challenge to keep pace with new theory models.	Evaluation of advisory support to small firms in England (2008) Evaluation of PLATO, networking programme in Flanders (2013)
<b>Participatory</b>	Validation by participants that their actions and experienced effects are 'caused' by programme.	Provides qualitative data on the impact of complex instruments	Relies on commitment of stakeholders, capacity of evaluators. Potential for conflicting views.	Evaluation of the Business Development Grant in Finland (2013)
<b>Case-based</b>	Comparison across and within cases of combinations of causal factors.	Focuses on understanding of context-specific variables that explain causality.	Limited scope to test external validity and generalise findings.	Evaluation of Creative Credits in the United Kingdom (2013)
<b>Meta-evaluation</b>	Accumulation and aggregation of results of multiple studies.	Tests or confirms results, can combine findings to estimate typical impacts, can capture impacts not picked up by smaller studies	Relies on the quality of studies included. No new data is produced, difficult to conduct (scope to incorporate a range of biases).	Meta-evaluation of firm-level impacts on local economic growth of access to finance measures in the UK (2014) Evaluation of enterprise support subsidies in Italy (2012)

**Box 1: Evaluation of the impact of UK Regional Selective Assistance (RSA) in 1986-2004 (2012)****Instrument**

RSA was the main business support scheme in the UK from 1972 but is now implemented only in Scotland and Northern Ireland. It provides discretionary grants to firms in regional aid map areas, with the aim of encouraging investment and creating/safeguarding manufacturing jobs.

**Methodology**

Quasi-experimental, using an area-based approach to assess the impact of changes in regional aid maps (looking at areas that gained or lost eligibility over time in 1993 and 2000). Panel data for a population of RSA beneficiaries is linked with a wider population of UK firms over 20 years i.e. the evaluation draws on a control group and matches beneficiaries with non-beneficiaries with similar characteristics.

**Findings**

RSA raises employment and significantly reduces unemployment. Positive effects are confined to small firms. Overall cost per job is £4,871 (c. €6680)<sup>15</sup> (higher than other labour market interventions but cheaper than other instruments in structurally weaker areas e.g. public sector jobs or untargeted tax breaks). Potential for deadweight effects in the case of support for larger firms.

**Recommendations**

There is a need for a more rigorous additionality assessment as part of the project appraisal process, and also for steps to limit the risk of deadweight effects on investments by large firms.

**Assessment of the evaluation**

The evaluation is innovative in considering impacts at different levels of regional aggregation and identifying the counterfactual situation through matching methods. The study relied on a good quality dataset and used a narrow set of indicators. It did not capture wider economic impacts. There is potential selection bias associated with areas eligible for aid, which could lead to the underestimation of effects.

**Source:** Criscuolo, C., R. Martin, H. Overman and J. Van Reenen (2012) The causal effects of an industrial policy, *CEP Discussion Paper* No 1113 January 2012, <http://www.nber.org/papers/w17842>

<sup>15</sup> Calculations are based on the ECB exchange rate on 1 April 2015 of €1 = £0.7285

**Box 2: Micro-econometric impact analysis of the impact of Germany's Joint Task for the 'Improvement of the Regional Economic Structure' (GRW) (2010)****Instrument**

The Regional Joint Task is Germany's main national regional policy instrument, and aims to reduce the locational disadvantages of structurally weak regions and so to assist them to participate in broader economic development processes. Around 70 percent of resources is allocated for direct aid to businesses, with the remainder focused on business-oriented infrastructure, business consultancy, workforce training, R&D support and bottom-up networking projects.

**Methodology**

The study was commissioned by the Federal Ministry for Economic Affairs and Energy in the context of debates over the Regional Joint Task, its effectiveness and orientation. The core aim was to compare the development of employment and wages in aided and non-aided firms. It entailed a micro-econometric impact analysis, based on a 'matching' approach, which compared 4,622 firms aided by the GRW in 2001-06 with non-aided firms with similar characteristics (e.g. business location, sector, size, skills, type of activity, age of firm and previous record of growth).

**Findings**

Employment in aided firms grew by an annual average of 1.9 percent between the year of aid and 2008, while employment in non-aided firms with similar characteristics fell by 6.8 percent annually.

**Recommendations**

The study recommended the creation of an on-going approach to evaluating the effectiveness of GRW aid for business investment. A follow-up study was published in January 2013, using the same matching methodology but focusing on the question on whether the effectiveness of GRW aid varied across firms of different sizes and, specifically, on the effectiveness of aid to large firms. This showed that effectiveness did not differ significantly between firms of different sizes, in terms of employment created in aided versus non-aided firms.

**Assessment of the evaluation**

The study produced robust evidence of impact to inform policy thinking. It focused mainly on an assessment of employment effects (rather than cost / benefit issues or whether an increase of employment in supported enterprises resulted in displacement effects elsewhere).

**Source:** Bade, F-J; Alm, B. (2010) *Einzelbetriebliche Erfolgskontrolle der Gemeinschaftsaufgabe, Verbesserung der regionalen Wirtschaftsstruktur* (GRW), Dortmund/Berlin.

<http://bmwi.de/DE/Mediathek/Publikationen/publikationen-archiv.did=376256.html>

**Box 3: Regional investment support for entrepreneurship and SMEs in Sweden (2012)****Instrument**

The Swedish Agency for Growth Policy Analysis (*Tillväxtanalys*) evaluated the effects of a number of schemes in the context of public entrepreneurship policy and SME policy, including the Regional Investment Grant.

**Methodology**

The empirical analysis focused on aid in 2002-07 and was based on a panel consisting of c. 30,000 businesses, where aided firms were matched with comparable non-recipients (i.e. a conditional difference-in-differences approach).

**Findings**

Regional investment aid has positive effects on the survival, investment levels, number of workers and production levels in aided businesses. Short-term effects included an increase in business investment among aided firms, as well as a slight increase in the number of workers. The employment effects increased with time, as did production levels. Towards the end of the monitoring-period, a positive impact on business productivity was found. The strongest outcome related to the relatively large impact on the number of employees. The average cost per new job was c.SEK375,000 (c. €40,000).<sup>16</sup>

**Recommendations**

The evaluation argued that a broader economic assessment of the aid schemes was needed, focusing not only on the direct effects of aid on recipients, but also e.g. on the administrative and tax costs of the aid schemes, and the aid's impact on non-beneficiaries. However, the evaluation recommended that the instruments should be continued and extended. As a result, regional grants for business development have been available throughout the country since 2014, rather than targeted specifically at regional aid map areas.

**Assessment of the evaluation**

Although the evaluation drew on *Tillväxtanalys*'s extensive database of State aid for businesses, it faced challenges in separating out the effects of regional investment aid from other business aids. The evaluators tested the validity of the findings via a repeated analysis of businesses – and the positive effects remained after this analysis.

