



**DIRECTORATE GENERAL FOR INTERNAL POLICIES
POLICY DEPARTMENT B: STRUCTURAL AND COHESION POLICIES**

REGIONAL DEVELOPMENT

**MOVING TOWARDS A MORE
RESULT/PERFORMANCE-BASED DELIVERY SYSTEM
IN COHESION POLICY**

**STUDY
Volume I
EXECUTIVE SUMMARY
PROVISIONAL VERSION**

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Abstract

This study analyses the rationale, features and the conditions under which a more result/performance-oriented delivery system for Cohesion Policy, based on the use of performance indicators, and, potentially, of incentive mechanisms, can be designed and implemented along the different phases of Cohesion Policy implementation. The study is based on literature review, semi-structured interviews with more than 100 stakeholders mainly at regional level, two focus groups and case studies. It argues in favour of a deep change in administrative culture and puts forward concrete recommendations on how to simplify and gear the logical framework underlying Cohesion Policy's interventions towards results with a view to inform the current Cohesion Policy reform debate.

LIST OF ABBREVIATIONS

APR	Annual Progress Report
BIS	Business, Innovation and Skills
BV	Best Value
BVPP	Best Value Performance Plan
BVRs	Best Value Reviews
C&E	Regional Competitiveness and Employment Objective
CAA	Comprehensive Area Assessment
CAP	Common Agricultural Policy
CCS	Carbon Capture Storage
CF	Cohesion Fund
CLG	Communities and Local Government
CMEF	Common Monitoring and Evaluation Framework
CoR	Committee of the Regions
CPA	Comprehensive Performance Assessment
CPIA	Country Policy and Institutional Assessment
CPR	Country Performance Rating
CSF	Community Strategic Framework
DATAR	Délégation Interministérielle à l'Aménagement du Territoire et à l'Attractivité Régionale
DG	Directorate-General of the European Commission
DG AGRI	European Commission Directorate-General for Agriculture and Rural Development
DG EMPLOYMENT	European Commission Directorate-General for Employment, Social Affairs and Inclusion
DG REGIO	European Commission Directorate-General for Regional Policy
EAFRD	European Agricultural Fund for Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund (former)
EC	European Commission
EEDA	East of England Development Agency
EIB	European Investment Bank

EP	European Parliament
EPMU	European Programme Management Unit
ERCSC	Expenditure Review Central Steering Committee
ERDF	European Regional Development Fund
ERI	Expenditure Review Initiative
ESF	European Social Fund
ETC	European Territorial Cooperation
EU	European Union
EU-12	The 12 New Member States of the EU 2004–2007
EU-15	The 15 Member States of the EU before the integration of 12 candidate countries in 2004–2007
EU-25	The 25 Member States of the EU, 2004–2006
EU-27	The 27 Member States of the EU, following the integration of Romania and Bulgaria in 2007
EUR	Euro
FAS	Fund for Under-Utilised Areas
FMI	Financial Management Initiative
FP7	The EU's Seventh Framework Programme for Research and Technological Development and Demonstration Activities
GDP	Gross Domestic Product
GNI	Gross National Income
IDeA	Improvement and Development Agency
IBRD	International Bank for Reconstruction and Development
IBs	Intermediate Bodies
ICSID	International Centre for Settlement of Investment Dispute
ICT	Information and Communication Technology
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IFIs	International Financial Institutions
IMEF	Italian Ministry of Economy and Finance
IMF	International Monetary Fund

JASMINE	Joint Action to Support Micro-finance Institutions in Europe
JASPERS	Joint Assistance in Supporting Projects in European Regions
JEREMIE	Joint European Resources for Micro to Medium Enterprises
JESSICA	Joint European Support for Sustainable Investment in City Areas
KPIs	Key Performance Indicators
LDA	London Development Agency
LG Group	Local Government Group
LGID	Local Government Improvement and Development
M&E	Monitoring and Evaluation
MA	Managing Authority
MAS	Manufacturing Advisory Service III
MS	Member State
MTE	Mid-Term Evaluation
NDC	National Development Contract
NGOs	Non-Governmental Organisations
NPM	New Public Management
NSRF	National Strategic Reference Framework
NUTS	Nomenclature of Territorial Units for Statistics
OBA	Output-Based Aid
OECD	Organisation for Economic Cooperation and Development
OPs	Operational Programmes
PBA	Performance-Based Allocation
PPA	Project Performance Assessment
R&D	Research and Development
RD	Rural Development
RDAs	Regional Development Agencies
RDIS-IDIM	Rural Development Information System
RDP	Rural Development Programme
RES	Renewable Energy Sources
ROP	Regional Operational Programme
S&E	Southern and Eastern

