

Towards a performance based delivery system in EU Cohesion Policy?

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Public Hearing

Moving towards a more result / performance-based delivery system in Cohesion Policy

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[1] Performance in the context of Regional Policy

Should show that the targets proposed by the policy are supported and achieved effective and efficient.

To justify the continuation of EU Cohesion Policy funding in a time when all member states are under severe fiscal pressure requiring cut-backs in domestic expenditure programmes and higher taxes.

[2] The problem

The direct evidence that Cohesion Policy expenditure has produced an acceptable rate of return is weak.

[3] Complicating factors

[3.1] Complexity of the EU Cohesion Policies

Targets and regional coverage changed over time

Huge number of different intervention areas and measures

[3.2] Uncertain knowledge

Knowledge of how the economies of regions develop is

- rapidly evolving, and**
- short of robust empirical findings**

[3] Complicating factors

[3.3] Difficulty of defining the policy “counter-factual”

Standard technique is to measure impacts of Cohesion Policy actions by using models to construct counterfactual “no-CP” scenarios.

This is fraught with problems!

[4] Methods used so far

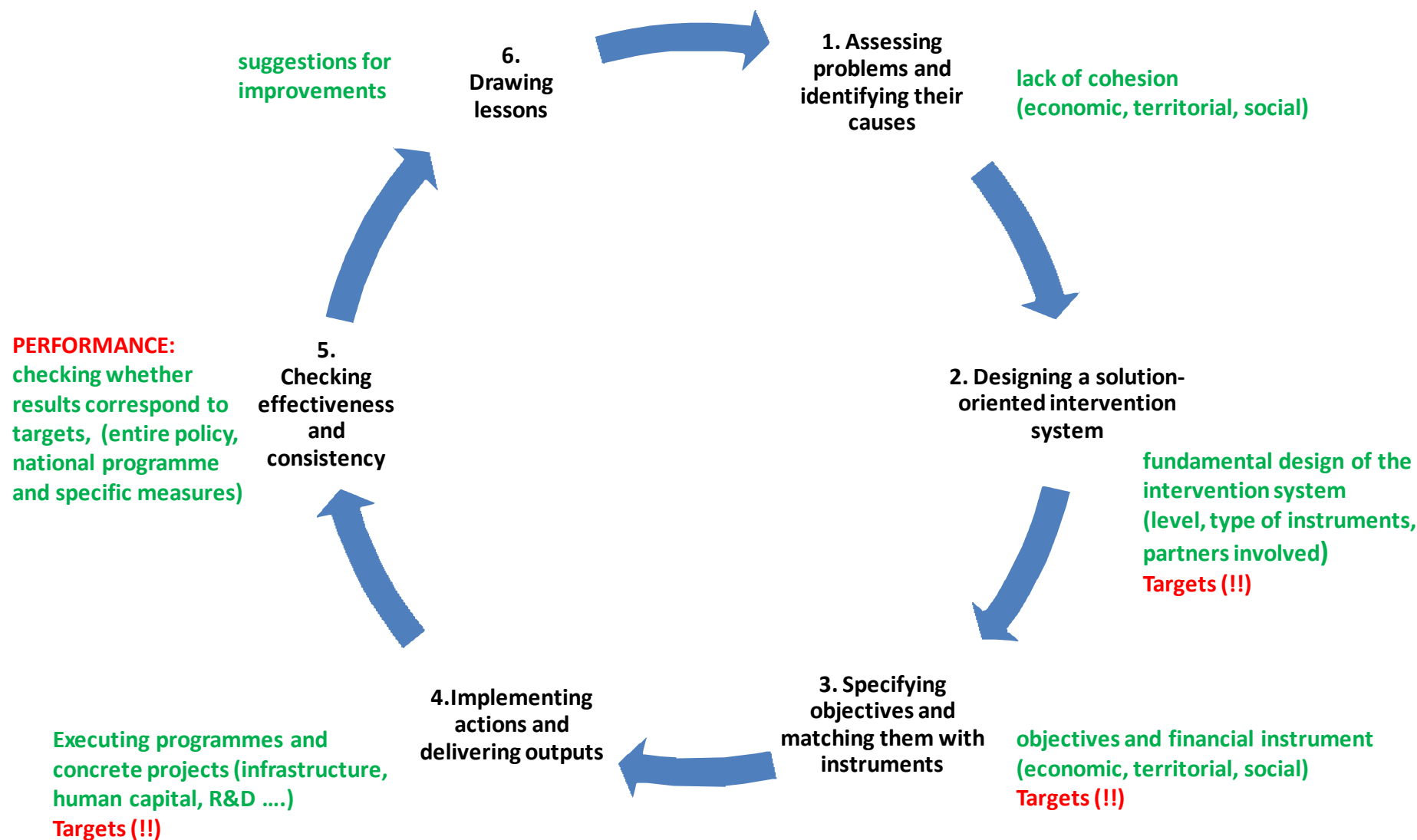
[4.1] Entire programme for Member States

- Macro-economic models (QUEST, HERMIN)
- Single equation growth regression (Barro-type)

[4.2] Single measures within an Operational Programme

- Matching (control group approaches)
- Interview
- Monitoring

[5] Policy cycle and a performance based delivery system



[6] Defining targets

Defining targets and setting of target values (outcome) is extreme difficult

EU Policy and national programme:

