



The project titled INCASIS – Institutional Capacity for Assessing the Impact of Structural Funds aims at transferring, further developing and putting into practice methods to evaluate the true effectiveness of the Structural Funds.

The overall aim of the project is to support regional development and strengthen cohesion by optimising the use of the Structural Funds. Specific objectives include efforts to improve the institutional capacity of regions and administrations in the area of evaluation of projects financed with these Funds and internationalisation of relevant activities in this area. These objectives will be achieved through fostering interregional cooperation, information exchange as well as the transfer of instruments and good practices, the development and implementation of new approaches, policies, instruments and their promotion throughout the regions and public opinion at large.

The INCASIS partnership is formed by public bodies (regional authorities) and other organisations in the public domain (regional development agencies, universities, associations). Partners originate from all INTERREG IIIC zones and from both new and old EU Member States. Diverse expertise brought in by the partners as well as their different stages of development in terms of approaches and instruments used for evaluation complement one another, while the quality of their knowledge contributes to a synergic effect.

INCASIS provides participating regions with a set of policies and tools to conduct evaluations that are not only effective and comprehensive but also comparable with other regions and useful for developing regional policies. In the long run, INCASIS contributes to making the Structural Funds more effective and thus supports regional development and cohesion.

# EVALUATION OF PUBLIC INTERVENTIONS - REGIONAL PERSPECTIVES

edited by

STANISŁAW MAZUR

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 INTERREG IIIC

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# EVALUATION of Public INTERVENTIONS – REGIONAL PERSPECTIVES

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STANISŁAW MAZUR

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# INTRODUCTION



# INTRODUCTION

In recent years, a number of important research and implementation projects have been completed. They served to develop the capacity of regional administration to evaluate the impacts of the Structural Funds and were founded on the belief that without the skills necessary to conduct such evaluation the spending of those funds would be less effective and less efficient. This, in turn, would have translated into a low dynamics of modernisation and limited development opportunities for local and regional communities.

At present, we are about to commence activities for the 2007–2013 programming period, which appears to be a good opportunity to pose some difficult, yet vital questions. Did we succeed in building the institutional potential of regional authorities to perform a reliable evaluation of how effectively the Structural Funds were utilised? Do we know how to translate the conclusions that follow from evaluation into decision-making processes involving the spending of those funds? Can we objectively assess the effects that have been achieved thanks to the Structural Funds already spent? These are just a handful of such key questions.

The book titled *Evaluation of the Structural Funds – A Regional Perspective* constitutes an attempt to answer these questions and is token of our intention to share the reflections offered both by those involved in the project Institutional Capacity for Assessing the Impact of Structural Funds as well as by external insightful observers and researchers working in the area of interest.

The publication also expresses the Authors' belief in the need to develop an evaluation culture that constitutes the sine qua non condition both for the design of appropriate forms of public interventions based on the Structural Funds and for the evaluation of the actual impacts of such interventions. Indeed, the postulate to develop an evaluation culture significantly exceeds the scope of praxeological considerations related to the "technical aspects" of the evaluation of public interventions and belongs to the sphere of axiological reflection on the quality of governance.

We intend our publication to be a voice in the critical and much needed debate on the evaluation of the Structural Funds. It is based on our observations and analyses that we have had the opportunity to pursue as part of the project Institutional Capacity for Assessing the Impact of Structural Funds, in which we have been involved for over two and a half years with ten partners representing both the new and old European Union member states under the Interreg III C programme. The partnership includes the Malopolska School of Public Administration, Cracow University of Economics (Lead Partner), Cracow Marshal Office, Zala County Non-Profit Development Company, Vilnius City Municipal Government, Development Italy Marche Region, Finlombarda L.t.d., Kaiserslautern University of Technology, Langhe Monferrato Roero Consortium, Local Development Agency, and the Asturian Federation of County Councils and Municipalities. Our publication is, to a large extent, related to Poland's solutions and practices, however, we have included in it a number of vital contributions stemming from the debates conducted among the project partners. This means that despite the absence of a direct mention of individuals from partner institutions, they have made considerable contribution to this publication and have had an impact on its final shape. Our project activities focussed on the formal and legal basis for evaluation, the research methods, the human and material resources necessary for its effective discharge and internationally adopted solutions that serve to disseminate the knowledge in this field. We have tried to answer the question as to the actual capacity of European regions to evaluate the effectiveness and efficiency of undertakings co-



financed by the Structural Funds. We also wanted to identify the principles, solutions and mechanisms related to evaluation, which can be deemed useful and methodologically sound. These examples constitute the focus of our dissemination activities undertaken as part of our project as well as the basis for the development and implementation of new, practice-oriented instruments for the evaluation of interventions co-financed by the Structural Funds.

The publication *Evaluation of the Structural Funds – A Regional Perspective* consists of nine major parts. Part one, titled “Evaluation in the public policy cycle”, offers a comprehensive discussion of changes in the fundamental nature, aims and functions of evaluation activities related to public programmes. The description of such evaluation includes not only the changes in the sphere of perception of rationality of public programmes and projects, but also indirectly touches upon the changes in the philosophy behind the perception of the objectives of public interventions. Part two, “Functions, stages, methods and tools of evaluation”, describes the functions and stages of evaluation as well as the most frequently used methods and instruments for its performance complete with the description of its specificity and indications of the practical possibilities of their application in the process of evaluating public interventions. The chapter titled “European Community’s formal and legal grounding of evaluation” presents fundamental legal regulations for the evaluation of the Structural Funds. It discusses both the Community regulations and the legal solutions adopted in Poland. The next chapter, “A System for the evaluation of the Structural Funds in Poland”, contains a comprehensive overview of institutional solutions adopted in Poland with respect to the evaluation of the Structural Funds complete with a number of important practical observations. The issue of a review and evaluation of the effects of regional policy constitutes the focus of the chapter titled “Evaluating the effectiveness of regional policy”. Its Authors raise our awareness of the fact that evaluation of regional policy is deeply rooted in economic theory as well as encourage us to take a comprehensive look at the issue. The next chapter, “Business innovation audit as a tool for the monitoring of innovation in the economy”, offers an original methodology for the ex-ante evaluation of projects competing for financial support from the Structural Funds allocated to the development of a modern and innovative economy. A description of the process of evaluation of regional operational programmes can be found in the chapter titled “Ex-ante evaluation of regional operational programmes in Poland – A Handful of observations”. This part of the book comprises methodological and content-related reflections on the regional operational programmes offered by experts who participated in their evaluation. Subsequent comparative chapters provide descriptions of institutional and methodological solutions as well as sample valuable solutions in the area of evaluating structural projects in selected European Union member states. This part of the publication in particular was built on the information collected by partners participating in our project. Thanks to their commitment and efforts we were able to gather interesting data and information, which were included in this part of the publication.

The target audience of this book is quite broad and includes those who deal with both the practical and the theoretical aspects of evaluation. Accordingly, our publication is intended for the employees of public institutions, mainly regional and local governments. Another circle of potential interest involves the staff of institutions of higher learning, students and staff of consultancy institutions involved in the evaluation of the Structural Funds. We would also like to mention the third category that comprises journalists, who demonstrate more and more interest in this subject area.

EVALUATION of Public INTERVENTIONS  
– REGIONAL PERSPECTIVES



# CHAPTER I

## EVALUATION IN THE PUBLIC POLICY CYCLE

JAROSŁAW GÓRNIAK

### 1.1. Evaluation and public policies

The concept of evaluation has acquired enormous popularity in recent years, especially in the new Member States of the European Union. The first wave of applicability of evaluation and a scientific interest in its impacts, subject matter and methodology can be traced back to the 1960s. At the time, they predominantly involved highly developed countries, such as the United States, Canada, Germany and the United Kingdom. In line with the implementation of structural programmes in EU Member States, new methods of programme design, management and evaluation gained in popularity. These new methods reached Central and Eastern Europe through pre-accession and structural programmes as well as through programmes financed by American funds. In the context of the subsidiarity principle applied widely in the European Union, not only central governments, but also regional and local structures have become a significant subject of public policies. Within their respective spheres of activity, they respond to challenges by implementing regional and local policies, programmes or individual projects. Such actions should always be accompanied by analyses and evaluations of what has been achieved.

What is, then, the current definition of evaluation? The understanding of this concept is by no means uniform, which results, among other things, from the variously defined functions of this process. For the purposes of this chapter, evaluation will be broadly and pragmatically conceived as a process that aims to determine, based on appropriately collected and processed information, to what extent a given solution (e.g. a public intervention, policy, programme or project) meets certain pre-defined criteria, including, in particular, to what extent it has achieved the aims it was originally meant to achieve and what relationships there are among the inputs, outputs and outcomes of this solution. Evaluation thus conceived becomes part of a sequence of activities related to the development of public policies (programmes or projects), called the public policy cycle. Evaluation completes this cycle by contributing expert knowledge on the completed programme as well as conclusions for subsequent undertakings.

In the public policy cycle (Fig. 1.1), evaluation constitutes not so much the final link in a chain of activities, but a binder that enables a constant improvement of policies, programmes and projects geared towards solving social problems. On such an approach, evaluation occurs only once in this cycle, i.e. where the ex-post evaluation takes place. Usually, this is where it actually occurs in the presentations of public policy cycles<sup>1</sup>. In the modified perspective of public policies adopted here, evaluation occurs three times:

- in the initial phase, when the analysis of adopted solutions is performed in order to review the potential capacity of an intervention to achieve its desired effects and the correctness of the structure of all its elements – called ex-ante evaluation,
- in the course of project implementation, especially in the case of complex undertakings with a long implementation period, where adjustments and corrections are possible and appropriate – called mid-term evaluation or ongoing evaluation,
- on completion of the project – ex-post evaluation or evaluation proper in the classical cycle of public policies.

<sup>1</sup> E.g. P. Bridgman, G. Davis, *The Australian Policy Handbook* (3rd ed.), Allen & Unwin, Sydney 2004.

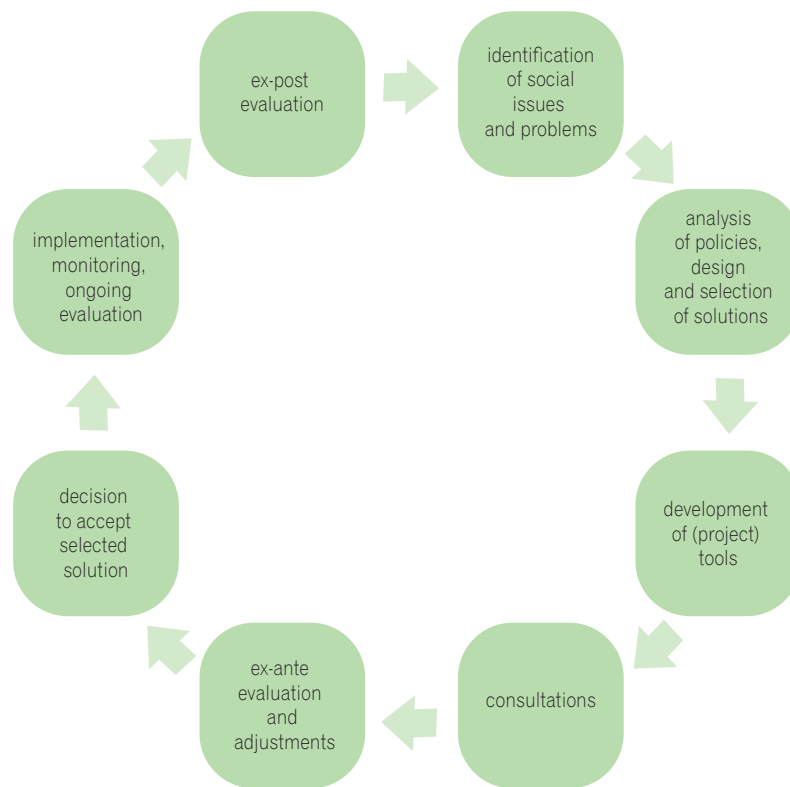


Figure 1.1. The public policy cycle

Source: Author's own analysis based on J. D. Brickmayer, C. H. Weiss, C. H., *Theory-Based Evaluation in Practice. What Do We Learn?*, "Evaluation Review", Vol. 24 No. 4, August 2000, pp. 407-431.