SEE	South East Europe
SFs	Structural Funds
SMEs	Small and Medium-sized Enterprises
ToR	Terms of Reference
USGAO	United States Government Accountability Office
WB	World Bank
WDIs	World Development Indicators

EXECUTIVE SUMMARY

The objective of the study is to analyse the features and conditions under which a more result-oriented delivery system for Cohesion Policy, based on the use of performance indicators, and, potentially, of incentive mechanisms, can be designed and implemented.

In line with the Terms of Reference (ToR) it addresses two main research questions, dealing respectively with performance indicators and incentive mechanisms, as well as a third set of research questions concerning the rationale of such a delivery system, and the process of establishing it.

Analytical framework and methodology

The study is organised along three distinct methodological phases that used different data collection methods in order to shed light on the research questions indicated above.

A first exploration of the research questions was carried out on the basis of a desk analysis to collect and process theoretical and empirical evidence. The exercise focussed on:

- The exploration of a specific theoretical body, the principal-agent model which seemed to be particularly heuristic for the theme of the study;
- A broader literature review addressing other theoretical approaches and empirical literature;
- The analysis of four case studies of existing performance-based policy delivery systems currently at work: World Bank, Performance Reserve in Italy, Performance Reserve in Poland, and EU Rural Development (RD) Policy.

Secondly, the core of the study consisted of 106 semi-structured interviews with stakeholders providing first hand evidence on the research questions. This required an "interview strategy" to identify and select relevant interlocutors as well as to attribute adapted questionnaires to the different categories of interviewee. The categories and breakdown of interviewees are as follows:

- Seven officials at EU level;
- 20 public administration officials at national level and two high level politicians;
- 54 public administration officials at regional level (Managing Authorities and Intermediate Bodies);
- 23 beneficiaries.

Interviewees were selected in 10 EU countries (Belgium, Finland, Ireland, France, Germany, Italy, Lithuania, Poland, Spain and the UK) and covered a balanced set of Programmes at national and regional level accounting for Convergence, Regional Competitiveness and Employment and European Territorial Cooperation (ETC) objectives.

In a final phase conclusions were drawn, recommendations formulated and possible scenarios identified. This was done with the support of two focus groups that helped to summarise the large amount of evidence and material collected. While the first focus group brought together academics, evaluators, policy analysts to explore options technically feasible, the second focus group convened key stakeholders at regional (Managing Authority) and EU levels (DG REGIO officials and representatives of other institutions) to assess the institutional and political sustainability of the possible scenario.

In order to be as comprehensive as possible, the report is organised along the three methodological phases outlined above, i.e. that the different chapters present evidence according to their source. However, in order to help the readers going through a vast amount of material and make possible a comparative and horizontal analysis of the main features reviewed, an analytical framework broadly based on the Project / Programme cycle used in the context of the implementation of Cohesion Policy was developed. This framework distinguishes between different stages (definition of objectives, identification of indicators, target setting, monitoring, reporting, evaluation and incentive distribution), and identifies for each stage a series of technical issues and possible options to be discussed. Thus, each chapter is structured along these stages.

