

Social tracking methodology for the EU budget

The [full study](#) examines the evolving approach to tracking the **effectiveness and impact of social expenditure** from the EU budget. In the last decade, there has been a **shift toward performance-based budgeting**, putting the emphasis much more on the outputs and results of expenditure programmes. Despite these changes, ascertaining whether policies are achieving their underlying goals and contributing to the realisation of the European Pillar of Social Rights (EPSR) remains difficult. This study analyses the strengths and weaknesses of the current system for monitoring and evaluating EU social spending and proposes improvements.

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Background

Monitoring and evaluation are essential in public policy because they enable decision-makers to check whether a policy is being implemented as intended. In the past, monitoring was principally concerned with checking whether money had been correctly used – essentially a financial control function – but for the 2014-2020 multi-annual financial framework (MFF), a greater emphasis was placed on using a wide range of indicators to track progress. However, supplying these indicators led to a heavy administrative burden, with the result that a less demanding system was introduced for the 2021-2027 MFF. For the Recovery and Resilience Facility (RRF), a different approach, focusing on milestones and targets (M&Ts), was adopted. To trigger payments, recipients of funding have to show that they have achieved the M&Ts agreed as part of the funding decision.

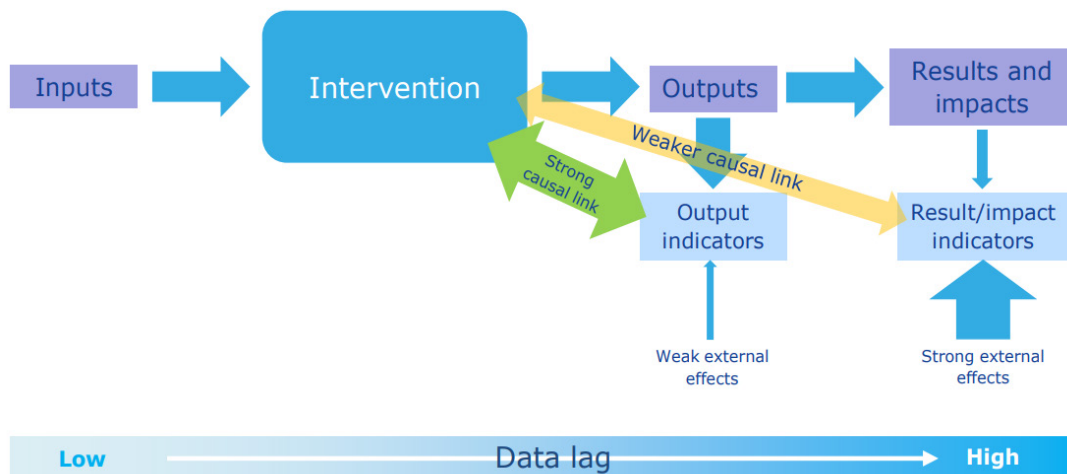
These developments have meant **more scope for monitoring the direct outputs** generated by EU spending, but they provide **only limited information** on whether the policies funded are producing the desired results (the term ‘outcomes’ is also used in the literature) or leading to the societal impacts sought by policymakers.

Key findings

1. The approach to monitoring spending funded by the EU budget has undoubtedly improved, but still has shortcomings. These derive in part from problems intrinsic to measuring the effects of EU policies, but are also affected by how performance-based budgeting is interpreted.
2. In social policy, the challenges of tracking are accentuated for two reasons. First, social transformations tend to occur relatively slowly, making it hard to detect change as indicators often signal change only with a **time lag**. Second, EU interventions are often only a small part of **aggregate public spending on social policies**, making them hard to separate from the effects of national policies.
3. There is no easy way to redress this and even where an impact can be discerned, it cannot be confidently assumed that it is a consequence of the policy: **correlation is not causality**, and expectations about the reliability and value of information that can be obtained should remain realistic.
4. Yet it is important for policymakers to be clear on what they are trying to achieve. For this reason, a crucial concept is the **‘logic of intervention’** – a narrative that explains the problem to be addressed, how the proposed policy will make a difference and what results and impact to expect.



System view of an initiative



Source: Better Regulation Toolbox (European Commission, 2021a), p. 361.

Conclusions and recommendations

Nevertheless, several improvements could be made to enhance the quality of social tracking:

1. Efforts should be made to achieve **greater coherence in the definitions of key concepts and indicators** by ensuring, as far as possible, consistency in definitions.
2. More and better use should be made of **existing administrative data**, thereby reducing the data collection burden.
3. **Regional and local actors** should be better engaged in the monitoring and evaluation process, and encouraged to help identify territory-specific indicators. More use should also be made of **qualitative assessments** to judge whether programmes have positive effects, even if they cannot be precisely quantified.

Mainstreaming could be a complementary means of ensuring EPSR goals are realised, as already put in place for action on climate change and for fostering gender equality. Building on the current debate about the establishment of an EU social taxonomy, the approach could be vertical and/or horizontal. The first is about **guaranteeing that EU-funded social spending is compliant with common EU social objectives**. The second concerns **making sure that non-social EU spending does not significantly harm EU social objectives**. While neither approach can provide an ideal solution, both have the potential to be developed as bases for social mainstreaming.

A pilot study to test whether **theory-based monitoring** (as opposed to ex post evaluation) can add to the tracking toolkit is also recommended. In this regard, monitoring is the crucial word because it is about **finding evidence while a programme is in progress**, rather than long after it has been completed. The ideal test case would be one of the social interventions in the RRF. The exercise would require a clear articulation of the logic of intervention from the perspective of the European Parliament, as both a budgetary authority and policymaker. The aim of the exercise would be conceptually different from the monitoring undertaken to ascertain whether a policy is meeting its milestones and targets, because the emphasis would be on ‘what works?’, not on ‘has there been enough progress to trigger the next payment?’. The results would be fed into the mid-term review of the RRF and, if the trial proves to be successful, could be extended to other policy areas.

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