At each individual stage of project implementation, evaluation is tantamount to an examination and appraisal of a given programme using a relevant set of criteria complete with conclusions for the decision-makers. In the case of evaluations performed at various stages of the cycle, the focus of the process is different, but evaluation in its essence always entails the testing of a certain design of solutions. Here, it probably makes sense to analyse what lies at the heart of public interventions.

## 1.2. Evaluation as the verification of the theory behind the programme

Each public intervention, irrespective of its origin, is a manifestation of a particular theory since it is based on a hypothesis that, under given conditions, the undertaking of activities specified in the intervention project will lead to the achievement of particular objectives. Public policies are based on such causal structures. They are not always explicitly expressed, on the contrary, quite often they are concealed behind the objective formulation and the adopted modus operandi. As a matter of fact, the latter may be an imperfect operationalisation of the principal theory behind the programme. In order to conduct evaluation appropriately, one must first correctly understand the essence of the intervention under review, or the theory behind it. The theory behind the programme or underlying assumptions as to the causal relationships that hold between the planned or undertaken activities and their desirable outcomes, is usually accompanied by a set of beliefs regarding the best ways to implement a given intervention. The effects of such an implementation theory are the solutions adopted in the area of implementation structures (e.g. centralised vs. decentralised), management style, organisation of monitoring, financial audit etc. The recognition of the implementation theory that dominates in a group of

persons who design the intervention and decision makers leads to a better grasp of the policy or programme and to its more thorough evaluation<sup>2</sup>. Evaluation, especially ex-post evaluation, verifies whether in the light of the outcomes achieved by the programme the theory behind it can be upheld or deserves to be rejected. The concepts of activities that have been evaluated positively constitute the corpus of knowledge that improves the performance of all public policies. Indeed, the spontaneous process of verification always occurs one way or another, in the form of an outcomes assessment of implemented policies done by the public. Evaluation is a methodologically controlled and systematic means for such verification conducted by experts. Thus, by its very nature, it contributes to the legitimisation or delegitimisation of a given manner of governance with respect to its effectiveness.

Public policies are the consequences of initiatives and creative ideas of politicians associated with expert knowledge, rationalised activities of administration and limitations imposed by the external conditions. The objectives of public policies do not automatically follow from diagnoses offered by strict and objective analysts. The objectives are the results of political visions, development ideologies, an interplay of interests and political competition. Expert social diagnosis and the review of public policies should verify the appropriateness of such diagnoses and definitions of situations adopted by politicians, determine causal relationships, balance the resources indispensable for the activities and draw possible scenarios resulting from proposed actions. However, they invariably constitute only a measure of support for the politicians' initiatives. The ex-ante evaluation closes such a process of intellectual "fitting" of proposed solutions and offers an informed opinion about the chances of achieving a given set of objectives using a specified combination of resources. Ideally, the ex-ante evaluator should draw on the knowledge base accumulated in ex-post evaluations. Grounding one's activities in positively verified "theories behind programmes" increases the likelihood of success, although, owing to the changeability of operating conditions, it does not guarantee an ideal replication of outcomes.

Evaluation has a much higher falsification potential (the capacity to reject ineffective or outright counter-effective interventions) than the confirmation potential (the capacity to confirm that outcomes achieved are the effects of a given intervention, not of independent factors). In consequence, decision-makers approach evaluation with reserve. They prefer a prospective analysis of public policies (while evaluation proper is retrospective), based on theoretical concepts and expert knowledge, without being too closely bound by methodological procedures. Likewise, evaluators do not wish to remain restricted to the role of critical falsifiers and develop the concept of evaluation that is closer to the participants of the process of implementation of solutions, becoming, in effect, a self-reflection of intervention participants and beneficiaries on their role in the implemented programme and leads to a constant improvement of actions, moderated by the evaluators. Such concepts appear within the so-called constructivist trend or participatory evaluation, also called fourth-generation evaluation. Without negating the possibility of including all the stakeholders in the process of evaluation and the pragmatic value of such an approach, it should be remembered that evaluation might not depart from its very essence, i.e. the appraisal of potential and actual outcomes of an intervention.

### 1.3. Four generations or two paradigms of evaluation?

The term fourth-generation evaluation mentioned above comes from the typology of conceptions or rather an attempt at periodisation of approaches to evaluation offered by Egon Guba and Yvonne Lincoln<sup>3</sup>. They divide the history of evaluation into four stages called generations:

<sup>2</sup> See J. D. Brickmayer, C. H. Weiss, C. H., *Theory-Based Evaluation...*, op. cit., pp. 407-431.

<sup>3</sup> E. G. Guba, Y. S. Lincoln, *Fourth Generation Evaluation*, Newbury Park 1989.

– First-generation evaluations stress the measurability of inputs and outputs. Quantitative presentation of relevant phenomena was supposed to facilitate their comparability and an objective appraisal. Emphasis was placed on resemblance of standards to those applied in natural sciences.

– Second-generation evaluation, while still interested in measurements, broadened its scope to include the description of the practice of interventions in order to improve programmes and facilitate the use of alternative resources. In this generation of evaluations, just as in the preceding one, the evaluator is an external neutral observer who, based on scientific methods, supplies the data that support the conclusion as to the extent to which the programme's objectives have been achieved, with consequences for the entire programme.

– Third-generation evaluations, developed since the 1960s, arose in response to the need to obtain an objective appraisal of the programme. Evaluators should not only measure the programme's objectives and provide a description of its mode of operation, but also determine whether the objectives themselves were appropriately set. Thus, evaluators should assume the role of impartial referees and formulate impartial recommendations. The functions of evaluation were supplemented by their input into programme legitimisation.

– Fourth-generation evaluations have been postulated by Guba and Lincoln. The authors draw extensively on epistemological constructivism and suggest that the process of evaluation should secure full participation of beneficiaries and all the stakeholders involved in a given programme. The evaluator fulfils the role of a moderator in negotiations regarding the interpretation of information on the programme and the formulation of conclusions with a view to achieving a consensus. The objectivism of measurement and observation fades into the background, with the foreground occupied by reliability, relevance to the activities undertaken, the readiness to cooperate and commitment. Fourth-generation evaluations are dominated by a qualitative approach and emphasis is placed on identifying complex aspects of reality. The participation of all the stakeholders has become the key principle, although even the most determined proponents of this approach realise the problems inherent in its inclusion in pragmatic methodologies of evaluation<sup>4</sup>. Participation means that all the stakeholders (including the beneficiaries) take part not only in determining the information needs, the criteria and conditions for the performance of the evaluation, but also in the interpretation of data and the practical application of outcomes.

The typology of evaluation that leads to the singling out of the fourth-generation evaluation is subordinated to a subjectivist paradigm that does not recognise a number of problems, especially those that arise from power distribution, an interplay of interests as well as social and cultural perspectives.

The approach to evaluation that relinquishes aspirations to objectivism and performance measurement is based on an idealised social context of evaluation and does not appreciate the benefits of the "former" generations that it rejects. It may be more applicable to the evaluation of individual smaller-scale projects, particularly to self-evaluation, but its usefulness becomes limited in the case of complex programmes and policies, including regional ones. A discussion of numerous publications on this new approach falls outside the scope of the present study, suffice it to say that they are somewhat reminiscent of the debate between Romanticists focussed on an impulse to act and the Enlightenment's propensity to quantify everything. The constructivist school views evaluation as action research, or a form of activity that consists in a continuous improvement of projects implemented in cooperation, ideally a harmonious one, of all stakeholders. Certainly, the value of such an approach is that it focuses attention on the advantages of pragmatically conceived participation as well as the values that arise from qualitative insights gained into all the important aspects of programme implementation. On

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<sup>4</sup> See A. Gregory, *Problematizing Participation. A Critical Review of Approaches to Participation in Evaluation Theory*, (in: "Evaluation", Vol 6(2)/2000, pp. 179-199.

the other hand, it contributes to the fading away of the proper role of evaluation founded on the assessment of appropriateness of actions and the use of resources from the perspective of results achieved. Consequently, the functions of evaluator and consultant, or even an informal leader, become mixed.

#### 1.4. Towards a pragmatic compromise

It appears that the most reasonable approach to evaluation is offered by Patton in his well-known book *Utilisation-focused Evaluation*<sup>5</sup>. The author underscores the fact that “the main challenge of professional practice remains the performance of evaluations that are useful and are actually followed up”. Sooner or later, this approach will include participation as well, but it will not renounce the objective and comparative measurement and well-developed standards of research methodology in the spirit of multiplism, that is, mutual complementation and checks of results of diverse, both quantitative and qualitative, research methods. An accurate recognition of the theory behind the programme and an accurate identification of informational needs in such a context are crucial for the performance of a good evaluation. The inclusion of important stakeholders in the evaluation process should contribute both to a more profound insight into the programme and an understanding and acceptance of its conclusions.

A pragmatic approach to evaluation is also adopted by other well-known authors, Pawson and Tilley, who, in their vision of a *realistic evaluation* emphasise the identification of causal relationships that operate within the programme in order to answer the question why a given programme works (or does not work), who actually benefits from it and under what conditions. Obviously, the starting point must be the capacity to determine the effects themselves, as well as their causal relationships with the actions undertaken. To that end, all the available research methods should be used (methodological pluralism) in order to identify the structure, the people, their beliefs, based on which the programme is undertaken and implemented, including the beliefs as to what actually works, the social, economic and geographic-natural context, regularities that occur during programme implementation and, finally, the identification of changes that have occurred as a result of the programme and separating them from the impacts of other social factors<sup>6</sup>.

The European Commission, whose documents will not be quoted here owing to their general availability on websites, clearly advocates such a realistic and pragmatic approach. Methodological manuals emphasise the need to determine the effect of a given intervention in the process of evaluation. Especially important is the issue of proper measurement of programme outcomes, including the issue of correct application of indicators. Consequently, the main focus is put on quantitative and objective methods that offer the capacity to compare evaluation results also across EU Member States. Likewise, key importance is attached to the need to establish the net effect, or a change triggered directly by a given intervention, which may not be attributed to a spontaneous influence of other factors.

#### 1.5. Evaluation as the identification of causal relationships in a programme: The net effect

One of the key tasks of evaluation is to determine the causal relationship between the intervention undertaken and its observed results. The determination of a causal impact of an intervention requires the following:

<sup>5</sup> M. Q. Patton, *Utilization-Focused Evaluation*, 3rd edn, Sage, London 1997.

<sup>6</sup> See R. N. Pawson, Tilley, *Realistic Evaluation*, Sage, London, 1997.



- The measurement of the total effect of an intervention as a general change defined by its objective (changes at the level of performance indicators adopted),
- The separation of changes independent of the intervention from the changes that can be ascribed to the intervention (the net effect).

The determination of the net effect requires thus an estimation of what would occur if the intervention had not been undertaken. The European Commission Manual formulates this provision as follows:

“When we say that certain effects have been produced or caused by a given programme, it means that if the programme had not occurred or had taken place in a different form or extent, such effects would not have occurred or would not have occurred to the same extent. It means that it is important to have an accurate picture of what would have occurred without the programme. This is called the counterfactual situation”<sup>7</sup>.