**Source:** Tillväxtanalys (2012) Regional Investment Support - An impact assessment in a world with many different kinds of support, *Working Paper* 2011/050, <http://www.tillvaxtanalys.se/en/home/publications/pm/pm/2013-02-06-regional-investment-support----an-impact-assessment-in-a-world-with-many-different-kinds-of-support.html>

<sup>16</sup> Calculations based on the ECB exchange rate on 1 April 2015 of €1 = SEK 9.2541

**Box 4: Counterfactual impact evaluation of the Business Incentive Schemes in Portugal (2013)****Instrument**

The evaluation focused on a range of business aid schemes co-funded under the 2000-06 EU Cohesion Policy Operation Programme Incentives for the Modernisation of the Economy.

**Methodology**

It compared the performance of matched groups of assisted firms and non-assisted firms with similar characteristics (size, maturity, sector, level of skilled employment, geographical location) (via coarsened exact matching). The sample included 3,904 assisted firms and 221,258 non-assisted firms. The main impact variables were business survival rate and job creation (including skilled jobs). The study was launched at the end of 2011 and completed in 2012 at a cost of €9,900.

**Findings**

Schemes had a positive impact on business performance. Aided firms were 11 percent more likely to survive at the end of three years than non-aided firms. Schemes were particularly effective in weaker firms (e.g. new companies with limited financial capacity) although support for these companies brought additional risk. The average cost per job created was lower in large firms than in SMEs and more jobs were created in large firms. Schemes were more effective in creating jobs when targeting companies directed primarily to national/external markets, regardless of size or sector.

**Recommendations**

The study supported the Portuguese Government's decision to include businesses' financial capacity as a key criterion for eligibility for aid schemes. Similarly, the finding that schemes were more effective when targeting companies focusing on national/external markets supported the Government's decision to prioritise those companies most exposed to international competition.

**Assessment of the evaluation**

The study provided interesting conclusions that supported and challenged government thinking. However, one limitation was that it examined the impact on a limited number of performance indicators relating to business survival and job creation, excluding the impact on other core objectives of the schemes (notably, productivity, innovation, internationalisation) due to data availability.

**Source:** Mamede R, Fernandes F and Alexandrino da Silva A (2013) Análise contrafactual dos impactos dos incentivos do POE/PRIME na sobrevivência e no crescimento das empresas, e+cadernos do Observatório do QREN, [http://www.pofc.qren.pt/ResourcesUser/2013/Monitorizacao\\_Avaliacao/Relatorios/Analise\\_contrafactual\\_impactos\\_incentivos\\_empresas.pdf](http://www.pofc.qren.pt/ResourcesUser/2013/Monitorizacao_Avaliacao/Relatorios/Analise_contrafactual_impactos_incentivos_empresas.pdf)

### 3.3.2 Theory-based evaluations

Theory-based evaluation is in principle better able to generate **rich explanations of ‘why’ and ‘how’** than are experimental methods. It involves:

- developing a **conceptual causal model** in order to allow congruence analysis (if the theoretical model can be clearly articulated) or process tracing (if the ‘theory of change’ underpinning the instrument is less explicit);
- **testing the causal model** to investigate how the intervention caused observed outcomes.

Theory-based evaluation is suited to situations where it is difficult to establish a robust control group, **where interventions are complex and varied**, where context matters, and where outcomes are uncertain.<sup>17</sup> It produces strong narratives for policy-makers and facilitates learning.<sup>18</sup>

Nevertheless, theory-based evaluation **risks presenting a simplified version of reality** which downplays the complex social and political processes involved in the design and delivery of policy instruments. Emphasis on theoretical causality and measurability may restrict the scope of the research to factors that can be expressed in theories,<sup>19</sup> and depends on the **adequacy of the theoretical models** used.<sup>20</sup>

This approach can **help to explain ex-post** why an instrument has produced certain un/intended outcomes and impacts.<sup>21</sup> Alternatively, it can be **used ex-ante** to review the ‘why’ and ‘how’ of interventions and to assess whether they will lead to an improved situation for target groups. For instance, in 2015 a report commissioned by the **Norwegian government** provided a theoretical justification for business-oriented measures of regional policy. It concluded that regional policy intervention can only be justified by location-specific market failures, and highlighted the external effects of agglomeration and location specific asymmetric information in capital markets and external networks. The report recommended the development of regional venture capital instruments in disadvantaged regions.<sup>22</sup>

---

<sup>17</sup> Riché, M. (2013) Theory based evaluation: A wealth of approaches and an untapped potential, in Svensson L, Brulin G, Jansson S and Sjöberg S (eds.) *Capturing Effects of Projects and Programmes*. Lund: Studentlitteratur.

<sup>18</sup> Brulin, G. and Svensson, L. (2012) *Managing Sustainable Development Programmes – A Learning Approach to Change*, London: Gower

<sup>19</sup> Van der Knaap, P. (2004) Theory-based evaluation and learning: Possibilities and challenges, *Evaluation* 10, 16–34

<sup>20</sup> Stame, N. (2004) Theory-based evaluation and types of complexity, *Evaluation* 10(1): 58–76

<sup>21</sup> Strycznski, K. (2009) *Rigorous impact evaluation: the magic bullet for evaluation of Cohesion Policy*, Brussels: European Commission

<sup>22</sup> Skogstrøm J, Grünfeld L, Aalen P., Bøgh Holmen R and Mariussen A (2015) Samspill mellom by og omland som kilde til økonomisk vekst, *Menon Business Economics Publication* No. 3/2015

**Box 3: Evaluation of advisory support to small firms in England through Business Link (2008)****Instrument**

Business Link was the main UK Government support service for smaller companies in England, until its closure in 2011. It provided two types of support: (i) light-touch guidance and information or (ii) more intensive support with diagnosis, developmental advice and mentoring (targeted at SMEs with potential for high growth).

**Methodology**

Theory-based approach encompassing econometric and qualitative analyses. The evaluators developed four hypothetical propositions: (i) Business Link's marketing strategies will be positively related to firms' use of services; (ii) a firm's characteristics and operating environment will affect the probability that a firm receives light-touch or intensive assistance; (iii) assistance will be positively related to improvements in small business performance; and (iv) intensive assistance will lead to greater improvements in small business performance than light-touch assistance. These hypotheses were tested empirically using data from a survey of over 3,000 English small firms (drawn from beneficiaries and a control group of non-beneficiaries).

**Findings**

The evaluation provided broad validation of the programme's theory. It found that the form of assistance was key to impact, with positive and significant employment growth effects from intensive assistance but no significant effects on growth from light-touch assistance. It also found a 4-11 percent impact on employment growth but no impact on sales growth. There were significant differences in the characteristics of firms which received intensive or light-touch assistance i.e. newer firms and those with limited liability status were more likely to receive intensive assistance.