Background

The ambition of Cohesion Policy to be more “performance-based” is at the core of the present debate about the future of the policy, but it is not new and should be placed in the wider context of worldwide trends in public policy. Indeed already during the 1980s a number of OECD countries adopted a new paradigm for public management – known as the New Public Management (NPM) – in order to shift from expenditure-driven planning to a result-oriented policy design. According to this new paradigm, an agreement is established between the public and their elected representatives, on the one hand, and the public services on the other, in which the public and politicians ask for high-quality public services and better performance by public sector organisations. Key NPM principles comprise some like contracting and control by output which also shape the current result-orientation debate. Under their influence, the Cohesion Policy adopted tools of performance-based management in the 1990s. Both monitoring and evaluation have become increasingly valuable instruments to ensure the best possible use of the financial resources, to foster accountability, and to trigger policy learning. Although a set up for a performance-based delivery system of Cohesion Policy is formally in place,¹ there is scepticism about the extent to which it has delivered the expected results in terms of effectively attracting the attention of policy makers to performance.

Evidence from desk research

The study starts with a standard “principal-agent” model to describe and study delegation of responsibility and performance control and measurement. As envisaged by this theoretical model, performance indicator systems are especially useful in a multi-level government context in which policy competences are distributed between different levels of decision-making and among different actors, and in which the information necessary to implement a regional development Programme or Policy is unevenly distributed among different actors and stakeholders (information asymmetry). The model puts forward a strong case for establishing incentives considered to be an essential component contributing to enforcing the contracts agreed between the different levels of government in order to pursue Regional Development objectives. However, one important condition for this to happen, is that there must be a clear and strong causal link between the agent’s activities and the output desired as regulated by the contract.

The literature review first introduces fundamental notions used throughout the study – in particular performance, accountability, learning, incentives and conditionalities – and analyses how they relate to each other arriving at a series of important principles to take into account when debating the performance based delivery system in Cohesion Policy. These include the need to be aware that different definitions of performance exist as well as

¹ Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions of the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1260/1999, Articles 47-49, 50-51, 63-68.

to ensure that all partners in the debate refer to the same concept; i.e. they do not necessarily need to agree on what definition should be adopted but simply to be aware what definition underpins a certain discussion in a given moment of time in order to avoid conceptual confusion.

Also, concerning the hierarchy of indicators (i.e. from input to impact) accountability and learning are inversely proportional since accountability is higher for output (given the strength of the causal link between an actor's action and the effect) than for impacts, while for learning it is just the opposite.

Another distinction to make is between incentive mechanism and the related yet distinct notion of *conditionality* which links access to fund to some specific conditions generally set *ex ante*. Unlike incentives based on effects, conditionalities do not require the same assumption about the strength of the causal link between the policy and its effects.

In addition to the introduction of these fundamental terms, the literature review consists of a comprehensive overview of key aspects linked to objectives, indicators, targets, reporting, monitoring, evaluation, incentive mechanisms and considerations important for implementation, including stakeholder involvement.

The concluding section of the literature review is dedicated to a chronological overview of the major recent reform documents and offers useful background information on key ideas and concepts in the run-up to the October 2011 proposals. This overview provides a first impression on the wide array of aspects - among and within the single project cycle phase - which are linked to a performance based delivery system in Cohesion Policy, thus showing the degree of complexity linked to its design and implementation.

The case studies (see Table 1) confirm that well-defined objectives, measured through an appropriate set of indicators and targets, are key ingredients of a performance-based delivery system and can be combined with different incentive schemes. However, the case studies illustrate that for indicator systems to be effective, very *sui generis* arrangements are adopted. For example, the EU RD policy appears to have established a very satisfactory indicator system, associated with different objectives declined along an interventions logic chain. Indicators can be aggregated and compared at EU level, across Programmes. In fact, this is possible because of the way Programmes are structured (along a binding common format), and because the interventions accounted for are generally straightforward (in contrast with Cohesion Policy which implements complex programmes articulating different types of interventions - full case studies reports are in Annex V of Volume II of the study).