Effects that would have occurred even if a given public spending programme had not been implemented (a counterfactual situation) are called deadweight effects. Moreover, the observations of intervention effects are also influenced by the substitution effect or the displacement (transfer) effect, which describe a situation wherein programme effects with regard to certain individuals, groups or areas have been achieved at the expense of other individuals, groups or areas. This kind of effect is very difficult to grasp. Let us add that its occurrence is more likely in a context where a given intervention invades an area subject to normal market competition instead of being confined to an area in which the market fails as a regulator. Interventions that disrupt market competition are generally ineffective in the sense that their net effects constitute direct subsidies to companies that turn their attention away from competing for customer favours and replace them with trying to win the favours of institutions that grant the public funds. Such an intervention bias may bring about the fall in the quality of what the entire business has to offer (which may shortly prove to be the case with the training services market, where the only training courses effectively offered will be those than can be subsidised, not those that would have been chosen by clients under the conditions of normal competition).

The emphasis on the establishment of the net effect clearly indicates the fact that evaluation is based on the foundations of causality. This requires objectivism and quantitative measurements<sup>8</sup>. However, the measurement of programme performance should be accompanied by a solid understanding of the project mechanism, of what contributed to its implementation and what hindered it. Consequently, such an explanation should include the feedback of the broadest possible group of stakeholders, including also qualitative feedback. Given the current “war of paradigms” seen in the area of evaluation theory, reasonable distance should be preserved and a pragmatic attitude should be adopted.

## 1.6. Functions of evaluation

Evaluation constitutes a natural element of each rational activity based on planning. It fulfils three basic functions<sup>9</sup>:

1. Accountability.

<sup>7</sup> *Evaluation of spending programmes of the European Union. The Manual*, The European Commission, p. 39.

<sup>8</sup> A more detailed discussion of the methodology of establishing net effects of an intervention falls outside the scope of the present chapter. One of the more popular techniques is the selection of control samples by propensity score matching. Methodological debates on the approach to research into causal effects of programmes are still underway. An excellent proof of this is, for example, the “duel of papers” between Heckman and Sobel in *Sociological Methodology* of 2005, which originated with an article by Heckman *The Scientific Model of Causality*.

<sup>9</sup> See e.g. E. Chelimsky, *The Coming Transformations in Evaluation*, (in:) E. Chelimsky, W. R. Shadish (eds) *Evaluation for the 21st Century*. London: Sage Publications, 1997.

2. Research (contribution to the body of knowledge).
3. Stimulating improvements and organisational development.

The above are the functions rooted in the normative approach to evaluation. Quite often, other actually implemented functions of the process are listed as well. Among them is the legitimising function, which consists in proving (or disproving) that the activities initiated by public decision-makers have been correct and socially useful and, therefore, the spending of public funds has been justified. The role of evaluation in the shaping of the democratic order and standards of good governance is also frequently mentioned, especially along such dimensions as effectiveness, transparency and accountability of public authorities<sup>10</sup>.

Further, the chapter will discuss in broader terms the three main functions of evaluation, and will also indicate the need for the construction of a meta-evaluation system and outline its functions. Subsequently, an outline of a project that addresses these challenges at the regional level will also be presented. Arguments will be put forward in favour of the crucial importance of evaluation for improving strategic management in public administration, in particular, its capacity to formulate clear objectives and measure effects of their activities, an accurate identification of causal relationships between public interventions and the social effects observed as well as improving other aspects of the programming process and the process of implementation of public policies to a greater public benefit.

One of the key conditions that facilitate the achievement of such effects is the close integration of evaluation into the process of developing and modifying public policies, leading to a situation in which decision-makers will view evaluation studies as a valuable and necessary source of information about the effects of previous actions and likely consequences of future actions. It requires the legitimisation of evaluation studies by their high standard of methodology, professionalism and objectivism, but by itself does not constitute a sufficient condition. What is needed is the institutional capacity of decision-makers to verify these standards, and also to aggregate, analyse and synthesise the results of evaluation of various projects and programmes in order to transform them into a kind of knowledge useful in the process of designing other activities and making informed decisions. These tasks should be fulfilled by appropriate centres that specialise in meta-evaluation for decision-makers.

### 1.6.1. The functions of accountability and enforcing responsibility

Organisational units that order evaluations primarily owing to the formal requirements related to the final approval of projects and programmes, focus their attention mainly on its control and accounting function. Consequently, evaluation is often treated as one more form of inspection. This occurs especially frequently in Poland, where inspections understood as checking whether the implemented actions and the spending of funds stand in agreement with the initial assumptions and procedures, are a well-known institution integrated into the bureaucratic organisational paradigm, whereas evaluation is a relatively new notion.

It is a well-known fact that evaluation is not limited to the review of utilisation of resources, although such an approach is evident in a number of reports on programme implementation that pretend to be evaluations, an occurrence quite common in Poland at a number of levels of state and local government. Such reports tend to be dominated by analyses of allocation of resources. For example, the achievements (outcomes) of programmes geared towards improving public safety tend to be presented in terms of increased spending on the police or increased number of patrols, not in terms of actual crime figures or the public perception of security, whereas the effects of inclusion programmes tend to be measured in terms of the numbers and amounts of benefits paid out, instead of changes in the values of social exclusion indicators etc.

<sup>10</sup> A discussion of the functions of evaluation can also be found in Chapter II.

Accurate performance measurement is necessary in order to discharge the accountability function of evaluation (and others as well). Performance measurement constitutes an integral component of performance management, which is more and more readily adopted by public administration with a view to improving the effectiveness and innovativeness of their actions. Proponents of the so-called new public management have no doubts: in order to enforce accountability for the spending of public funds in accordance with the public interest, it is necessary to establish performance measurements of public activities based on clearly defined sets of indicators. Picciotto emphasises that “effective management of public policies requires a full understanding of the linkages between inputs, outputs, outcomes and impacts<sup>11</sup>”.

Each of the elements listed by Picciotto must be accurately measured, which means that an appropriate set of indicators for inputs, outputs, outcomes and impacts must be established. Performance management is based on describing results in terms of effects of activities (outputs, outcomes and impacts), setting the target effect levels, measuring these effects using sets of performance indicators, accounting for the effects in relation to the resources committed and, in consequence, allocating resources based on performance information<sup>12</sup>. Performance measurement constitutes the basis both for monitoring and evaluation, although it is monitoring that is interpreted as the proper manifestation of the concept. Monitoring is conducted on an ongoing basis and consists in checking on the progress of project implementation and, if necessary, providing the stimuli for corrective actions. Evaluation is performed at selected stages of a programme or project. It not only determines the actual extent vs. the planned performance, but is also supposed to provide feedback on the relevance of the intervention, its impact on solving social or economic problems that it was originally meant to solve, especially on determining the cause-effect linkage among the actions undertaken and their effects.

Good monitoring substantially facilitates evaluation by supplying the necessary data. Without good monitoring, evaluation usually becomes a costly and troublesome exercise with limited practical effects.

We are deeply convinced that only a good performance measurement of policies, programmes and projects can ensure effective and responsible spending of public funds. A good performance measurement based on well-defined indicators also opens the gate to the two remaining functions of evaluation mentioned above: the research and development functions, which will be treated in more detail below. Nevertheless, good performance measurement is not an easy matter.

Evaluators have long been engaged in a passionate debate concerning the relationships between performance measurement and the accountability function of evaluation. It was pointed out that performance measurement using indicators does not offer a solid grasp of the quality of evaluated programmes on account of the complexity of quality thus perceived, which represents human experience. In the opinion of the critics of performance measurement, quality cannot be reduced to sets of values obtained through more or less sophisticated measurements, which always lead to simplifications and, in consequence, to infringement on pluralism, which is an inherent feature of democracy<sup>13</sup>. Sharp criticism of the limitation of the accountability function to performance measurement is levelled especially from the post-modernist and anti-positivist standpoints geared towards treating evaluation as a method of social intervention and organisational change rather than an objectivised review of programmes, even using the term active evaluation<sup>14</sup>.

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<sup>11</sup> R. Picciotto, *Towards an Economics of Evaluation*, “Evaluation”, Vol. 5(1)/1999, p. 18.

<sup>12</sup> I. C. Davis, *Evaluation and Performance Management in Government*, “Evaluation”, Vol. 5(2)/1999, p. 151.

<sup>13</sup> See J. C. Greene, *The Inequality of Performance Measurements*, “Evaluation”, Vol. 5(2)/1999, pp. 160-172.

<sup>14</sup> H. Kuipers, R. Richardson, *Active Qualitative Evaluation. Core Elements And Procedures*, “Evaluation”, Vol. 5(1)/ 1999, pp. 61-79.

Criticism of emphasising performance measurement as a key element of the modern approach to public management can be supported with a number of examples of naive, sometimes even thoughtless use of performance indicators, bureaucratic monitoring and evaluation, which have made no significant contribution to public policies. Indicators are frequently treated formalistically. Quite often, they are simply copied from a range of models and manuals. In some programmes, they appear to fulfil a purely decorative function, being attached to them as separate parts devoid of clear logical links with the objectives. Their exact role sometimes remains unspecified. They may serve illustrative purposes, offer a general measurement of the programme's context rather than its effects, or maybe they are only there to meet the formal requirement contained in European Union's methodology manuals to include indicators in all programmes. It can be said that quite often the sense and place of indicators in the management of public projects is misunderstood, which results in the lack of understanding of the role of monitoring and evaluation.

One needs, then, to return to methodological basics. An indicator of a an observable or non-observable phenomenon or feature is another relatively easily observable phenomenon or feature whose presence helps us to detect with a sufficiently high degree of probability a given phenomenon, a given feature, as well as, if possible, determine its level. Therefore, indicators are not an independent elements of programmes, but serve to ensure effective measurement of its constituent elements: inputs, outputs, outcomes and their impacts on the social problems addressed.

It is also worth remembering that indicators may have different relationships to the attribute of reality that is the focus of their interest. An indicator may define the analysed phenomenon (e.g. unemployment can be defined in terms of the indicator used to measure it), it may be correlated with it (e.g. index of consumer goods owned by a household is a fairly good, although by no means perfect, indicator of the current level of household income, a still weaker one may be education). The phenomenon studied may also be a construct that remains beyond direct observation (e.g. citizen satisfaction) and must be measured indirectly using observable indicators (e.g. an appropriately constructed index based on a set of questions asked in a survey). Clearly, there is a broad range of options in the selection of indicators that can be used to measure programme aspects that are of interest to us.

Indicators are then only a direct or indirect means of determining the extent to which individual dimensions of an undertaking have been achieved. The problem with evaluation, or even more broadly, with the entire process of public programme design and management, does not follow so much from informational scarcity blamed on the indicators or from the fact that they cannot well reflect the quality of the programmes, but from the fact that they are often removed from the key aspects of the programme. To a lesser extent, this is the case with measuring inputs, which are governed by solid accounting principles and a well-mastered art of reporting on the activities undertaken. To a greater extent, the issue is related to measuring outcomes, which is the focus of the next sections.

The starting point for a well-designed system of indicators is to clearly define the objectives a given intervention is meant to achieve. It is enough to review various public programmes (and projects) to conclude that a clear formulation of objectives does not rank among their strengths. We will refrain from quoting examples, but they are not hard to obtain. Finding positive examples poses more of a challenge. An objective is a certain desirable state of affairs that should be describable in terms of clearly designated features called variables, unless, of course, it is a vague dream. A somewhat obtrusive and annoying habit is to describe programme objectives in terms of actions or even intentions. Accordingly, in programmes or projects under consideration we find formulations such as creating favourable conditions, undertaking actions for the benefit of, supporting etc., but there is a striking absence of a clear delineation of the desirable state of affairs that the intervention purports to attain. Consequently, if the

objective is vaguely formulated in terms of features of a future state, other elements tend to fail as well, such as exact definitions of concepts used in describing the objective and, finally, to return to the main problem, the absence of a translation of the objective into its measurable characteristics or indicators.