**Recommendations**

Despite positive evaluation evidence concerning the impact of Business Link, in 2010 the UK Government decided to abolish the regional business adviser programs run by Business Link, as well as the broader regional policy framework.

**Assessment of the evaluation**

The theory-based approach allowed evaluators to construct several hypotheses on the relationship between the instrument and dependent variables. Nevertheless, no attention was paid to the link between programme theory and policy goals such as productivity increase or job creation, which would have strengthened the relevance of the study. Authors concluded that future evaluations which adopted a theory-based approach would need a richer and more complex structure to capture both regional and operational impacts.

**Source:** Mole, K., Hart, M., Roper, S. and Saal, D. (2009) Assessing the effectiveness of business support services in England: evidence from a theory-based evaluation, *International Small Business Journal*, 27(5), 557-582, <http://isb.sagepub.com/content/27/5/557.full.pdf+html>



**Box 6: Evaluation of PLATO, government-supported networking programme in Flanders (2013)****Instrument**

PLATO is a networking programme which is administered by an independent association of Flemish companies, named Voka, and is subsidised by the Flemish regional government. It aims to provide intense advice and support to SME managers by organising structured meetings with other SME managers under the supervision of the highly-qualified executives of large companies. The aim is to facilitate intensive knowledge spillovers and the exchange of experience.

**Methodology**

The first stage involved the development of a research hypothesis, drawing on elements of the resource-based view of the company and on networking theory. This led to the hypothesis that SMEs participating in the PLATO programme would experience higher labour productivity growth than non-participants. The second part of the methodology tested this hypothesis using both quantitative and qualitative methods, and drawing on a panel dataset of financial data on Flemish SMEs between 1996 and 2008 and on a focus group of PLATO participants.

**Findings**

The study found that PLATO participation had a statistically significant positive effect on labour productivity. It also found that peer-to-peer monitoring can be considered as an effective substitute for government advice and contacts.

**Recommendations**

The study argued that the success of the peer-to-peer approach suggested that the role of government should be to finance, outsource, and monitor, rather than to provide advice directly. The PLATO instrument is still ongoing and this approach has also been taken up in other European countries.

**Assessment of the evaluation**

As the hypothesis was built on resource-based view of the firm and networking theory it provided supportive evidence for both. Some shortcomings: representativeness of focus group; focused only on PLATO and did not assess other forms of support that firms might have used; need for closer analysis of the extent to which participation in PLATO is exogenous (i.e. does it attract motivated entrepreneurs or entrepreneurs who need motivation and support)?

**Source:** Van Cauwenberge, P., Vander Bauwhede, H. and Schoonjans, B. (2013) An evaluation of public spending: The effectiveness of a government-supported networking program in Flanders, *Environment and Planning C: Government and Policy*, 31(1), 24–38. <http://epc.sagepub.com/content/31/1/24.full.pdf+html>

### 3.3.3 Participatory approaches

Participatory approaches involve **discussions between evaluators, decision-makers and** (a potentially wide group of) **stakeholders** in order to establish the appropriateness or otherwise of questions, findings and recommendations.<sup>23</sup> They may include consultations where **focus groups** reconstruct explanations of the effects generated by an instrument, and how and why these changes occurred.

Participatory methods can help to:

- **ensure that beneficiaries have a voice** when programmes are planned, thus potentially improving targeting and relevance;
- **pick up unintended outcomes** of an intervention, which can then be incorporated into the evaluation framework;
- investigate interactions with **contextual and community dimensions**;<sup>24</sup>
- **clarify problems** and constraints;
- **add a beneficiary and stakeholder perspective** to the conclusions and lessons learned.

These methods are seen as particularly appropriate for **policies that emphasise networks**, social capital and local learning.<sup>25</sup> In the context of regional policy support for business, they are therefore likely to be especially useful in the case of evaluations of instruments that aim to improve firm competitiveness through cooperation.

Potential difficulties include:

- the **need to ensure the necessary time**, energy and commitment from policy-makers and stakeholders;
- the high level of capacity and **skills needed by evaluators**;
- the ability of policy-makers and evaluators to deal with the **potential for conflicting views** as a wider range of voices and measures of success are incorporated into the evaluation process.

---

<sup>23</sup> Dart, J. and Davies, R. (2003) A dialogical story-based evaluation tool: the most significant change technique, *American Journal of Evaluation* 24, 137–155.

<sup>24</sup> Aranguren M., de la Maza, X., Parrilli, M., Vendrell-Herrero, F. and Wilson, J. (2013) Nested Methodological approaches for cluster policy evaluation: An application to the Basque country, *Regional Studies* 48, 1547-1562

<sup>25</sup> Díez M (2001) The evaluation of regional innovation and cluster policies: towards a participatory approach, *European Planning Studies* 9: 907-923

**Box 7: Evaluation of the Business Development Grant in Finland (2013)****Instrument**

The Business Development Grant is the main business aid scheme in Finland. Support is primarily focused on SMEs, although large firms are also eligible. The aid is awarded as a discretionary grant for projects that are assessed ex-ante as having a significant impact on: the firm's start-up, expansion or renewal; innovation and knowledge; growth and internationalisation; productivity; or energy and resource efficiency. Formal responsibility for the grant rests with the Ministry of Employment and the Economy, while the grant is awarded by the four coordinating Economic Development, Transport and the Environment Centres (ELY-centres). The annual budget allocation for 2014 was €150.5 million.

**Methodology**

The evaluation assessed how well the goals of the Business Development Grant had been achieved and how effective the aid was from the viewpoint of firms. It was based on surveys of: (i) companies that had applied for the subsidy, (ii) representatives of the ELY-centres and (iii) interest groups. In addition, a series of case studies were carried out among supported projects.

**Findings**

The evaluation concluded that firms were largely satisfied with the Business Development Grant. According to 93 percent of firms, the aid had contributed to the implementation of the project mainly by enabling more rapid implementation, or a larger scale or a higher quality project. It also found that 26 percent of the respondents would not have launched the project without the aid, with only 7 percent stating that the aid played no role in the implementation of the project. Suggestions for improvement related to increasing customer orientation and flexibility (including use of e-services and advance payments). The evaluation approach showed that use of the instrument varied across different regions and types of firm e.g. in terms of its focus on business development/investment/ technological/service innovation. Overall, the grant was more important in strengthening the growth of firms rather than improving know-how or networking.

**Recommendations**

The study recommended increasing efforts to facilitate proactive management, preparation and responsibility at the regional level. It found that employment and business aid instruments are used on a case-by-case basis and assist regional economies to adjust to changing circumstances, with a focus on projects that are assessed as riskier but likely to provide more impact.

**Assessment of the evaluation**

The methodology revealed broad satisfaction with the instrument but also variations in the use of aid in different firms and regions. The participatory approach facilitated understanding of which aspects of the instrument were seen as especially important from firms' perspective and also allowed for an assessment of the relationship between ELY-centres and beneficiaries.