Table 1. Main features of the reviewed performance-based delivery schemes

	Main features in a nutshell
World Bank	<ul style="list-style-type: none"> • Encompasses all project cycles • Two main types of indicator at country (quantitative) and project (qualitative) levels • Formula determining the allocation of funds at country level • Three forms of ex ante conditionality
Italy	<ul style="list-style-type: none"> • Binding and common targets based on results • Use of official national, EU and international statistical indicators • Strong partnership and coordination among administrations and institutional levels in the overall design approach • The allocation of resources is conditioned by the achievement of targets
Poland	<ul style="list-style-type: none"> • Allocation of resources is linked to the achievement of a minimum level of resource spending • Input indicators are used • Competition for resources both at national and regional Programme levels
RDP	<ul style="list-style-type: none"> • Common Monitoring and Evaluation Framework • Fixed list of indicators • Aggregation and comparability of the indicators • No incentive mechanisms

Source: Authors

Just like the indicator system also the creation of the incentive mechanism is highly context dependent with different options available. The incentive mechanisms are broadly similar in Italy and Poland; they are based on the ex post distribution of a financial reward. Instead, the World Bank has a different approach, mainly based on the mobilisation of ex ante conditionalities while the RD policy relies on the reputational of eg. evaluations. Finally the case studies are also in line with one of the conclusions of the literature review indicating that examples of successful incentive schemes are rare in the real world. Italy is apparently successful in implementing an ambitious incentive scheme based on results (and not just financial absorption as in the Polish case). But again, this is due to a series of specific features well suited to the Italian context and the precise scheme that was set up. In particular, the room for flexibility introduced in the assessment process (i.e. that under certain conditions not all targets had to be 100% met in order to get funding) is of specific importance, as is the political commitment and the mobilisation of stakeholders which were strongly involved in the design and choice of objectives, indicators, targets and incentive mechanism.

Evidence from semi-structured interviews with stakeholders

A broad consensus was observed among the interviewees about the need to have a more result-oriented Cohesion Policy delivery system. Despite this, contrasting views were detected about what performance means. Definitions put forward ranged from a narrow concept of performance (performance is the capacity of a Project/Programme to attain its objectives) to a broader one (performance is the capacity of the Policy to influence macro-economic conditions).

Looking at the current delivery system, many interviewees asked for a simplification of the hierarchy of objectives and of the indicator systems. Fewer and clearer objectives, established through a consultation process involving all the relevant stakeholders, were demanded by the majority of national and regional respondents. Similarly, it was felt that the number of indicators in the indicator systems associated with Programmes should be reduced. Few, clear and reliable indicators are needed and they should be “owned” by all the stakeholders involved.

Different opinions were put forward on the types of indicator to be used. Some confusion was noted over the respective roles of input, output, outcome and impact indicators. Contrasting views were also recorded on the usefulness of establishing a common set of indicators and whether this should be mandatory or not. In general, it was considered too cumbersome. In the case of the ETC Programme, for example, it was considered insufficiently adaptable given the specific nature of the interventions financed.

A further issue brought up mainly by national and regional respondents was the challenge of setting realistic targets. Preliminary context analyses and round tables with local stakeholders were the main tools proposed by the interviewees in order to set targets as realistically as possible.

How to measure or account for performance was a matter widely debated. In general, importance was given to the role of indicators and of the monitoring system in providing information on the progress towards result achievement. However, a crucial question raised by the majority of interviewees (especially those in favour of a broad definition of performance, regardless of the category they belong to), was that quantitative data provided by the indicator system do not give a comprehensive picture of the performance. This was considered especially true in the case of immaterial Projects or Programmes (such as the ETC Programme), for which effects are difficult to capture through a system of quantitative indicators. Many interviewees shared the opinion that quantitative measurement should be further complemented with more qualitative considerations. To this end, a closer link between monitoring and evaluation activities was demanded by most respondents at national and regional level.

The role of evaluation was discussed by the interviewees. Besides being a useful tool for assessing performance, high level politicians perceived evaluation as a stimulus for modernisation and change. However, in order to improve the usefulness and the effectiveness of this exercise, the results of the evaluation activities should be made public through regular political debates. This was a central message put forward by interviewees at all levels of governance. A dissatisfaction with the ex post evaluations was noted, as they were provided too late (when the new programming phase had already started) and were of less value in practice than ongoing evaluations, for example. This was mainly the opinion of national and regional administrators, who stressed the utility of the ongoing evaluations and the thematic ones.