We readily agree with a number of reservations formulated by some evaluation specialists as to performance measurement, raised especially by the representatives of the constructivist school, who approach evaluation as a social intervention and practical organisational change. True, it is often difficult to grasp sufficiently well all the significant aspects of a programme evaluated using quantitative indicators. Therefore we are open to multiplism defined as the application of a number of research methods in order to obtain a comprehensive and in-depth insight into evaluated programmes<sup>15</sup>. Nevertheless, the criticism of the indicator-based performance measurement as an important element of evaluation seen in literature on the subject and among practitioners, but it should not divert our attention from the root of the problem, which is the low design quality of public policies and programmes. We are deeply convinced that it is necessary to emphasise performance measurement, which translates into the formulation of objectives for strategies, programmes and projects, in a clear, operationalisable manner or the design of a set of indices that permit evaluation to establish whether or not, or to what extent the programme's objectives have been achieved. This, in turn, imposes discipline on project designers and decision-makers, facilitates the assessment of rationality of resource allocation to the programme and compares the effects with those of other projects.

In practice, well-defined and operationalised objectives of strategies, programmes and projects constitute a prerequisite for carrying out a sensible evaluation, since the process itself as one of its core tasks focuses on the extent to which the objectives of a given programme have been achieved. Naturally, it should reach deeper to determine the linkages between the measures and outcomes, check whether the theoretical or quasi-theoretical assumptions underlying the programme have proved to be accurate, deliver expertise as to the causes of failures that may therefore prove to be a lesson well worth the money spent. Evaluation should stimulate changes in public policies, management and resource allocation. But what a well-performed evaluation can achieve relatively quickly is to improve the design standards of public undertakings, including the precision in the formulation of objectives. Even though we know a lot about it, serious programmes are still written and implemented without a proper logical project matrix, which is a technique that organises the thinking about objectives, indicators and monitoring, and, in consequence, of evaluation. This state of affairs needs to change.

Public programmes and projects usually tend to be associated with allocative activities, hence, by default, performance measurement and evaluation are treated likewise. However, regulatory activities are not treated in an analogous manner, such as the construction of acts, directives and other legal regulations, although their effects are generally measurable. The passage of legal regulations must also be treated as a project and, as such, must have clearly defined objectives and an associated system of performance measurement.

It is also worth commenting on the indicators themselves. The operationalisation of objectives of public policies is not easy. The simplest thing is to determine the expected project or programme outputs since they are direct, tangible or at least describable results of the activities undertaken. It is more difficult to measure the impacts of a given intervention on solving social problems that it is expected to address. A good model practice is the effort on the part of the European Commission concerning the indicators of social exclusion as part of the open coordination method of social policies. There is no room here to discuss the Laeken indicators adopted as part of this undertaking, but it is worth pointing out that the report

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<sup>15</sup> T. D. Cook, *Postpositivist Critical Multiplism*, (in:) R. L. Shotland, M. M. Mark (eds) *Social Science and Social Policy*, Thousand Oaks, CA: Sage 1985, pp. 21-62.

prepared by a team headed by Atkinson for the EU Social Protection Committee<sup>16</sup> contains an inventory of features that good indicators should possess as well as portfolios of indicators for individual domains of public policies. Below, follows a quote of the first three of them that performance play a crucial role in the process of evaluation of a public programme (which does not mean that others can be omitted):

1. An indicator should address the core of the issue and have a clear, normatively acceptable interpretation, i.e. changes in its value should be unequivocally interpretable as positive or negative.

2. An indicator should be representative and statistically credible, which entails the need to critically analyse the sources of data, the mode of their collection and the way measurements are constructed.

3. An indicator should react to political interventions, but remain impervious to manipulation.

The debate on the Laeken indicators now in progress demonstrates that the practical application of these principles is not easy, but first and foremost, the choice of indicators is a function of the definition of objectives of public policies, which means that it is a strictly political choice, although subject to methodological discipline. Hence the choice of indicators, especially those that determine the final impacts of a programme, may not be isolated from the political debate on the fundamental development objectives. To put it briefly and bluntly, it is the separation of indicators from politics that constitutes the source of incapacity of performance measurements and of evaluation.

Various levels of state and local administration produce diagnoses of states of affairs intended for their development strategies. Their authors overwhelm decision-makers with statistical data, that is, with indicators that have nothing to do with the ultimately adopted explicit or implicit objectives of interventions. Therefore, these diagnoses often have no weight whatever and are treated as a sort of decoration. The difficult task of developing and adopting sets of indicators for individual areas of public policies (solutions developed in the European Union will be partly adopted, but they will not satisfy all the needs) must be undertaken. Likewise, the involvement of public statistics in the collection of relevant data should be expanded, especially in the area of translating them into indicators adopted for public policies, sufficiently up-to-date to have a practical significance in the decision-making process. Alternatively, relevant surveys can be commissioned from reputable research institutions, but this option is not always feasible<sup>17</sup>.

### 1.6.2. The research function of evaluation: Accumulation of knowledge

In their classic article devoted to the conditions necessary for an effective implementation of public policies published in 1981, Sabatier and Mazmanian ranked the clarity and precision of objectives as first, a close second being an accurate definition of causal relationships between the actions undertaken and problems they are supposed to solve<sup>18</sup>. Undoubtedly, the primary conditions for an effective implementation find their confirmation in the functions of evaluation. The first one, clarity and accuracy of objectives, is supported by performance measurement, whose proper execution facilitates a clear and operationalised setting of objectives of public undertakings. The latter condition of effective implementation should be supported by the proper discharge of the research function of evaluation. One of the key tasks of evaluation,

<sup>16</sup> T. Atkinson, B. Cantillon, E. Marlier, B. Nolan, *Social Indicators: The EU and Social Inclusion*, Oxford University Press, Oxford 2002, see also *Report on Indicators in the field of poverty and social exclusion*, EU Social Protection Committee, October 2001.

<sup>17</sup> For a more detailed discussion of indicators in the context of evaluation, see J. Górniak, K. Keler, *Indicators of ex-post evaluation in public programmes*, which will be published in 2007 in a book devoted to ex-post evaluation prepared by the Polish Agency for Enterprise Development.

<sup>18</sup> P. A. Sabatier, D. A. Mazmanian, *The Implementation of Public Policy: A Framework of Analysis*, (in:) D. A. Mazmanian, P. A. Sabatier (eds.), *Effective Policy Implementation*, Heath, Lexington, Toronto 1981.

which sets it apart from ongoing monitoring, or more generally, from an assessment based only on performance measurement, is to determine the cause-effect relationships among the interventions undertaken and their social effects.

The determination of cause-effect relationships in public projects is difficult owing to the complexity of social issues and problems related to controlling the impact of contextual features on the results obtained. The classical positivist evaluation paradigm strongly advocated the application of quasi-experimentation as a key research plan that allows for the reduction of risk related to the incorrect determination of causal relationships among activities and their effects. Problems inherent in its application in the implementation of public programmes and the facility to fall into research formalism (the reduction of explanations to a statistical report on the significance of relationships among stimuli and effects without any insight into the transmission mechanism) have led to criticism of this approach. This indicated the need to ground evaluation in a theory of mechanisms that link actions with results and to the need to gain a qualitative insight into those processes related to the implementation of programmes or projects that decide on either their success or failure.

A reasonable approach in this context is not tantamount to an outright rejection of the achievements of the positivist paradigm. It only finds it to be insufficient for the proper fulfilment of evaluation-related tasks. The application of numerous research methods, both quantitative and qualitative (whether it be methodological triangulation or multiplism mentioned above, including the parallel use of different research approaches and a comparison of conclusions), which involves evaluations based on a theory or on a number of competing theories, does not at all undermine the advantages of research plans aiming at the determining of cause-effect relationships based on accurate and reliable measurements. Wherever quasi-experiment is technically and ethically possible as well as economically justified, it should be used. Wherever it is impossible, modern statistical techniques should be applied in order to model the influence of actions on the indicators of the intervention objectives with a statistical control of impacts of contextual features. Based on the theory of median range applied to a given intervention, we should construct models subject to assessment based on reliable and accurate measurements. Theories can be built and modified using material from qualitative surveys in the process of hypothesis modification.

Flaws and failures related in the past to the worldwide use of the positivist paradigm in evaluation should not constitute a comfortable excuse to abandon methodological discipline for the sake of an assortment of poorly controlled procedures, often described as qualitative, but having no actual regard for the methodology of research into evaluation. We still face the necessity to implement good research standards, including these understood in positivist terms. It will not be easy since it requires, among other things, better quality university courses in methodology, which train potential evaluators, first of all sociology, psychology and economics. To date, the issues related to evaluation research have been accorded only marginal coverage. Both among evaluation practitioners and researchers who deal with these issues, methodology of evaluation research is, in my opinion, marginalised, while the main emphasis is placed on the understanding of evaluation itself, its functions, institutional aspects and relevant applicable regulations, especially the recommendations of EU institutions. If evaluation is to do its job well, it must be based on high methodological standards, higher than those commonly accepted in the business sector.

In order for evaluation to fulfil its research function properly by collecting knowledge useful for improving the design of public policies and managing their implementation, it is necessary to develop its meta-evaluation base acting for the benefit of public administration. What we mean by meta-evaluation is both the collection, analysis and synthesis of knowledge contained in the results of a large number of related evaluations, and the evaluation of evaluation, i.e. the assessment of the quality of evaluations conducted with reference to appropriate professional



and methodological requirements. Both of the above elements open up the way to using evaluation in the process of learning and improving the processes of programming and implementation of public interventions. As Uusikylä and Virtanen correctly note, in order for evaluation results to be used to that end, three conditions must be fulfilled. These are:

- evaluation results must be generally comprehensible,
- their findings must be up to date, accurate and reliable,
- they must be factually and methodologically justified, as well as based on solid ethical rules for their conduct<sup>19</sup>.

Naturally, the preconditions for the subsequent utilisation of results of meta-evaluation based on the two pillars indicated above are the eagerness to use them by the decision-makers and exceeding the technocratic limitations by introducing them into public debate. Yet it is hard to encourage politicians and decision-makers in the area of public policies to utilise meta-evaluation since it is absent from current practice in Poland.

### 1.6.3. The development (formative) function of evaluation

Indicating the need to further utilise the results of evaluation (especially of meta-evaluation) by decision-makers, we refer to the third function of evaluation – stimulating change and improving public management. Classifications of evaluation often distinguish between summative evaluation and formative evaluation. In my opinion, they are just different functions of evaluation, although a special emphasis on one or the other may justify the use of those terms. What we call here the development function is subsumed under the main aim of formative evaluation, i.e. striving for programme improvement. Sometimes, in a similar context, the optimisation function is also invoked. It may be the case that emphasis put on the development and formative character of the process is present in ex-ante evaluations and also in mid-term evaluations, whereas the appraisal, summative component is stronger in ex-post evaluations, though each type of a well-construed evaluation fulfils all the three functions discussed here.

An appropriate understanding of the development function commands a different approach not only to evaluation, but also to public interventions themselves, such as programmes or projects. If public institutions are to learn and develop, one must assume their right to innovation, which means conducting activities hitherto untested under specific social conditions, although they might be rationally justified. This, in turn, entails the admissibility of mistakes and failures. However, each failure should be the subject of a meticulous analysis of why it has occurred and offer conclusions for future interventions. In this way, failures do not have to mean wasted public resources, but the costs of learning that will lead to more effective solutions of social problems in the future. Unfortunately, evaluation is commonly identified with inspection, approached with aversion, while those who implement projects and programmes demonstrate far-reaching reserve in disclosing problems and failures. In fact, such an approach precludes not only the possibility to identify failures and determining their causes, but also the possibility to objectively determine the factors that have contributed to success, although in the latter case, for obvious reasons, the information is more easily accessible.