**Source:** Aaltonen S, Akola E, Heinonen J, Laalo H and Nummelin L (2013) Yritystukilain vaikuttavuuden ja toimivuuden arviointi, Report to the Finnish Ministry of Employment and Economy, [https://www.tem.fi/files/37376/TEMjul\\_23\\_2013\\_web\\_14082013.pdf](https://www.tem.fi/files/37376/TEMjul_23_2013_web_14082013.pdf)

### 3.3.4 Case-based evaluations

Case-based evaluations focus on policy within a **specific place and time**. Cases can be policy interventions, institutions, individuals or territories. This approach facilitates the development of a rich, complex picture of what occurred within a specific national/regional economic and socio-institutional context, and how and why certain outcomes emerged. It can also incorporate a range of different qualitative and quantitative evaluation methods. Case studies can complement other methodologies e.g. by:

- providing a deeper understanding of contexts in **theory-based evaluations**;
- supporting **participatory evaluations** to define evaluations in terms that make sense to stakeholders on the ground;
- giving **voice to beneficiaries** both when evaluation questions are formulated and when findings are being interpreted.

This approach is also, however, subject to a number of weaknesses:

- **results are complex and often unwieldy** (because the evaluation aims to take account of the complexity of a particular socio-economic context) and the findings may therefore not provide a consistent or succinct message about policy success or failure;
- context-specificity means that the **results cannot easily be generalised** to other instruments or regions; **Qualitative Comparative Analysis** aims to enable evaluators to compare cases systematically and to identify key factors which are responsible for the success of an intervention. This involves a comparison of factors at work across a number of cases in order to tease out which factors are most important for a given outcome, and thus to generalise certain findings to other cases;
- **qualitative methods are often seen as particularly open to bias**, which implies the need for an explicit and clearly-structured analytical framework, as well as evaluators with sound experience and expertise.

**Box 4: Evaluation of Creative Credits in the United Kingdom (2013)****Instrument**

Few best practice examples of evaluations of case-based mixed methods were found in the EoRPA countries, so for illustrative purposes an example is given of an instrument and evaluation focused on a particular city-region in the UK. The National Endowment for Science, Technology and the Arts (NESTA) provides Creative Credits which operate in areas with a high concentration of creative firms. Credits of £4,000 were made available to SMEs to spend with creative firms within the region on innovation projects to grow their business. Participating SMEs contributed a minimum of £1,000 each. SMEs and creative firms freely selected each other through an online marketplace. The scheme was piloted in Manchester City Region in 2009-10. It made 150 Credits available to SMEs.

**Methodology**

The evaluation took place alongside the piloting of the scheme in Manchester City region. Implementation aimed to minimise selection bias via checks on applications (location, size, legal status). Creative Credits were then randomly distributed across applicant firms (150 in two equal groups, six months apart). A control group of 301 non-beneficiaries was established. Data collection for the quantitative element of the evaluation comprised two surveys of the beneficiary and control groups: (i) a baseline survey, and (ii) a survey 2 six months later focussed on output, behavioural and network additionality. Qualitative research comprised 4 stages of longitudinal data collection via 25 case studies with SMEs and their creative partners – recruited through a randomised process.

**Findings**

The study identified high additionality. The scheme created new relationships between SMEs and creative businesses, and increased the likelihood that firms would undertake an innovation project with a creative business with whom they had not worked before (by c. 84 percent). Qualitative research indicated that the scheme supported firms' operational plans and marketing and accelerated implementation. Although beneficiaries enjoyed a short-term boost in innovation and sales growth in the 6 months after project completion, the positive effects were not sustained, especially when SMEs made a poor choice of partner, where the relationship was purely transactional, or where there was no shared understanding of the brief.

**Recommendations**

Further measures are needed to ensure that the scheme produced improvements that were sustained. However, such measures could reduce cost effectiveness.

**Assessment of the evaluation**

The evaluation demonstrated the value of case study approaches combining qualitative and quasi-experimental methods. The use of a control group provided causal explanations for policy outcomes. Further, the evaluation showed how a longitudinal approach can provide a fuller profile of outcomes, without which policy-makers can make incomplete inferences. The case study approach allowed for a rich account of the context in which an intervention was implemented. However, there are issues of validity e.g. applicants were already more focused on innovation than non-applicants, and more likely to have previously worked with external partners and have higher internal skill levels than non-applicants. The evaluation did not take account of other policy schemes used by beneficiaries. The potential impact of the broader business climate (financial crisis) was not taken into account.

**Source:** Bakhshi, H., Edwards, S., Roper, S., Scully, Shaw, D., Morley, L. and Rathbone, N. (2015) Assessing an experimental approach to industrial policy evaluation: Applying RCT+ to the case of Creative Credits, *Nesta Working Paper 15/10*, [http://www.nesta.org.uk/sites/default/files/creative\\_credits\\_1.pdf](http://www.nesta.org.uk/sites/default/files/creative_credits_1.pdf)

### 3.3.5 *Meta-analysis*

Meta-analysis or meta-evaluation involves 'the aggregation of the evidence from a number of evaluation studies into a single database, which allows the results to be analysed collectively rather than individually'.<sup>26</sup>

Meta-evaluations are useful because they:

- can confirm results and increase **scope to generalise results** across regions or instruments;
- allow for assessment of **how a scheme performs in different contexts**;
- facilitate the **capture of minor effects** which may be overlooked in an individual small study;
- enable the **differential impact of packages** of support to be assessed.

Nevertheless, this approach is also associated with a number of weaknesses, namely that:

- **no new data** are produced;
- this approach is **inherently backward-looking**, with a risk of instruments or methods seeming out-dated;
- results **depend on the quality of the studies** included;
- it may be **difficult to compare studies** that are not similar in study design, population, methods of analysis or outcome definitions, potentially leading to bias;
- the evaluators undertaking the **meta-evaluation may introduce further bias** as they review the existing studies.

---

<sup>26</sup> Pawson, R. and Tilley, N. (1997) *Realistic Evaluation*, London: Sage.

**Box 5: Meta-evaluation of firm-level impacts on local economic growth of financial instruments in a range of countries (2014)**
**Instrument**

The evaluation reviewed existing evaluations of financial instruments aimed at improving business growth and implemented in a number of different countries across the world. Instruments included e.g. the direct provision of loans, guarantees, venture capital schemes, and business angels.

**Methodology**

The study reviewed evaluations that were seen as robust and that identified policy impact on via: (i) a user panel and academic panel which agreed the question, key terms and criteria; (ii) a search and collection of evaluation; (iii) a sifting of evaluations based on relevance and methodological robustness; (iv) appraising and scoring the evaluations; (v) synthesis and conclusions.