Case studies were the most commonly recommended methodology by regional officials, while theory-based evaluations and counterfactual analyses were suggested by some EU officials. A key issues raised by the interviewees was the need for an independent and objective assessment of performance. To this end, it was suggested that an independent agency be established with the principle role of collecting information through a standard procedure. Different opinions were then provided on what a suitable level was (European, National or regional) to establish such an agency.

The use of incentive mechanisms to induce actors to work towards results was not generally welcomed by the interviewees. Interviewees at regional level tended to worry about the possibility of being held responsible for events that were beyond their control,

and therefore of being penalised for a result that was not directly imputable to their actions. Moreover, imposing sanctions might yield perverse or counterproductive effects (e.g. targets set artificially low). If an incentive is to be introduced, the common opinion was that rewarding for doing well was more acceptable than sanctioning for not doing well. This is mainly explained by national administrators faced with the problem of risk distribution, according to whom no-one is willing to bear the possible sanction for not having met targets because there are many exogenous factors that could influence the performance. Interestingly, a broad consensus was noted on the view that reputational mechanisms are much more effective than financial ones, as they would work as an incentive for the person(s) or action(s) responsible for the success/failure of a Programme and would encourage greater efforts.

Both national and regional officials considered the current administrative burden to be the main bottlenecks of a more performance-based delivery system. In general, they asked for looser control, more flexibility and greater trust from the EC. Some interviewees stressed that adopting new tools or improving current practices would not be enough. What is necessary is a change in the culture behind Policy implementation, because for many years regulations have forced regional officials to be "procedure-oriented" instead of being "result-oriented".

From the high level politicians' and EU perspective, the main objective was to improve ownership and accountability. High level policy debate and stakeholder consultations should be increased. Some changes to the current control and audit system were also demanded by some interviewees at EU level.

As far as beneficiaries were concerned, they wanted a lower administrative burden and a balance between standardisation and flexibility of procedures.

Interestingly, evidence from the interviews confirmed that a performance-based delivery system for Cohesion Policy cannot be designed in a "one size fits all" way, but country-specific issues should be considered in order to make it applicable and effective in every Member State (MS). Some countries in Northern Europe are ready to adopt a more performance-based delivery system for Cohesion Policy, given their traditional experiences with performance measurement. On the other hand, the peculiarities of some administrative systems currently adopted to manage Structural Funds (SFs) such as the degree of decentralisation for example, would require specific arrangements.

Conclusions

The focus of the policy should shift away from compliance and spending and concentrate on results. This requires a radical change in administrative culture. For this reason, it is necessary to unlearn from the past and devise appropriate incentives to trigger a change in behaviour. Technical improvement in administrative practices is necessary, but it is insufficient to bring about behavioural change. One solution is to mobilise the political sphere at regional, national and EU levels. Politicians should appropriate the results of the performance assessment and the performance assessment process should feed into a political debate about regional development and growth.

It should also be clear that establishing a performance-based delivery system requires a comprehensive approach. A performance approach is a "package" not just limited to performance measurement. Gearing a policy delivery system towards results requires not only setting up an appropriate measurement system, but also addressing the different phases of the Policy/Programme cycle. For example, good quality programming and project selection are conditions for good performance. The concentration of Programmes on *needs*

and *desired changes* is a pre-requisite for a well functioning performance-based delivery system.

Also, a series of principles should be followed like transparency, proportionality, flexibility, participation and ownership so as to ensure different essential conditions for a performance-based delivery system to work.

Evidence from the study suggests that establishing a performance-based delivery system necessitates taking into account country specificity and other specific features at Programme level. The institutional characteristics and cultural traditions must be taken into account when applying the principles of a performance-based delivery system in a given MS. Thus a broad framework for performance assessment needs to be devised which should be compulsory and at the same time sufficiently flexible to allow for country specificities. Similarly, different provisions should be made depending on the size of a particular Programme (or Project), and the intensity of the assistance provided by SFs along the principle of proportionality.

Performance measurement also needs a balanced approach combining the use of performance indicators and evaluation. For some time, the spotlight has been on quantitative performance indicators, indicator systems and monitoring systems. On the ground, this has often taken place at the expense of evaluation. It is time to rebalance the approach and make it clear that performance indicators and evaluation are two necessary components of a performance-based delivery system.