Organisational units responsible for meta-evaluations should also be involved in the dissemination of methodological standards of evaluation, their enforcement and consultancy support of agencies that conduct evaluations, especially in the first difficult period of developing evaluation. Meeting the requirements posed by a modern, methodically correct ex-ante, mid-term and ex-post evaluation commands the implementation of proper methodologies of project design based on clearly formulated objectives, performance measurements, indicators of extent of their achievement, as well as separate tasks with appropriate performance indicators

<sup>19</sup> P. Uusikylä, P. Virtanen, *Meta-Evaluation as a Tool for Learning. A Case Study of the European Structural Fund Evaluations in Finland*, "Evaluation", Vol. 6(1)/2000, p. 52.



and calculations of inputs. A methodologically sound evaluation leads with time and through meta-evaluation to the accumulation of a database of expertise about the causal relationships and good practices, which facilitates programming and the implementation of public policies.

We wish to underscore the learning aspects of evaluation and their links with the process of rationalisation of public policies, since they are often pushed aside by the accountability function of evaluation. Likewise, it is self-evident that all these functions – accountability, research and development – mutually support one another and offer the opportunity to improve public policies. In order for evaluation to fulfil its development functions, an institutional change is necessary that consists in constructing a system of meta-evaluation with an influence on decision-making centres in the area of public policies, while at the same time remaining independent of the pressure of agencies that implement individual projects or those responsible for their success.

## 1.7. Evaluation criteria

The definition of evaluation underscores, among other things, the fact that it assesses a given programme with respect to a set of adopted criteria. In accordance with the general principles adopted for the evaluation of programmes co-financed by Community funds, programmes are evaluated with respect to five criteria, whose brief characteristics are offered below<sup>20</sup>.

1. Relevance. This dimension is related to the design of the programme itself, its objectives and the prospects for their achievement using the planned actions. After the programme has been implemented, it permits to once more examine its logic, especially accuracy, measurability, feasibility and achievability of the objectives set using the adopted methods of operation and committed resources. Experience shows that successes and failures of individual programmes depend to a great extent on the quality and precise formulation of the objectives. In the event of shortcomings in the measurability of objectives, in the process of evaluation it is necessary to agree on and adopt such an interpretation of the objectives that would facilitate their subsequent analysis of effectiveness and efficiency of the programme. Evaluation of an intervention's relevance also requires an analysis of monitoring indicators adopted for the programme. The issue of relevance of a programme constitutes the main point of concern for evaluators at each and every stage of the cycle of public policies, but is especially important for the ex-ante evaluation. At this stage, at least the following questions need to be answered:

– Were the specific objectives of the programme and its design defined in a way that meets the key needs in the area it is supposed to address?

– Were the programme objectives formulated so as to ensure their accuracy, measurability, feasibility and achievability given the adopted methods of operation and resources committed?

– Does the quantification of objectives as basic indicators adopted for the programme and planned levels of achievement based on them reflect the core of programme objectives and permit effective monitoring and evaluation? Is the set of indicator complete and proportional, with the indicators themselves correctly reflecting the adopted objectives of the programme? Do the indicators have a clear normative interpretation?

– To what extent do the objectives of individual measures supplement and/or overlap with similar actions co-financed by Community or other public funds?

2. Effectiveness. The effectiveness criterion requires the drawing up of a balance sheet of the planned and achieved objectives of the programme. This is done by establishing the values for the adopted set of indicators and comparing them with the assumed values. In the ex-post evaluation of a programme's effectiveness, evaluators focus their efforts especially on

<sup>20</sup> In the present programming period, European Community guidelines comprise four criteria of evaluation: relevance, consistency, efficiency and effectiveness. For a more detailed discussion, see Chapter III.

the programme's impacts, both direct outcomes and their impacts on direct beneficiaries (local impact), as well as on the broader context (global impact). Outputs (products) reflect the performance of intended activities and, in the programme, logic, they represent means to an end, not the objectives themselves. Evaluation should also summarise the outputs (products) and explain any reasons for deviations from planned values and the consequences of these deviations for the programme's impacts. When analysing a programme's effectiveness, it is important to demonstrate the linkages between the structure of activities and the success and/or failure in the area of planned outcomes and impacts. An accurate causal analysis of a programme's effectiveness constitutes one of the key factors deciding as to the utility value of the evaluation and its impact on the planning and design of future interventions.

3. Efficiency. It is very important to perform a comparative evaluation of the input/output ratio and, using indicators, to determine the productive yield of inputs in terms of outputs and outcomes. An analysis of how effectively the inputs have been transformed into individual outputs, outcomes and impacts, and why differences in this respect occur among contractors constitutes an important element of evaluation.

4. Utility. This dimension focuses on final beneficiaries and their needs. The evaluator should determine to what extent the programme's impact meets the needs of its target group. A utility diagnosis should include personal opinions of target beneficiaries and an analysis complete with a summary of benefits that they have gained as a result of the programme.

5. Sustainability. In the spending of public funds, sustainability is an especially desirable feature of the achieved effects. Sustainability should be evaluated with respect to all the objectives of a given programme, not only sustainability on programme completion and positive effects for the target beneficiaries, but also for the institutions that the programme was supposed to strengthen, such as public administration at various levels and the institutional base that serves to develop human resources for the market place and professional mobilisation of the unemployed.

The evaluator should also assess the organisation of programme implementation with respect to overall coordination and management of the programme as well as the organisation and methodology of monitoring. Recommendations in this area should help to improve implementation processes in the future.

## 1.8. Evaluation at the regional level: The concept of a System of Policy Analysis and Regional Evaluation (SAPER)

The belief in the necessity to improve public policies and strengthen the role played by a methodologically correct evaluation to be seriously treated by decision-makers inspired the Malopolska School of Public Administration, Cracow University of Economics, and the Department for the Sociology of Commerce and Education, Sociology Institute, Jagiellonian University, to initiate work on an undertaking called a System of Policy Analysis and Regional Evaluation (SAPER)<sup>21</sup>. We have decided to design a project to develop the meta-evaluation capacity at the voivodship (regional) level in the following areas:

- to evaluate evaluations themselves, their methodological correctness and correspondence with the requisite principles,
- to analyse and synthesize evaluation results and translating them into premises for subsequent programming periods,
- to provide methodological support to other local government units in the region.

<sup>21</sup> The team involved in the SAPER project design includes J. Bober, J. Górnjak, S. Mazur, W. Wańkowicz and M. Zawicki.

There are several reasons why we have decided to offer our solution at the regional level. The first and perhaps the most important one is the belief that regional governments have a vested interest in improving the process of programming and (meta-) evaluation of regional public policies, with concomitant institutional solutions. The interest of decision-makers is the fundamental requirement for the proper performance of all the functions of evaluation. We believe that the difficult start of regional operational programmes will be followed by a strong demand for ideas for developing a monitoring and evaluation system, as well as a more gradual interest in analysing regional policies thinking ahead to the next programming period.

Secondly, we think that all the regions are now facing similar challenges. The number of public projects and programmes managed at the regional level is rapidly increasing and all of them will have to be evaluated. The process will include both internal and external evaluations performed by specially contracted agencies. Next, the evaluations themselves will have to be verified and their results will have to be synthetically processed. Consequently, it will be necessary to take advantage of the benefits of meta-evaluation in both its key aspects. Moreover, all voivodships formulate their own development strategies, hence the necessity to develop a system for their monitoring and evaluation. In our opinion, it is necessary to build an expert and meta-evaluation potential at the level of marshal offices in cooperation with the academic and expert circles of the voivodship. We view the SAPER project as a pilot solution, which, we hope, will become in the future an example of a good practice that facilitates and stimulates the emergence of similar solutions in other voivodships.

Thirdly, at the outset of the project, we hoped that in the event of a successful undertaking, it would also be easier to persuade the central government as to the necessity to develop the potential to provide professional analyses of public policies and meta-evaluations to highest methodological standards. Reality has actually exceeded our expectations to the point that, at the moment, the awareness of decision-makers at the state level has increased dramatically, especially in circles that deal with programming for the years 2007-2013. There is, then, a lot of ground for cooperation.

Fourthly, an integral constituent of the SAPER project is the system of indicators that serves to measure the effects of public policies at the regional level. Statistical data published by specialised state agencies have yet to respond to the need to measure the effects of public policies, although some progress in this area can be perceived, partly as a result of adoption of European standards. A good illustration of this problem is the fact that in Poland, the Central Statistical Office calculated the values of the Laeken indicators only once (they were incomplete, due to the lack of all necessary data), which were no longer current as at the moment of their inclusion in the European Commission and Polish Government's Joint Memorandum on social reintegration. Afterwards, the Central Statistical Office discontinued the publication of these indicators, yet they constitute a key element of the open method of coordination utilised by Community social policies. Therefore, we have decided to develop a system of indicators as it should be done, that is, starting with the explication and operationalisation (in a methodological sense) of the objectives of the Regional Development Strategy. Next, we intend to verify the availability of statistical data and design, inasmuch as is feasible, standards for supplementary measurements. In the case of indicators related to social policies, especially in the area of combating unemployment and social exclusion, we believe that it is very important to build not only a clear base of statistical data, but also their social interpretation, which means obtaining reliable insights into social problems identified by selected indicators. The undertaking of such a pioneering task at the regional level appeared to us to be more feasible for logistical and economic reasons. We are deeply convinced that a number of conclusions from the project will be directly relevant and practicable in other voivodships and at the state level.

At the regional level, administrative expert units should conduct meta-evaluations along both dimensions discussed above, monitoring the voivodship development strategy, preparing

analyses of public policies, supporting the process of strategy and regional programme design as well as disseminating evaluation standards throughout the voivodship.

## 1.9. Conclusion

In order for evaluation to contribute to the improvement of public management processes, including the design and implementation of public interventions in the form of programmes or projects, it must transcend its accountability functions. Evaluation should not only provide information about the extent to which the objectives of an intervention have been achieved, but also how they have been achieved, and, in the event of failures, why they have not been achieved<sup>22</sup>. This approach requires a solid input and performance measurement integrated with clearly defined objectives, correctly determined and planned resources necessary to achieve them. It is hard to disagree with the position popular among theoreticians of evaluation that it requires the application of a more complex methodology that goes beyond the positivist paradigm focussed on performance measurement and experimentation or quasi-experimentation as a technique for determining the causal relationships between actions and their results. Quite possibly, qualitative methods and techniques of participatory evaluation should be applied as well. Likewise, the social and institutional context of activities as well as the values and perspectives of the beneficiaries of interventions should play a more prominent role in the evaluation. Evaluation must be set on exploration and explanation, not just on performance measurement.

Nonetheless, Poland does not appear to be facing a crisis of evaluation, since there has been no properly functioning evaluation culture so far. Inasmuch as the countries where the evaluation of public interventions became popular twenty or thirty years ago experience a growing frustration with the limited impact of evaluation results on actual decision-making processes, in Poland, it is hard to talk about the vast opportunities for the application of important evaluation studies since they are few and far between. Evaluation often has a formalistic character and serves only to fulfil external requirements.