**Findings**

Instruments had a positive impact on at least one firm outcome (e.g. credit, employment, sales) in 17 out of 27 evaluations. However, there was only evidence that instruments improve firm performance and have wider economic effects. Instruments had a positive effect on firm access to debt finance (via availability of credit and/or the cost of borrowing). Evidence of impact on access to equity finance is mixed (and data are limited). The impact of instruments on investment and assets is mixed. There is some evidence that loan guarantees may increase default risk. Overall patterns hide mixed results for specific aspects of firm performance, with only half the evaluations recording positive effects on any one aspect of performance (e.g. employment).

**Recommendations**

There is a need for more evidence on how different types of instruments contribute to firm and economy-wide outcomes.

**Assessment of the evaluations**

The study took a rigorous approach to meta-analysis. However, links between the instruments' objectives and the outcomes evaluated are weak i.e. the meta-evaluation assessed whether instruments worked better for some firm-level outcomes than others but this was not the primary aim of many of the evaluations reviewed. The study acknowledges that focusing on private returns may understate the impact of instruments aimed at maximising wider public policy or social returns, but argues that most of the evaluations are of schemes where benefits to firms would be a necessary precondition for wider returns in the local economy.

**Source:** What Works Centre for Local Economic Growth (2014a) *Evidence Review: Business Advice*, May 2014, [http://www.whatworksgrowth.org/public/files/Policy\\_Reviews/14-10-31-Access-to-Finance.pdf](http://www.whatworksgrowth.org/public/files/Policy_Reviews/14-10-31-Access-to-Finance.pdf)

**Box 6: The impact and cost-effectiveness of enterprise support subsidies in Italy (2012)****Instrument**

The evaluation covered enterprise support policies at national and regional levels. At the national level, it examined the impact of a large-scale instrument (Law 488) allocating non-repayable grants to industrial firms undertaking investments in physical capital, with grants allocated through open competitions and implemented on a regional basis. The study focused on the 6189 firms which received an average grant of EUR 419,777 in 2000-06. At the regional level, it focused on a single region, Piedmont, via a database of 25 instruments for SMEs (loans, grants, interest rate subsidies). It focused on 10526 SMEs with an average net grant equivalent of EUR 10830 in 2005-09.

**Methodology**

Data on beneficiaries were collected via monitoring systems, while data on a wider population of enterprises (for the control group) was generated by merging a number of data sources. In addition, a beneficiary survey was administered to c.1,000 firms, both recipients and rejected applicants. The main goal of the survey was to gather the view of the managers/owners of the beneficiary firms on the additionality (or deadweight) of support in relation to investment decisions.

**Findings**

Enterprise support increased production in line with the creation of new jobs, but the effect on productivity was small. Large non-repayable grants, particularly when given to large firms, represented an ineffective way of stimulating additional private investment and of improving the performance of assisted firms. Small grants given to small firms had small impacts, but were more cost-effective at an aggregate level. Soft loans and interest rate subsidies out-performed non-repayable grants. Different methods for calculating deadweight produced significantly different results: the survey estimated that 36,000 net jobs were created, while monitoring data (based on beneficiary information) suggested the creation of 82,000 net jobs, and the evaluation based on the control group estimated the creation of 12,000 estimated net jobs.

**Recommendations**

The study's findings were seen to strengthen arguments in favour of the use of loans and guarantees and focusing instruments on smaller firms.

**Assessment of the evaluation**

The evaluation shows that credible impact analysis is feasible when good data are available, particularly if the analysis covers a range of instruments because this allows for an assessment of the varied impact of different packages of support, involving both repayable and non-repayable instruments.

**Source:** ASVAPP (2012) *Counterfactual Impact Evaluation of Enterprise Support: Lessons for Policy and Evaluation Design from Investment Subsidies in Italy*, Report to the DG-REGIO of the European Commission, <http://www.prova.org/studi-e-analisi/ASVAPP%20INTERIM%20REPORT%20FOR%20CIE%20OF%20ENTERPRISE%20SUPPORT.pdf>



## 4. CONCLUSIONS AND ISSUES FOR DISCUSSION

### KEY FINDINGS

In reviewing the results of evaluations, it is important to **differentiate between different types of impact**: short-term versus the longer-term, different impact indicators (e.g. number of jobs created, quality of jobs, private investment leveraged, increased business productivity); and impacts on different types and sizes of firm (notably large firms versus SMEs, or firms in different sectors).

Within this, the results of impact evaluations can be grouped according to different instrument types:

- Evaluations of regional policy **grants for business investment** have found positive results in terms of the short-term impact on job creation. However, results vary as to whether instruments increase the longer-term productivity of individual firms.
- There are relatively few impact evaluations of **tax-based incentives** and they show varied results. While their automatic character reduces administrative costs, it may enhance deadweight effects unless there are sufficient criteria in place to ensure that benefits target higher quality projects.
- **Loan-based instruments** are new in the regional policy of many countries and so evaluations are limited. There is some evidence that these instruments have improved access to finance for firms facing difficulties in obtaining credit or high borrowing costs. There is no clear evidence that loan-based instruments are effective at recycling public funds or at increasing to finance in structurally weaker regions.
- **Venture capital** instruments are new in most regional policy contexts and there is very limited data on such instruments and very few evaluations. Studies show varying results and find only limited evidence of a positive impact on firm performance or economy-wide outcomes.
- Evaluations of **business advice and consultancy** have found a positive impact on productivity, employment and growth, especially in SMEs. However, impact depends on the intensity of support provided, with implications for cost-effectiveness.

### 4.1 Introduction

**Evaluations of the impact of regional policy support face a number of fundamental challenges** (see Section 3.2), notably: the lack of reliable and comparable data, the need to allow time for policy outcomes, periodic changes in policy instruments (reducing data consistency over time), the complexity and diversity of instruments, the need to build plausible causal chains linking inputs and outputs, difficulties in incorporating economy-wide indirect effects (e.g. deadweight, displacement and leakage), the need to include administrative costs, difficulties in generalising from studies of individual instruments, the lack of a genuine counterfactual or policy-off situation for comparison, and the impossibility of truly neutral or objective knowledge and evaluators.

There is also a need to differentiate between different types of impact e.g.

- **short-term versus the longer-term.** Short-term impacts are those that the instrument seeks to affect directly (e.g. job creation, business investment, investment in training, new management practices), while longer-term impacts are those that instrument seeks to affect indirectly (e.g. productivity, increased process or product innovation, growth in sales, exports);
- different **impact indicators** (e.g. number of jobs created, quality of jobs, private investment leveraged, increased business productivity);
- impacts on **different types and sizes of firm** (notably large firms versus SMEs, or firms in different sectors).

Within these constraints, this section sets out an overview of findings on policy impact, categorised by type of regional policy instrument for business support. Figure 5 summarises these findings, alongside considerations of ease of delivery and potential disadvantages.