Importantly, the logical framework underpinning a performance-based delivery system for Cohesion Policy whereby the effects of an intervention can be followed through from financial input via output (direct physical products), results (effects on beneficiaries), up to impact (wider benefits for society) has to be simplified. The two building blocks of a new simplified system should be:

- 1) Adopting the Programme as the policy level most pertinent for anchoring a performance-based delivery system;
- 2) Choosing outcome indicators as a realistic proxy for policy achievements.

The reasons are that ownership at Programme level is still relatively clear, and that the extent to which effects are imputable to a Programme remains acceptable. Therefore, it is reasonable to consider its outcomes. Other lower levels of analysis like, for example, interventions, where the causal link is likely to be stronger, could also be adopted. In addition, it is worth stressing that the performance system should be embedded in the Programme from its origin.

The performance principles could also apply at Project level, but this could be optional in a first approach to account for the different degrees of preparedness of the MA in this respect.

Finally, evidence collected by the study suggests that sanctions linked to the non achievement of objectives should be avoided. The causal link between a Programme and its effects can be considered to be good enough to make the assessment of the latter possible, but too loose if a system of sanctions is to be established in connection with the non achievement of objectives. Sanctions would in fact be too difficult to implement without incurring a major risk of obtaining counterproductive effects (e.g. conservative behaviour). However, sanctions for not complying with the new performance framework should be in place.

Recommendations

On the basis of the conclusions reached by the study, the following recommendations are formulated. A distinction is made between actions that contribute to establishing a new simplified performance-based delivery system for Cohesion Policy, and actions helping the new system to work properly.

I / A new set up for a result-oriented policy delivery system:

- Foster a real strategic and political debate on Cohesion Policy at EU level, by **setting up a “Cohesion Council”** (on the model of the Competitiveness Council for example) and **focusing the attention of the European Parliament on results rather than compliance.**
- **Minimise compliance with procedures** and bring about simplification. Error rates should have a higher tolerance and simplification of costs must be decisively introduced (e.g. flat rate, standard costs).
- **Establish a measurement and evaluation system at Programme level** which relies on two equally important activities (one cannot work properly without the other):
 - *Quantitative assessment of the progress of the Programme* based on three categories of indicators: input-output-outcome. Input and output indicators are seen as milestones towards outcome indicators. They are used according to the different implementation phases (specific emphasis on input at the beginning; during the first phases of the Programme input and output serve as a proxy of achievements; in the final phases outcome indicators are taken into account). Input indicators should be defined according to standardised categories of expenditure. A few output indicators and very few (one to two) outcome indicators are defined at Priority level. Input and output indicators are inferred from data in the monitoring system; outcome indicators are elaborated on the basis of standardized statistical or other sources (e.g. surveys). Some output indicators are *common* to all Programmes to enable comparability at national and/or EU levels. Targets shall be set for some outcome indicators. These targets can be revised during the programming period, provided changes are justified and recorded. All the features characterising the indicator system and its monitoring are laid down in a “monitoring protocol”. As an option, it is possible to establish an incentive scheme if specific conditions are fulfilled. The European Commission provides methodological guidance on how to define appropriate indicators and targets, and how to establish a performance-based incentive scheme.
 - *Assessment of the Programme’s achievements* mobilising evaluation activities. It takes on board evidence produced through quantitative assessment and accounts for it. Milestones for this activity are defined at EU level, for example when 30, 70 and 100 percent of the Programme have been allocated. Methodological guidance on the choice of appropriate evaluation methodologies is available at European level.
- **As an option, run a monitoring system at Project level** respecting the principle of proportionality. Performance indicators would be input, output and outcome indicators. They would be Project-specific except for some output indicators that are *common* to other similar projects and are defined at national and EU level. Targets would be set for output and possibly outcome indicators. A technical assessment

report would be submitted to the MA at the end of the Project. Some MAs might want to experiment incentive mechanisms at Project level.