In order for evaluation to be used in the process of strategic public management and improve it, above all it must be conducted in a professional manner. It requires the transfer of knowledge and experience, both from the practices of other countries and the practices of other areas of social studies conducted in Poland, such as research and analyses performed for the business sector. It also requires the utilisation of methodology of social studies. Naturally, if the quality of evaluation studies is to improve, management units – the target recipients of evaluation results – must enforce high standards. The recipients of evaluation responsible for its verification should have competencies at least equal to those of agencies that perform the evaluation. Moreover, in order to translate evaluation results into a body of knowledge that can be utilised in designing public policies and making implementation decisions, public administration needs to have a developed meta-evaluation potential. This is possible, but requires cooperation between public administration and academic circles. It is necessary to direct academic efforts to this area through a competitive allocation of resources and building institutionalised forms of cooperation between universities and public administration offices.

In our opinion, the SAPER project outlined here constitutes a good step towards the creation of a system for the monitoring and evaluation of development strategies as well as a meta-evaluation system conducive to the use of evaluation in public management based on systematised and verified knowledge.

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<sup>22</sup> I. Sanderson, *Evaluation in Complex Policy Systems*, "Evaluation", Vol. 6(4)/2000, p. 440.



# CHAPTER II

## FUNCTIONS, STAGES, METHODS AND TECHNIQUES OF EVALUATION

*BOHDAN TUROWSKI, MARCIN ZAWICKI*

### 2.1. Evaluation: Basic concepts

#### 2.1.1. Definitions of evaluation

One of the universally recognised definitions of evaluation was proposed by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD)<sup>23</sup>: "Evaluation is the systematic and objective assessment of an ongoing or completed project, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and sustainability. Evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors. Evaluation also refers to the process of determining the worth or significance of an activity, policy or program. Evaluation is an assessment, as systematic and objective as possible, of a planned, ongoing, or completed development intervention. Evaluation in some instances involves the definition of appropriate standards, the examination of performance against those standards, an assessment of actual and expected results and the identification of relevant lessons".

The above definition is quite comprehensive since it contains references to the five basic evaluation criteria, the process of evaluation, its purposes and results.

A more concise definition of the term has been proposed in the Communication to the Commission on Evaluation<sup>24</sup>, published by the European Economic and Social Committee. According to this definition: "Evaluation is judgement of interventions according to their results, impacts and the needs they aim to satisfy".

On this approach, the purpose of evaluation is to verify the achievements of a given undertaking in relation to the planned expectations and to use the information and experiences thus obtained in designing and planning of similar actions in the future.

The concept of evaluation is sometimes used in Polish interchangeably with the term *ocena* (probably best translated as assessment in this context). Such a term is used in the National Development Plan of 2004). Even so, the term *ewaluacja* (evaluation) is commonly used with reference to the undertakings co-financed by Community funds.

In order to adequately determine the function of evaluation, it is useful to distinguish between evaluation and other terms used in project management and in social surveys.

Accordingly, evaluation is not:

– a review, since the recommendations and conclusions obtained as a result of the process of evaluation are not based on subjective assessment or opinion (which may be the case with a review), but is formulated on the basis of standards and criteria,

– a monitoring activity, since it exceeds the duration of a given programme or project and the standard project management cycle. Monitoring constitutes an integral part of project management and is usually performed by individuals who manage the project, not by external

<sup>23</sup> Glossary of Key Terms in Evaluation and Results Based Management, DAC Working Party on Aid Evaluation, OECD 2002, p. 21.

<sup>24</sup> Communication to the Commission from Mrs. Schreyer in agreement with Mr. Kinnock and the President, SEC (2000) 1051-26/07/2000, p. 2.

evaluators. The main criterion is the concordance of implemented activities with relevant programming documents,

- an inspection, since the purpose of an inspection is to compare the existing state of affairs with the postulated state stipulated by legal regulations (legitimacy), to determine irregularities and formulate results in the form of conclusions or recommendations. Control and inspection activities are usually performed by representatives of the institution that supplies resources and may result in repressive measures in the event of negative results (contrary to evaluation),

- audit, which verifies the reliability of usually financial data contained in documents related to a given project from the vantage point of legal or financial regulations,

- scientific research, which is usually conducted in order to obtain an in-depth knowledge about certain institutions, mechanisms or behaviours performed in accordance with a certain methodology and extent of study.

### 2.1.2. Functions of evaluation

The above-mentioned Communication on Evaluation SEC (2000) 105 recognizes the following basic functions of evaluation:

- contribution to the planning of undertakings, including the setting of priorities for public policies in a given area,

- contribution to optimising the allocation of public funds,

- improvement of the quality of programmes and projects,

- dissemination of results of programmes and projects (linked with responsibility for actions).

A different perspective<sup>25</sup> on evaluation comprises the following functions of the process:

- research – evaluation describes the mechanism of an intervention and evaluates its impact on a given community or area and the utility of the intervention in solving existing problems,

- reporting – evaluation results are communicated to the donors, programme implementators, the local community and other interested parties (local organisations, beneficiaries, direct recipients, politicians),

- normative – evaluation reviews the legitimacy and sense of public undertakings, and thereby helps the decision-makers to determine the effectiveness of the intervention and use the information to plan public policies in the future,

- educational – evaluation presents recommendations and conclusions that may assist in improving certain interventions (public programmes), their mode of implementation, the recommendations may contain new objectives of interventions or more effective allocation of resources and methods of programme management.

## 2.2. Evaluation in the project cycle management

Evaluation is one of the elements of the commonly adopted programme/project planning and management cycle of public interventions. In 1992, the European Commission developed project management principles implemented in the European Union (Project Cycle Management), which have been regularly revised and updated. The latest revision was completed in 2004<sup>26</sup>.

The place of evaluation in the project/programme cycle management, is shown in detail in Figure 2.1.

<sup>25</sup> *Ewaluacja Narodowego Planu Rozwoju i programów operacyjnych w Polsce. Poradnik*. Krajowa Jednostka Oceny, Departament Koordynacji Polityki Strukturalnej, MGiP, Warszawa 2005, p. 7.

<sup>26</sup> *Aid Delivery Methods, Volume 1: Project Cycle Management Guidelines*, European Commission, Brussels, March 2004, p. 16.

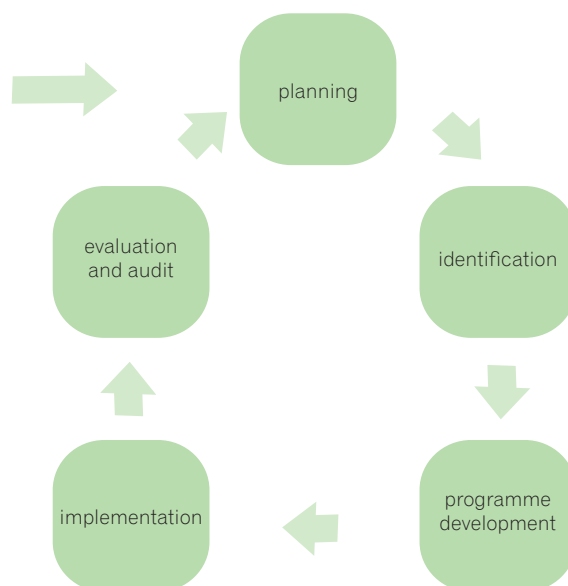


Fig. 2.1. Project/programme cycle management

Source: *Aid Delivery Methods...*, op. cit., p. 16.

On the above approach, evaluation starts at the planning/programming stage. Accordingly, it may constitute both the beginning of the entire process (ex-ante evaluation), and the final point and the final point on completion of the implementation of the programme (ex-post evaluation).

### 2.2.1. The logic of an intervention

Evaluation permits an examination of the internal logic of a programme or the projects. According to the methodology adopted by the European Commission in the preparation and implementation of structural assistance programmes, this is called the logic of a programme intervention, whose key elements are shown in the figure below:

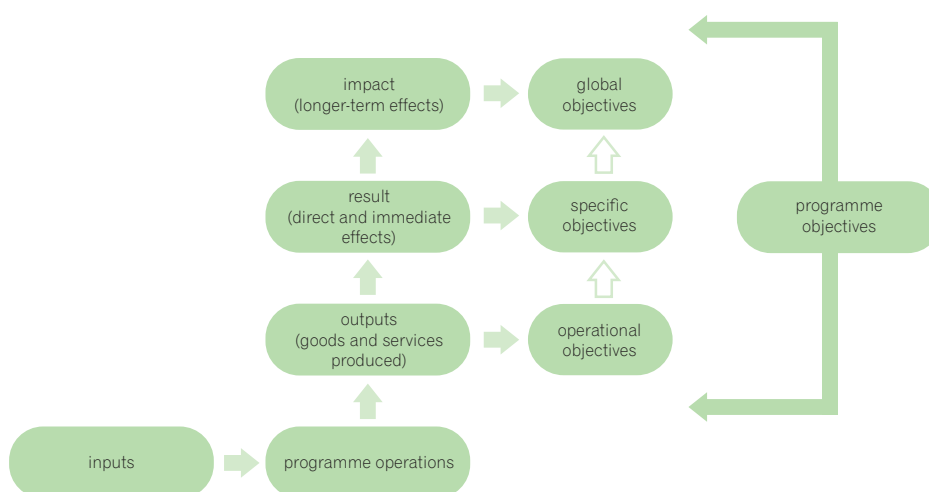


Fig. 2.2. The logic of a programme intervention

Source: *(The) New Programming Period 2007-2013, Indicative Guidelines on Evaluation Methods: Monitoring and Evaluation Indicators*, Working Document No. 2, August 2006, p. 7.



In keeping with this logic, resources committed to programme implementation permit those involved in the project to undertake appropriate activities, whereas the activities allow for the achievement of planned outputs and results. This, in turn, leads to the attainment of programme objectives, both operational and specific ones.

In line with the example quoted above:

- operational objectives may be presented in terms of outputs produced (e.g. the provision of a given number of training workshops for the unemployed),
- specific objectives may be represented as effects achieved (e.g. as a result of the training workshops, increased employment potential of the participants),
- global objectives may be represented as the impacts of a given programme (e.g. reduced unemployment among the target group).

Evaluation reviews all the elements of the logic of the programmed intervention, both at the level of operations, outputs, outcomes (results) and impacts, and at the level of all the objectives of a given intervention. On this approach, evaluation becomes one of the fundamental elements of an analysis of short- and long-term benefits of public interventions at operational and strategic levels, respectively.

By and large, the fundamental purpose of evaluation is to continually improve the effectiveness and efficiency of public interventions, understood not only in terms of positive social or economic effects related directly to a given programme, but also in terms of improved transparency of the use of public funds and the accountability of public authorities to the public.

For institutions responsible for programme implementation, the primary purpose of evaluation is to obtain an independent opinion on actual or potential (ex-ante evaluation) accomplishments of a programme and factors that have contributed to the achievement of given results.

From the perspective of institutions or individuals implementing a given programme, evaluation offers an opportunity to obtain an external opinion on the factors that have contributed to a programme's success, the extent of objective attainment and parameters included in its implementation plan. Such a review complements the data collected during the ongoing monitoring process and permits the drawing of conclusions that will likely improve project management mechanisms in the future.

One of the most important aims of evaluation is its educational dimension – an analysis of mechanisms of programme and project operations, an attempt to identify good practices in project management and their dissemination, or an analysis of its weaknesses in order to avoid untoward events in the future. In this respect, evaluation results may become important elements of the process of managing change in other projects – planned or underway.

## 2.3. Evaluation criteria

One of the important elements of the evaluation planning stage is to decide how evaluation is going to be conducted and what evaluation criteria should be adopted for a given kind of project.

### 2.3.1. Main evaluation criteria

Evaluation of projects or programmes co-financed by Community funds is based on five evaluation criteria (relevance, efficiency, effectiveness, impacts and sustainability) proposed in 1991 by the OECD Development Assistance Committee<sup>27</sup>. These criteria are also used in

<sup>27</sup> As indicated in Chapter I, for the present programming period the evaluation criteria have been modified and include the following: relevance, consistency, efficiency and effectiveness.

the evaluation of most programmes and projects financed by other international organisations (e.g. UN agendas, the World Bank), or donors of bilateral aid.