**Figure 5: The impact of regional policy support for business development**

Instruments	Delivery	Impact	Disadvantages
<b>Investment aid to business</b>	Simple delivery & transparent targeting of areas and themes	Short-term impact Potential leverage Variable long-term impact on productivity	Potentially high costs Concerns over deadweight effects
<b>Wage subsidies to business</b>	Simple delivery & transparent targeting	Short-term impact (job creation)	Potentially high costs Concerns over deadweight effects
<b>Tax credits &amp; relief, social security relief</b>	Automatic delivery means that instruments self-target & fine tune May be politically attractive	Little evidence of impact on long-term productivity Can introduce economic distortions	Budgeting is difficult as tax credits/relief are automatic Limited transparency & accountability
<b>Loan funds, loan guarantees, interest rate subsidies</b>	Delivery varies, depending on existing institutions Politically attractive	Potential leverage Limited evidence of long-term impact on productivity	Demand depends on economic context
<b>Equity &amp; venture capital funds</b>	Set-up & delivery costs can be high Delivery varies, depending on existing institutions Politically attractive	Potential leverage Potential for public-private partnership Limited evidence of long-term impact on productivity.	High administrative costs Concerns over applicability to disadvantaged regions
<b>Business advice &amp; consultancy</b>	Depends on existing strength of business organisations/chambers/advisers	Some evidence of long-term impact on productivity & employment in SMEs	Impact depends on intensity of support provided

## 4.2 Investment grants and vouchers

Many regional policy investment grant instruments have been in place for several years (although this varies across countries), and this can facilitate evaluation due to the **good availability of time series data** on spending and outcomes. There are therefore **more evaluations of grant schemes** than of other instruments, and evaluations are more able to take a **more critical and longer-term approach**. Studies mainly focus on impacts in terms of jobs created and private investment leveraged, but some also include other indicators such as changes in wage levels or productivity levels, or aim to assess value for money. Key findings are as follows:

- Evaluations demonstrate **positive results in terms of the short-run impact** of instruments on job creation and/or turnover in assisted firms.<sup>27</sup>
- Some studies find stronger employment effects in SMEs than larger firms,<sup>28</sup> but others find no difference in **effects between larger and smaller firms**.<sup>29</sup>
- There is varied evidence of the **displacement or crowding out** at the level of the broader regional/national economy. Some evaluations find that regional aid genuinely raises local employment and does not just lead to substitution of employment.<sup>30</sup>
- Evidence on the **quality of jobs** created is limited. Some studies suggest that the quality of jobs created is similar to or higher than average jobs in the assisted enterprises<sup>31</sup> or that jobs created in assisted firms received similar pay rises to those in the control group,<sup>32</sup> or higher wage levels.<sup>33</sup>
- Instruments succeed in **leveraging-in additional business investment**, with a median of 30 percent of aid costs, and limited evidence of stronger leverage in the case of smaller grants with more demanding eligibility criteria<sup>34</sup>
- Assessments of **costs-per-job** indicate that grant-based approaches are reasonably efficient, although some find that they are more costly than loan-based instruments.<sup>35</sup>
- Results vary as to whether instruments increase the **longer-term productivity** of individual firms.<sup>36</sup>
- Some studies find **deadweight** effects i.e. that firms would have invested even without the provision of public assistance,<sup>37</sup> or show widely varying effects, depending on methods used for estimating deadweight.<sup>38</sup>

<sup>27</sup> Criscuolo et al (2012) *op. cit.*; Bade and Alm (2010) *op. cit.*; Tillväxtanalys (2012) *op. cit.*; Mamede et al (2013) *op. cit.*; ASVAPP (2012) *op. cit.* Bonner, K, Hart, M. (2013) *Evaluation of Regional Selective Assistance in Scotland 2004/05 – 2010/11*, Scottish Enterprise; Hayton K (2015) Evaluating the evidence – a move to more realistic evaluation: a case study of Regional Selective Assistance in Scotland, *Evaluation* 21(2) 248–262

<sup>28</sup> Criscuolo et al (2012) *op. cit.*; ASVAPP (2012) *op. cit.*

<sup>29</sup> Mamede et al (2013) *op. cit.*; Bade F (2013) *Bedeutung und Wirksamkeit der Förderung größerer Unternehmen durch den gewerblichen Investitionszuschuss im Rahmen der Gemeinschaftsaufgabe "Verbesserung der regionalen Wirtschaftsstruktur"* (GRW), Dortmund/Berlin

<sup>30</sup> Criscuolo et al (2012) *op. cit.*

<sup>31</sup> ASVAPP (2012) *op. cit.*

<sup>32</sup> Pokorski, J. (ed) (2011) *Towards Innovative Economy Effects of Grants to Enterprises in Poland*, Polish Ministry of regional development, PARP, Warsaw

<sup>33</sup> Bade and Alm (2010) *op. cit.*

<sup>34</sup> Mouqué, D. (2012) What are counterfactual impact evaluations teaching us about enterprise and innovation support, *Regional Focus*, 02/2012

<sup>35</sup> Mouqué, D. (2012) *op. cit.*

<sup>36</sup> Tillväxtanalys (2012) *op. cit.*; ASVAPP (2012) *op. cit.*; Hayton K (2015) *op cit*

### 4.3 Tax incentives

Tax credits and tax relief are extensively used to support business investment in the context of regional policy, notably in Central and Eastern European countries but also, for example, in **Belgium** and **France**, while **Norway** in particular provides relief on employers' social security contributions in the context of regional policy. There are, however, relatively **few evaluations of regional policy support for tax incentives**. Key findings are:

- The capacity of tax incentives to stimulate additional **business investment remains unclear**, with some evidence that, although business investment rose in the short term, the level of the increase did not exceed the amount of the tax incentive.<sup>39</sup> Tax incentives are not the primary influence on business investment decisions, and are outweighed by factors such as the cost and quality of labour, proximity to markets, and access to suppliers.<sup>40</sup>
- The automatic character of tax-based instruments is seen as beneficial, in that it reduces administrative costs for both public authorities and firms, so that less active management is needed.<sup>41</sup> However, this may also mean that these instruments have strong **deadweight effects**, as funds are allocated to all investment projects that meet certain criteria, rather than focused on projects of highest quality.<sup>42</sup>
- There are tentative findings that the impact on productivity growth is lower in more productive local firms in some countries,<sup>43</sup> which could imply that these incentives were producing **economic distortions** by supporting less competitive enterprises.
- Instruments have been criticised for a **lack of transparency** over the distribution of budgetary and administrative costs.<sup>44</sup>
- Evaluations of **R&D tax incentives** (outwith regional policy) find a significant and positive impact on business R&D spending,<sup>45</sup> and that are most effective when combined with other forms of support, such as grants.<sup>46</sup>