- **Adopt a system of conditionalities** whereby access to fund is conditional upon the establishment of a monitoring and evaluation framework designed along the above guiding principles.

II / Measures necessary or useful to make the new set-up work

- **Communication and transparency**

The results of evaluation must be made public and disseminated. A dedicated web platform managed by the EC could make all the evaluation reports for each Programme available. Programme evaluation should contain an executive summary translated at least into English. Evaluation results should be released synchronically across countries and regions so as to increase their impact on public opinion, and foster some reputational incentive. The media would be alerted about the existence of a (new) result-oriented system and the availability of new data.

- **Budget implications and legal enshrinement**

In the context of tight budgetary constraints, resources need to shift away from compliance assessment towards results analysis. The new result-oriented framework should be enshrined in Cohesion Policy regulations. For example, performance management and communication plan dealing with the indicator system, reporting, evaluation, etc., should be made compulsory at Programme level, with dedicated resources. The capacity of the MA to fulfil these duties could be the object of ex ante conditionality. If the rules are not respected, a sanction should be envisaged.

- **Programming**

As an essential prerequisite for focusing on results, every Programme should concentrate on a limited number of priorities (e.g. maximum three for the Competitiveness and Employment objective, and five for the Convergence objective). A balance should be struck between the need to keep the number of objectives down to allow effectiveness and that of pursuing multi-sectoral strategies that are typical of an integrated place-based approach.

- **Partnership**

The performance management plan and the indicator system have to be set up in a participatory manner, involving all stakeholders concerned. This is crucial if the performance assessment process is not only to yield interesting analyses of performance evolution, but also to ensure the commitment and active participation of the actors involved.

- **Peer review**

A community of practice and knowledge has to develop around the issue of a (more) result-oriented delivery system. Networking and the exchange of good practices (especially in evaluation studies and research) among policy-makers at regional and national levels should be stimulated by the EC. One possibility is to build on the current experience of the Expert Evaluation Network set up by the EC.

- **Independence and the credibility of evaluation**

Each MS shall formally identify a national body in charge of the quality of the evaluation at Programme level. It could be an independent evaluation agency set up from scratch or it could be a unit located within an existing authority, depending on the institutional set up of the MS. Actual programme evaluation could be the

responsibility of a team of experts from the regions and from other regions, as well as from other countries. The quality criteria used by the national body for checking programme evaluations shall be set at EC level. Every year the MS shall report on the quality of the exercise performed, verifying the reports and identifying strengths and weaknesses, as well as good examples.

- **Role of the European Commission**

The European Commission shall be perceived (again) as a partner of the national and regional authority, spurring innovative behaviour and directing attention towards results rather than implementation. For this, it should provide guidance on quality standard and methods, and ensure that adequate administrative capacity is mobilised in MS. Examples of specific concrete actions it could adopt comprise:

- When assessing “contracts” with MS, the Commission should verify administrative capacity not only during the implementation phase (managing, control) but also related to strategic planning (programming, evaluation);
- The Commission should ensure not only the existence but also the quality of programming documents at regional / national levels and set out minimum quality standards (e.g., existence of a coherent analysis, adequate monitoring system, etc);
- The Commission should provide substantial support in defining indicators, and in particular specific result indicators. It should make clear that result indicators reflect the specific strategy and expected changes of each Programme (common results indicators are not useful and could harm national/ regional ownership);
- The Commission should make a set of comparable data enabling context benchmarking easily available (for example in the context of the ESPON framework). This would help regional authorities establish specific strategies and define appropriate result indicators;
- The Commission should ensure the quality of evaluation by setting quality standards (e.g., by defining ex ante quality criteria, promoting peer review, rewarding best practices, rejecting low quality evaluations, etc) and providing methodological guidance. It should also encourage open and competitive markets for evaluation across Europe;
- Finally, in case a system of performance reserve is adopted, the Commission should make clear to MS and regions that milestones are just “proxy” of target achievement and not objectives in themselves.

Overall, this requires reinforcing the technical capability and human resources in DG REGIO (Directorate-General for Regional Policy).