- EU-level: Reduction in income per capita across Member States
- National-level: Growth in income per capita

Priorities and measures:

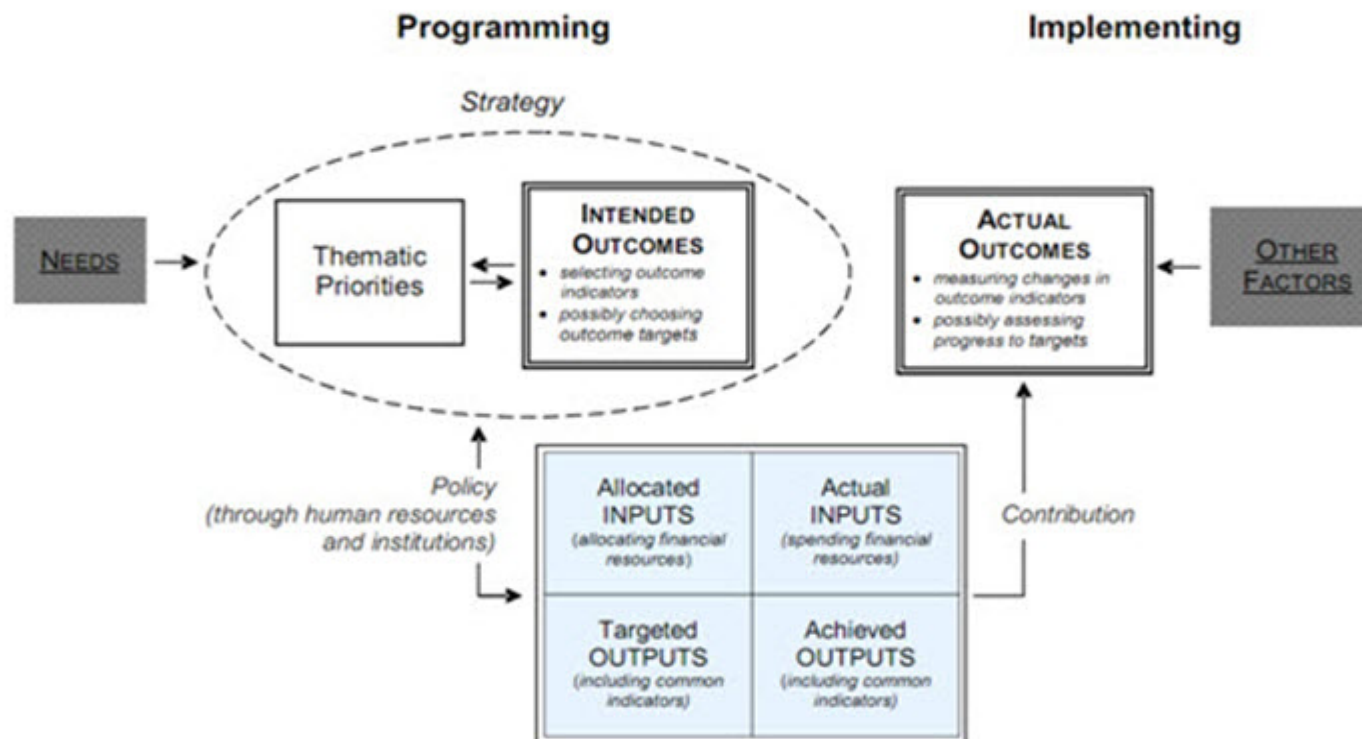
- National level: Enhancing R&D, Reduction of travelling time etc.
- Measure level: Number of additional patents, reduction of CO2 etc.

Actual:

No comparable data across Member States available and the few targets that are defined are influenced by external factors

[7] Outcome and other factors I/II

Figure 2.1: Barca and McCann, 2011: Cohesion Policy - Input, Output and Outcome Framework



[7] Outcome and other factors II/II

Figure 2.2: Barca & McCann re-scaled to represent driving forces of cohesion processes



[8] Consequences and conclusions

- Measurement of performance has to disentangle the impact of Cohesion Policy from all other factors influencing the outcome
- Evaluation of the effectiveness of a programme, a priority or a measure has to take this into account
- Simple comparisons of observed outcome and expected outcome will regularly be mis-leading
- In the short-run the effects of an intervention are often not visible and measurable (infrastructure investment, human capital investment or R&D investment)
- In addition, there is a significant time-lag until data are available
- Extreme difficult to judge the effectiveness and efficiency of a programme in the short-run or to base a reward / punishment mechanism on outcome comparisons

[8] Consequences and conclusions

- **Moving towards a performance based delivery system is welcome**
- **Compared to the actual period this is a logical next step**
- **Within such a system addressing the problems and identifying their causes becomes even more important**
- **Outcome targets have to be addressed very carefully**
- **Evaluation has to be much more rigorous, especially at the micro or measure level. DG Regio's approach to use counterfactual approaches is pointing into the right direction. At the macro evaluation level working with counterfactuals is usual.**
- **During the period of support much more emphasis should be given to implementation of the measures.**
- **Cohesion Policies are designed to have long-run impacts, but these can occur only when the implementation is done effective and efficient.**