### 4.4 Loan-based instruments

The use of loan-based instruments for business investment (including loan guarantees and interest rate subsidies, as well as the direct provision of loans) is well-established in the regional policies of some countries, but quite new in others and introduced only in the context of Cohesion policy in 2007-13 and 2014-20. The availability and **quality of time-series data therefore varies** significantly. Newer instruments are characterised by a lack of data on expenditure, outputs (e.g. number of firms

---

<sup>37</sup> Criscuolo et al (2012) *op. cit*

<sup>38</sup> ASVAPP (2012) *op. cit*

<sup>39</sup> Caiumi et al (2011) *op. cit*

<sup>40</sup> Lynch, R. (2004) *Rethinking growth strategies: how State and local taxes and services affect economic development*, Washington, D.C: Economic Policy Institute

<sup>41</sup> Department for Business, Innovation and Skills (2014) *Estimating the effect of UK direct public support for innovation*, London

<sup>42</sup> Federal Finance Ministry (2011) *Bericht an den Finanzausschuss des Deutschen Bundestages zur Überprüfung der degressiven Ausgestaltung der Investitionszulage im Investitionszulagengesetz 2010*, Berlin

<sup>43</sup> Caiumi et al (2011) *op. cit*

<sup>44</sup> Federal Finance Ministry (2011) *op. cit*

<sup>45</sup> Falk, M. (2006) What drives business Research and Development (R&D) intensity across Organisation for Economic Co-operation and Development (OECD) countries? *Applied Economics*, 38(5), 533-47

<sup>46</sup> Cunningham P, Gok A, and Laredo P (2013) The impact of direct support to R&D and innovation in firms, *Nesta Working Paper* No. 13/03

assisted, jobs created, business investment leveraged) and financial returns to the loan fund/instrument.<sup>47</sup> Key findings include:

- Evaluations find that loan-based instruments **improve firms' access to finance** in terms of increased credit availability or lower costs of borrowing. However, effects vary, depending on the economic context (with e.g. interest rate subsidies being less useful in contexts where market interest rates are in any case low).
- There is **mixed evidence of the effectiveness of** loan-based instruments in leveraging-in business investment.<sup>48</sup>
- Loan guarantees and interest rate subsidies have a relatively **low cost per job** level compared to grants. An evaluation of SME support in Piedmont (in north-west Italy) found that loan instruments had a cost per job around half that of grants.<sup>49</sup>
- The **costs of setting up and running loan-based schemes vary**, depending on whether there are existing entities (e.g. public banks or enterprise agencies) which can design and implement these instruments.<sup>50</sup>
- There is **no clear evidence that loan-based instruments are inherently more sustainable** (i.e. that funds are recycled to be spent again in the same region) because there is little available data on the returns obtained from loans awarded.
- There is **no clear evidence** that loan-based instruments improve businesses' access to finance in **structurally weaker regions**.
- There is **no clear evidence** that loan-based instruments generate **wider economic effects**.<sup>51</sup>

#### 4.5 Venture capital and equity instruments

These instruments are relatively **new in the regional policy context** of most European countries and there are few equity-based instruments that specifically target structurally weaker regions (as opposed to instruments co-funded by Cohesion policy programmes).<sup>52</sup> There is therefore only very **limited data on such instruments**, whether in terms of expenditure, outputs, or financial returns<sup>53</sup> - and very few evaluations of this type of regional policy instrument. Key findings are:

- Studies show varying results and mainly find only **limited evidence of a positive impact** on firm performance or economy-wide outcomes,<sup>54</sup> although, where instruments are well-

<sup>47</sup> Wishlade F and Michie R (2015) *Financial instruments in EU Cohesion policy: what do we know about the regional incidence of financial instruments and why might it matter?* Paper to Regional Studies Association Annual Conference, Piacenza, 24-27 May 2015

<sup>48</sup> Bondonio D and Martini A (2012) *Counterfactual Impact Evaluation of Cohesion Policy: Impact, cost-effectiveness and additionality of investment subsidies in Italy*, Report for DG Regional and Urban Policy

<sup>49</sup> Bondonio and Martini (2012) *op. cit*

<sup>50</sup> Berggren, B and Silver, L (2012) Financing entrepreneurship in different regions: the failure to decentralise financing to regional centres in Sweden, *Journal of Small Business and Enterprise Development* 17(2)

<sup>51</sup> What Works Centre for Local Economic Growth (2014b) Access to Finance, *Evidence Review* 4

<sup>52</sup> Mason C, Michie R and Wishlade F (2012) *Access to finance in Europe's disadvantaged regions: Can 'new' financial instruments fill the gap?* EoRPA Paper 12/6, Paper presented at the 33rd meeting of the EoRPA Regional Policy Research Consortium at Ross Priory, Loch Lomondside on 7-9 October 2012.

<sup>53</sup> Wishlade F and Michie R (2015) *op. cit*

<sup>54</sup> What Works Centre for Local Economic Growth (2014b) *op cit*

established, some evaluations (e.g. based on firm surveys) show positive effects, for example in terms of job creation.<sup>55</sup>

- Some suggest that public-private venture capital funds (with co-investment from private sector venture capitalists) show more positive effects than those run solely by public entities.<sup>56</sup>
- Partly because of the relative novelty of these instruments (and the time taken to set them up in many regions), there is as yet **no clear evidence** that they improve businesses' access to venture capital in structurally weaker regions, or that they generate returns on projects which can be recycled and spent again in the same region.
- The costs involved in setting up and managing such schemes vary, depending on the national or regional institutional context, but **management costs and fees can be substantial**.<sup>57</sup>

## 4.6 Business advice

Regional policy support for business also includes the direct provision of advice and mentoring to firms or funding to firms to purchase external consultancy services. These forms of support are generally targeted at SMEs, which are seen as less likely to have a wide enough range of internal skills and as less able to find the time and resources to identify and buy in external knowledge and expertise. In some countries and regions, firms are offered packages of support ('account management') involving advice on varied aspects of business practice and processes, as well as assistance in applying for regional policy and other funding.<sup>58</sup> Key evaluation findings include:

- There is some evidence that **business advice** and consultancy **generates a degree of positive impact** on varied indicators, at least in the short-term. A 2014 meta-evaluation showed that business advice had a positive impact on at least one business outcome in 17 out of 23 evaluations covered.<sup>59</sup>
- However, **impact depends on the intensity of support** provided, with longer-term, hands-on intense support generating stronger effects than, for example, the provision of web-based or one-off advice.<sup>60</sup>
- The **cost-effectiveness of these instruments varies**, depending on not only on the quality of impact on firms but also on the intensity and length of support provided.