- **Role of the European Parliament**

The core of the Parliament’s control activity must concentrate on the results achieved rather than on issues linked to compliance. In order to do so the EP should make use of its prerogative as interlink between the citizens and the institutions by foreseeing two of the most innovative aspects of the new performance framework:

- 1) Set up a regular forum for debate of results: this could take form of a regular REGI committee meeting dedicated to this aspect (i.e., once a year), an agora (i.e., every two years) or taking a more inter-institutional approach e.g. in form of a common meeting with the Committee of the regions.

- 2) Make regular and more systematic use of current and future documentation of results.

It should in particular promote the project of an (inter-institutional) database/online platform where data and evaluation reports are made available to both citizens and policy makers in a timely fashion. In order to realise these and other innovations put forward in this study, the EP should use its role as co-legislator to ensure that such innovations are properly included in the post-2013 regulations.

- **Role of other EU institutions**

The Committee of the Regions has to provide room for the debate and the involvement of stakeholders such as towns and regions. Furthermore, it has to stimulate learning and the exchange of lessons within the EU and help the European Parliament and the European Commission in publicising and making transparent evaluation. More in details:

- The Open Days event should have a specific thematic section regarding the performance and evaluation of Programmes. This would help building a “community of practice” among consultants, academics and public officials engaged in Cohesion Policy.
- The CoR should play more “technical” role. It already collects opinions and insights from the Regions and Towns but most of its consultation regards high political issues. The same could be done for specific technical issues related to performance.

Overall, if the above considerations are taken on board, the main features characterising a future performance-based delivery system for Cohesion Policy could look like those in the Table below.

Table 2. Scenario for a future result-oriented delivery system for Cohesion Policy

Project/Programme management cycle	Scenario for the future
Defining objective	<ul style="list-style-type: none"> • Concentration on few objectives in relation to Europe 2020 • General objectives at EU level, more operational and detailed ones at national and regional levels
Identifying indicators	<ul style="list-style-type: none"> • Defined at the Priority level • Input (in line with standardised categories of expenditure), output, outcome • Few output indicators, very few outcome indicators (one or two) • Some output indicators are common to all EU programmes, others are specific to the Programme • Participatory process of identification
Setting targets	<ul style="list-style-type: none"> • Targets set for some outcome indicators • Revisable • Participatory process of identification • Assessment by a third party
Reporting	<ul style="list-style-type: none"> • Input and output indicators from the monitoring system, outcome indicators from statistical sources or surveys
Monitoring	<ul style="list-style-type: none"> • Establish a performance monitoring protocol providing for the main rules and features of the monitoring system • At Programme level. As an option, also at Project and intervention levels. • Provides quantitative evidence for evaluation
Evaluation	<ul style="list-style-type: none"> • At Programme level. As an option for single interventions too • Ongoing. Also ex ante and ex post • Set up of national body in charge of ensuring evaluation quality • Ongoing evaluations carried out in relation to the financial absorption of the Programme: 30-70-100 percent. • Mandatory performance management and communication plan • Independent • Combination of methods (triangulation)
Incentive mechanisms	<ul style="list-style-type: none"> • Possibility of establishing an incentive mechanism at Programme level if specific conditions are met (optional) • Compulsory conditionality system: no access to funds if a performance framework is not set up
Facilitating actions	<ul style="list-style-type: none"> • Institutionalised public debate formats • Online platform making monitoring data and evaluations available to citizens and policy makers • Continue Evaluation Expert Network and/or similar networking initiatives

Source: Authors

This scenario adopts several proposals recently made to reinforce the result orientation of Cohesion Policy. In particular, it agrees with the proposal of focusing on outcome indicators and adheres to the methodological guidelines the Commission put forward in order to facilitate the identification and quantification of such indicators.² At the same time, it departs from the steps most recently taken by the EC³ by advising not to make a system of performance reserve compulsory at EU level and to rather adopt conditionalities focused on the establishment of a performance framework. It also assumes that a deep cultural administrative change is required that can be fostered through opening up public debates about performance and the politicisation of the performance assessment process.

² European Commission (2011b).

³ European Commission (2011e).