**Relevance** is the extent to which the objectives of a given undertaking comply with the beneficiary requirements, local needs as well as policies and priorities of the partners and donors.

For example, in the case of a road construction project, relevance may be evaluated with respect to its rationale. Is the project supposed to serve the fulfilment of pre-election promises, or was it initiated in response to genuine local transportation needs? In the sectoral programme of agricultural support, relevance may be evaluated with respect to the extent to which the needs of the market players have been met after the introduction of new kinds of crops, the reaction of farmers to training initiatives etc.

Sometimes, in the process of ex-post evaluation the utility criterion is applied, which is a kind of relevance criterion in that it poses the same questions, but is reapplied at a different point of time.

**Efficiency** is the evaluation of the process of transforming resources (funds, people, time etc.) into effects.

Efficiency focuses on the relationship among outputs, outcomes (results) and/or impacts and the volume of resources (especially financial ones) committed to achieve them.

Using the above-mentioned example of road construction, which is characterised by the employment of certain technological procedures, the typical performance measurement will be the cost of constructing 1 km of a given class of road. In this case, the same measurement may constitute the basis for evaluation or a comparative study, since it is quite likely that similar projects will use the same measurements.

**Effectiveness** is the extent to which a given undertaking has achieved (or is expected to achieve) its objectives considering the degree of importance of these objectives.

Effectiveness compares what has been done with what was originally planned, e.g. actual outputs and results achieved with respect to the planned outputs and results. Changes that have occurred in the course of programme implementation usually mean that the planned benefits have been delivered to the target group.

An intervention is evaluated as effective if its outputs bring about the desired results, it is efficient if it uses resources in an appropriate and economically justified way in order to produce the required outputs. Accordingly, a training programme may be evaluated as effective if its participants have acquired the planned level of knowledge and skills, but it is evaluated as efficient if it has ensured the provision of the training service (i.e. course length, tutors and training materials) in a way that combines economy with quality.

**Impacts** are all the consequences of the implementation of a given undertaking – short- and long-term, direct and indirect, positive and negative, anticipated and unanticipated.

While effectiveness applies to the planned results of an intervention, impacts measure the broader consequences of an intervention – economic, social, political, technical or environmental, at the local, regional or national level, with respect to beneficiaries and other parties directly or indirectly affected by the intervention.

For example, a programme to support enterprise development in rural areas may result in further-reaching impacts, both positive, such as attracting foreign investment, and negative, such as diminishing agricultural output in a given area.

**Sustainability** is the extent to which the effects of an undertaking persist after its completion, i.e. the likelihood of long-term continuity of these effects or the resistance to discontinuity of effects in the future.

While the four former criteria refer to definite interventions, the evaluation of sustainability applies to the long-term effects of the broader development process at the sectoral, regional or national level. The question asked here is whether the outputs and results of an intervention will

endure after external financing has expired. In our example of the road construction project, sustainability may be evaluated from the viewpoint of its continuation as well as its capacity to meet the transportation needs of the area, given the estimated growth in the number of vehicles.

The basic evaluation criteria are directly associated with individual elements of the logic of a programme, which is presented in the figure below.

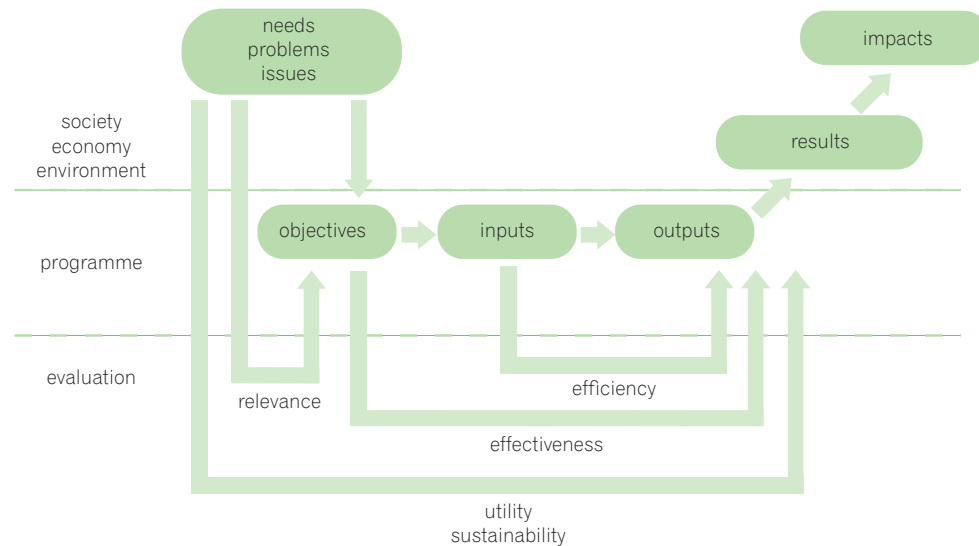


Fig. 2.3. The programme and its environment

Source: *(The) New Programming Period 2007-2013, Indicative Guidelines on Evaluation Methods: Monitoring...*, op. cit., p. 7.

### 2.3.2. Other evaluation criteria

Irrespective of the five fundamental evaluation criteria, in some cases it is possible and appropriate to apply other criteria, depending on the kind of intervention, the project domain etc. Other important aspects considered in evaluation studies are: additionality, deadweight effect, displacement, substitution effect and the double-counting effect.

**Additionality** is the extent to which the effects of a given intervention are its sole consequences, answers the question whether and to what extent the effects achieved would have occurred without the intervention.

This criterion applies to results that can be directly attributed to a given undertaking and they would not have occurred without it. The 100% additionality effect occurs e.g. if aid has been granted as a supplement to public and/or private funds, without it the project would not have been implemented, which results in the so-called leverage effect. It occurs when e.g. public funds have been committed to certain undertakings, triggering the involvement of the private sector in the financing of this undertaking as well. The opposite situation occurs if public and private spending has been entirely replaced with aid – the additionality effect has not been achieved.

**The deadweight effect** is the extent to which effects of certain actions would have occurred irrespective of whether the undertaking was implemented or not. The better the additionality principle is observed, the smaller the deadweight effect. In other words, the effect is the value of project outputs delivered to its beneficiaries who could have purchased them anyway their own money or other funds unrelated to the project. The evaluation process is only concerned

with the events or changes that would not have occurred without the project or would have occurred, but later, on a smaller scale, or in a different form.

**The displacement effect** is the extent to which outputs (results) of a programme diminish the outputs (results) in a different place that is not supported by a given programme. Such an effect arises if the programme or project takes away the market share of other companies or organisations, impedes their access to financing, minimises the demand for their outputs or services etc. It is important to evaluate to what extent project outputs cause the displacement effect and which social groups, geographical areas and market segments suffer losses as a result of its implementation.

**The double-counting effect** is the extent to which outputs (results) of a given undertaking can be attributed to two or more other undertakings. Evaluation activities should note the impacts of other programmes in order to attribute outcomes in appropriate proportions.

**The substitution effect** occurs if the effects of a programme in relation to its beneficiaries have been obtained at the expense of other operators within the same area (or market segment) who did not receive aid as part of this programme. In consequence, the beneficiaries of the programme or project gain a competitive edge over the other operators in the programming area who were not among the beneficiaries of this assistance.

**The net effect vs. the gross effect.** When conducting project evaluation, it is important to distinguish the gross effects from of a programme or project from its net effects. Gross effects are all the effects associated with a given intervention, whereas net effects are those that have occurred entirely as a result of programme implementation, or as a result of a given public intervention. In order to estimate the net effects of a programme, the deadweight effect, the substitution effect and the displacement effect need to be subtracted from the associated gross effects.

$$\text{net effect} = \text{gross effect} - \text{deadweight effect} - \text{substitution effect} - \text{displacement effect}$$

## 2.4. Performance indicators in the process of evaluation

Indicators of performance measurement constitute important instruments in the process of evaluation and the achievement of reliable results.

According to the definition presented in one of the Community working documents for the 2007-2013 programming period<sup>28</sup>, "An indicator can be defined as the measurement of an objective to be met, a resource mobilised, an effect obtained, a gauge of quality or a context variable. An indicator should be made up of a definition, a value and a measurement unit".

It is important to distinguish among contextual indicators, which offer quantitative information about the socio-economic or environmental situation, and programme indicators, which apply to the results of an intervention. Programme indicators measure the extent to which the expected effects change the socio-economic phenomena or behaviours of the parties concerned, expressing in this way the quantitative objective of a given intervention. Context indicators apply to the entire state, sector or social group, whereas programme indicators apply only to the part of the society affected by the programme.

From the vantage point of the logic of an intervention, it is important to differentiate among the various levels of indicators of indicators related to resources, outputs, results and impacts of a project/programme.

**Input or resource indicators** contain information about financial, material and human resources used up to implement a given project/programme. On another plane, these indicators reflect the volume of budgetary allocations at a given level of assistance. A typical indicator of resources is e.g. the number of expert working days or the cost of construction of a 1 km of a road.

<sup>28</sup> (The) *New Programming Period 2007-2013. Indicative Guidelines on Evaluation Methods: Monitoring...*, op. cit.

**Result indicators** refer to the direct consequences of a programme that affect the direct beneficiaries. These indicators may have a physical character (e.g. shorter transportation time, number of persons trained) or a financial one (reduced transportation costs, increased sales volume).

**Impact indicators** refer to the consequences of a programme (intended and unintended, positive and negative) that go beyond the direct short-term effects. There are two kinds of impacts:

**Direct impacts** are the effects that arise after some time, but are directly associated with actions undertaken and with the direct beneficiaries.

**Indirect impacts** are all other kinds of effects, usually unintended by a given intervention or ensuing from related actions.

Examples of impact indicators are e.g. reduced unemployment rate in a region as a result of the implementation of a training programme, increased number of technological innovations introduced thanks to the formation of a business support network etc.

Objectively verifiable indicators describe the objectives of an intervention using measurable quantities. To ensure the reliability and consistency of the process of evaluation, indicators should meet certain prudent criteria. Often, a very simple principle applies in the process of defining indicators, called SMART, which is an acronym of the following terms:

- Specific – referring to definite elements of the logical matrix of the project,
- Measurable – or quantifiable in accordance with available sources,
- Achievable – realistically feasible at acceptable costing levels,
- Relevant – appropriate to the needs at hand (in this case, related to the scope of evaluation),
- Timely – limited in time, i.e. referring to the timeframe of the project or the evaluation study.

Other important qualities of indicators include:

- precision – describing the core of the studied phenomenon,
- information validity – e.g. with respect to available statistical data,
- sensitivity – susceptibility to changes during programme implementation,
- reliability – the choice of indicators from the vantage point of true and reliable data,
- comparability – the possibility to compare a given indicator with similar ones, e.g. constructed for other programmes or kinds of intervention,
- understanding – the understanding of the meaning of a given indicator at each level of a programme, from the ultimately beneficiary to the managing authority.

## 2.5. Stages of the process of evaluation

### 2.5.1. The process of evaluation

Evaluation is a process that involves a number of participants and a number of stages, starting with the decision to carry out the evaluation until the implementation of recommendations contained in the evaluation report. The process can also be approached from the perspective of methods and instruments of process management using appropriate approaches to process mapping, determining the owners and participants of individual activities that combine into a process, discovering its critical points and measurements, as well as defining the optimal target state.

The following stages of the evaluation process can be recognized:

- planning,
- design,
- implementation,

- reporting,
- utilisation of evaluation results.