<sup>55</sup> PACEC (2013a) *Economic impact of the Scottish Enterprise Seed Fund*, Report to Scottish Enterprise; PACEC (2013b) *Economic impact of the Scottish Venture Fund*, Report to Scottish Enterprise

<sup>56</sup> Brander J, Du Q and Hellmann T. (2014) The effects of government sponsored venture capital: international evidence, review of finance, *Advance Access*, 1-48.

<sup>57</sup> Berggren and Silver (2012) *op cit*

<sup>58</sup> Upper Quartile in association with Additional Research and Research Resource (2013) *Evaluation of Scottish Enterprise engagement with account managed companies*, Report to Scottish Enterprise

<sup>59</sup> What Works Centre for Local Economic Growth (2014a) *op. cit*; Upper Quartile in association with Additional Research and Research Resource (2013) *op cit*

<sup>60</sup> What Works Centre for Local Economic Growth (2014a) *op. cit*; Rotger, G. and Gørtz, M. (2009) Evaluating the Effect of Soft Business Support to Entrepreneurs in North Jutland, *AKF Working Paper* 2009/18

## **4.7 Issues for discussion**

Support for business development is a fundamental pillar of regional policy across the EU, based on the conviction that public policy support for business can spur sustainable economic growth, boost employment and strengthen the competitiveness of struggling regions. However, there are criticisms of the effectiveness of these instruments, the scope for economic distortions, and the complexity and cost of administration. Similarly, policy-makers face demands to demonstrate the effectiveness and impact of regional policy interventions, and to make the most efficient use possible of public funding in the context of fiscal constraints. Evidence from impact evaluations is key to informing this debate and shaping regional policy instruments for business support.

Against this background, key issues for discussion at the EoRPA meeting are:

- What is your view of the evidence base for the impact of regional policy support for business?
- What type of information and insights do impact evaluations produce, and how helpful are these for policy-makers?
- What are the challenges facing impact evaluations of regional policy support for business and how could these be overcome?

## EORPA RESEARCH

This report has been prepared by the European Policies Research Centre (EPRC) under the aegis of EoRPA (European Regional Policy Research Consortium), which is a grouping of national government authorities from countries across Europe. The Consortium provides sponsorship for EPRC to undertake regular monitoring and comparative analysis of the regional policies of European countries and the inter-relationships with EU Cohesion and Competition policies. Over the past year, EoRPA members have comprised the following partners:

### **Austria**

- Bundeskanzleramt (Federal Chancellery), Vienna

### **Finland**

- Työ- ja elinkeinoministeriö (Ministry of Employment and the Economy), Helsinki

### **France**

- Commissariat Général à l'Egalité des territoires (General Commissariat for Territorial Equality, CGET, previously DATAR), Paris

### **Germany**

- Bundesministerium für Wirtschaft und Energie (Federal Ministry for Economic Affairs and Energy), Berlin
- Ministerium für Wissenschaft und Wirtschaft (Ministry of Science and Economic Affairs), Sachsen-Anhalt

### **Italy**

- Dipartimento per lo Sviluppo e la Coesione economica (Department for Development and Economic Cohesion), Agenzia per la coesione territoriale (Agency for Territorial Cohesion), Rome

### **Netherlands**

- Ministerie van Economische Zaken (Ministry of Economic Affairs), The Hague

### **Norway**

- Kommunal- og moderniseringsdepartementet (Ministry of Local Government and Modernisation), Oslo

### **Poland**

- Ministerstwo Infrastruktury i Rozwoju (Ministry of Infrastructure and Development), Warsaw

### **Sweden**

- Näringsdepartementet (Ministry of Enterprise and Innovation), Stockholm

### **Switzerland**

- Staatssekretariat für Wirtschaft (SECO, State Secretariat for Economic Affairs), Bern

### **United Kingdom**

- Department for Business, Innovation and Skills, London
- Scottish Government, Glasgow

The research for the country reviews was undertaken by EPRC in consultation with EoRPA partners. It involved a programme of desk research and fieldwork visits among national and regional authorities



in sponsoring countries during the first half of 2015. The EoRPA research programme is coordinated by Professor John Bachtler, Fiona Wishlade, Dr Sara Davies and Heidi Vironen.

This paper should be referred to as: *M. Ferry and S. Davies (2015), Impact evaluation of regional policy business support: what is the evidence? EoRPA Paper 15/6, Paper prepared for the 36th meeting of the EoRPA Regional Policy Research Consortium at Ross Priory, Loch Lomondside, 4-6 October 2015.*

The country reviews were edited by an EPRC team led by Dr Sara Davies and also comprising Patricia Robertson, Heidi Vironen, Stephen Miller and Timothee Lehuraux. Country-specific research was contributed by the following research team:

Austria: Stefan Kah, EPRC	Latvia: Dr Tatjana Muravska and Aleksandrs Dahs, University of Latvia
Belgium: Timothee Lehuraux and Dr Arno van der Zwet, EPRC	Lithuania: Jonas Jatkauskas and Giedrė Stonytė, BGI Consulting
Bulgaria: Prof Julia Spiridonova, ProInfraConsult	Luxembourg: Timothee Lehuraux, EPRC
Croatia: Prof Maja Fredotović, Blanka Šimundić and Vinko Muštra, University of Split	Malta: Stefan Kah, EPRC
Cyprus: Funda Bozkaya and Patricia Robertson, EPRC Associates	Netherlands: Dr Arno Van der Zwet, EPRC
Czech Republic: Dr Lucie Jungwiertová, Charles University	Norway: Fiona Wishlade, EPRC
Denmark: Heidi Vironen, EPRC	Poland: Dr Martin Ferry, EPRC
Estonia: Dr Kristiina Tõnnisson, University of Tartu	Portugal: Dr Carlos Mendez, EPRC
Finland: Heidi Vironen, EPRC	Romania: Neculai-Cristian Surubaru, EPRC Associate
France: Timothee Lehuraux, EPRC	Slovakia: Martin Obuch, Consulting Associates, s.r.o.
Germany: Dr Sara Davies, EPRC	Slovenia: Dr Damjan Kavaš, Institute for Economic Research
Greece: Dr Eleftherios Antonopoulos, EPRC Associate	Spain: Dr Carlos Mendez, EPRC
Hungary: Zsuzsanna Kondor, EPRC Associate	Sweden: Heidi Vironen, EPRC
Ireland: Stephen Miller, EPRC	Switzerland: Stefan Kah, EPRC
Italy: Dr Laura Polverari, EPRC	United Kingdom: Rona Michie and Dr Martin Ferry, EPRC

Many thanks are due to everyone who participated in the research. Thanks also to Dr Keith Clement, Lynn Ogilvie, Alyson Ross and Marie Devine for editorial, coordination and secretarial support respectively. In addition, the European Policies Research Centre gratefully acknowledges the financial support provided by the members of the EoRPA Consortium.

**Disclaimer:** It should be noted that the content and conclusions of this paper do not necessarily represent the views of individual members of the EoRPA Consortium