At individual stages of evaluation, it is essential to identify all the participants of the process of evaluation. They may include:

- politicians and institutions/individuals who decide as to the allocation of resources – in their case, evaluation will be the source of information associated with programming, implementation and effects of programmes,
- programme managers – evaluation results will supply information on effects of their work as well as positive and negative factors of programme management,
- those that implement the programme – representing institutions of the target beneficiary or the implementing / coordinating / intermediary institution; evaluation results of a programme will give these groups the opportunity to obtain information about the broader context and effects of the programme, which exceeds the standard range of information obtained in the implementation process,
- programme target groups – target recipients or beneficiaries; evaluation results permit these groups to obtain more comprehensive information in a broader context of objectives and assumptions of a programme (what they may expect – in the case of ex-ante evaluation, or what has been done thanks to the programme – in the case of ex-post evaluation),
- other stakeholders, groups and persons – since evaluation results should be made available to the public (which is an important contributing element in increasing the transparency of actions of public authorities).

### 2.5.2. Evaluation planning

The stage of evaluation planning consists in conducting a needs analysis of the institution that orders the evaluation (mandator), and determining appropriate objectives for the study as well as other specific issues necessary to launch the subsequent phase of evaluation design. The planning process starts with the decision as to the conduct of an evaluation study (made internally or imposed by external requirements of e.g. the Structural Funds), that ends at the moment an organisation or person has been contracted to perform the task.

The following fundamental stages of evaluation planning can be isolated<sup>29</sup>:

1. Determining the purpose (or purposes): defining the issues and basic evaluation criteria, or answering the question why to conduct the evaluation.
2. Setting the timeframe for the study: the stage in the cycle of a programme that will be subject to evaluation and an initial timetable of project evaluation (starting date, finishing date, deadline for the presentation of evaluation report).
3. Setting the scope: material (of the evaluated programme or other areas of intervention, or horizontal issues), temporal, territorial, and determining the resources needed to carry out the study.
4. Selection of recipients: depending on the specification of the target groups of a programme or other stakeholders (cf. participants of the process of evaluation).
5. Identification of available initial data, i.e. programming documents, programme monitoring reports, statistical data, results of previous evaluations etc.
6. Solving institutional issues: appointing the institution responsible for the ordering and supervision of evaluation and deciding who will be included (on the part of the institution that orders the evaluation) in the process of evaluation design and implementation.

<sup>29</sup> *Ewaluacja Narodowego Planu...*, op. cit., p. 27.

### 2.5.3. Evaluation design

The aim of the stage of evaluation design is to develop a conceptualisation of the study – defining and specifying the expectations of the evaluation process.

The process of evaluation design comprises the following synthetic subjects:

- determining the scope of evaluation – an exact designation of the subject of evaluation (taking into consideration previous decisions made at the planning stage),
- formulation of a list of specific evaluation questions,
- defining the terms of reference for the evaluator and other requirements or procedures related to a given evaluation study.

#### **Determining the scope of evaluation**

The decision concerning the overall scope of evaluation is usually made at the planning stage, however, at the design stage, the issues related to the subject of evaluation are specified with reference to the planned budget of the study and considering the planned methods.

Decisions made at this stage affect the following components of the process:

- the scope of evaluation to include some or all the elements of the intervention,
- opportunities for comparison with other interventions implemented in the same area or at the same time,
- inclusion or omission of geographic or thematic areas which are indirect beneficiaries of the intervention or may be under its impact,
- inclusion in or omission from the study of target groups of institutions or persons – participants in the process of evaluation,
- consideration of sectoral specifics – depending on e.g. official guidelines of the European Commission or of the managing authority.

#### **Decisions about the methods of evaluation, its scope and available resources**

Important elements in the evaluation design phase are the decisions pertaining to the methods to be used during the evaluation study, their scope and the resources available.

The selection of evaluation methods (discussed in more detail further in this chapter) depends on the following factors:

- type of measure – intervention undertaken during the implementation of a given project/programme,
- purpose of evaluation – specified at the planning stage,
- stage of project/programme implementation (before, during or afterwards),
- scope of evaluation – also determined at the previous stage,
- time devoted to the evaluation study – if it results from external limitations or requirements of the institution that orders the evaluation,
- budget and other resources available (e.g. time that the project team can devote for the cooperation with the evaluation team and monitoring of the study).

The methodology of the study may be determined in detail by the mandator or may only be outlined in general terms, permitting the evaluation team to introduce modifications depending on the course of the study and the results of the initial phase.

#### **Formulation of evaluation questions**

The preparation of evaluation questions is one of the crucial tasks when designing an evaluation study. There are the following kinds of evaluation questions<sup>30</sup>:

- descriptive, whose aim is to note, describe and measure changes (what has happened?),

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<sup>30</sup> *The Evaluation of Socio-Economic Development. The Guide*, Tavistock Institute, December 2003, p. 44.

- cause-effect, which permit an understanding and estimation of relationships among the causes and effects (in what way and to what extent a given phenomenon/change may be attributed to the evaluated programme?),
- normative, related to the evaluation criteria (e.g. are the actual outcomes and impacts of the intervention satisfactory with reference to the objectives or tasks set?),
- predictive, which attempt to determine what will happen as a result of a given intervention (e.g. will the programme geared towards combating unemployment not threaten the already existing jobs?),
- critical, whose aim is to support the process of change, e.g. from the perspective of concordance with values (What kind of equal opportunities policy is likely to be more acceptable to small and medium-sized businesses? What are the successful strategies to limit social exclusion?).

The set of evaluation questions should fulfil the following conditions:

- refer to genuine information needs, understanding and/or identification of a given issue, if a given question has a purely research character, without the potential for further use in the decision-making process or public debate – it is more of a scientific issue, not an evaluation one,
- consider impacts, outcomes (results) or needs, namely elements that affect the programme beneficiaries or their socio-economic situation, if the questions are related only to issues related to internal programme management and its resources, they can likely be answered during monitoring or audit,
- contain value judgement questions (one question should contain only one value judgement), if, at the outset of the study, the value judgement criteria concerning the results or elements of a given intervention are not clearly defined, the final evaluation report will have no conclusions.

The draft list of evaluation questions is then verified with respect to such factors as e.g. utility of a given question for the mandator or its answerability. An important thing to remember is also to review the complexity of individual question formulations, the timeframe to which they are related or the required data that may not be available. It is also necessary to eliminate the questions that can be asked in the process of monitoring or audit.

#### **Preparation of terms of reference (ToR)**

The list of tasks for the evaluator, called terms of reference, is usually prepared by the evaluation steering group or by the mandator/supervisor. The terms of reference contain a formalised record of decisions made at the planning and design stages of evaluation arranged from the viewpoint of formal contractual requirements to ensure information for the evaluator and monitoring possibilities of the project.

A typical example of terms of reference comprises the following items:

- introduction – information about the project (the mandating institution, the character and range of programme activities, the stage of implementation, the budget, a short description),
- aim of the contract – kind of evaluation, legal basis, brief statement of rationale,
- description of the subject of evaluation – context of the programme and decision about its evaluation, inventory of relevant documentation,
- study scope – extent of evaluation (material, spatial and temporal), key criteria and evaluation questions, definition of expected methodology,
- main participants in the process of evaluation and interested parties – institutions, organisations and individuals who should be contacted during the study,
- organisation and work plan – organisational structure of the process of evaluation (steering group, supervision, reporting and monitoring system), work plan and reporting requirements, principles for the cooperation between the contractor and the steering group, timetable complete with the milestones of the project,
- evaluation budget,



- expected deliverables – outputs of the study (e.g. presentations, information meetings, draft, mid-term and final reports),
- expected qualifications of the team of evaluators,
- specification for the tender procedure – information about the mandator, offer submission principles, criteria for offer selection.

#### **Selection of the contractor**

Offers submitted by potential contractors should be analysed and evaluated according to the evaluation criteria set out in the terms of reference. The basic criterion for the selection of an evaluator is his capacity to deliver a high-quality product. However, since this criterion cannot be specified in an unambiguous way, it should be subjected to ex-ante evaluation.

Standard assessment criteria taken into consideration in evaluation projects are as follows:

- understanding of the terms of reference, including the aims, tasks and expectations of the mandator and suggested deliverables,
- methodology – reliability of the study, techniques for data collection and processing, compliance with mandator expectations,
- project management – transparency of objectives, of operating methods, allocation of resources and division of labour, ensuring mechanisms of monitoring and supervision,
- qualifications of the team of evaluators – formal qualifications and experience to date, references, specialisation in specific areas of evaluation,
- price – remuneration of experts, other costs (travel, accommodation, translation/interpreting).

#### **2.5.4. Conducting evaluation**

The process of evaluation may be perceived from two viewpoints: the contractor's and the mandator's.

The process of evaluation comprises the following phases:

1. Evaluation design (structure) – determining the criteria and elements of evaluation in detail, selection of observation instruments and the set of indicators.
2. Data collection – gathering of all the relevant data necessary to conduct the analysis (administrative data: programme documentation, primary and secondary data, interviews with participants and the beneficiaries of the programme etc.).
3. Data analysis – interpretation of the collected data (collation and comparison of data), analysis using such instruments as hypothesis verification, cause-effect analysis etc. using statistical methods and others (see below).
4. Review – evaluation of programme effects with reference to previously formulated evaluation questions.

From the perspective point of the mandator, the main stages of evaluation may contain such elements as the kick-off meeting, participation in presentations conducted by the contractor and the receipt of partial reports, review meetings, passing on comments regarding individual products of evaluation, receipt and approval of the final report.

#### **2.5.5. Evaluation report**

Evaluation report is the final and most important deliverable of an evaluation study in view of the fact that it contains information about its results and constitutes grounds for the approval of the evaluation team's work. The evaluation report usually has the following structure:

- Executive summary,
- Main body of text,
- Conclusions and recommendations,
- Annexes:
  - Terms of reference,
  - Methodology applied to the study,
  - Composition of the evaluation team (complete with responsibilities for individual tasks),
  - Logical matrix of the project,
  - List of individuals and organisations consulted,
  - Timetable of the study,
  - List of documentation used during evaluation. Other technical documents (e.g. survey forms, statistical data used).

It is important that the executive summary is constructed in such a way as to enable it to function as a document separate from the complete report, which usually has a limited circulation owing to its length. The executive summary should present the terms of reference as well as the main conclusions and recommendations.

The main report usually consists of the following parts:

- the subject of evaluation,
- the context of evaluation,
- terms of reference,
- methodology applied,
- results,
- conclusions,
- recommendations.

The evaluation report should clearly distinguish among results, conclusions, recommendations and lessons learned. Conclusions should follow from evaluation results and the analysis. Recommendations and lessons learned should logically arise from conclusions. Recommendations should refer to specific cases and contain suggested actions directed at appropriate persons/organisations, whereas lessons learned during project implementation may be applicable to a broader context.

### 2.5.6. Ensuring the quality of evaluation

Approval of the evaluation report usually occurs on the basis of its previous review by the steering group (or another body that has ordered the evaluation). Such reviews are usually based on a standard evaluation form that contains individual criteria scored according to a previously adopted scale (e.g. 1-5 or a descriptive scale).

Sample criteria:

- fulfilment of terms of reference,
- relevance of thematic scope,
- rationale behind the adopted methodology and approach,
- research instruments used,
- pertinence of the analysis,
- reliability of results,
- conclusions that follow from study results and analysis,
- usefulness and specificity of recommendations,
- clarity of the report (style, structure, accessibility of information).

In 2006, the OECD Development Assistance Committee determined standards in the area of evaluation quality<sup>31</sup>, which are related, among other things, to the terms of reference,

<sup>31</sup> DAC Evaluation Quality Standards, OECD, March 2006.

methodology, sources of information admitted for evaluation, ethical standards, ensuring high quality of the process, relevance of evaluation results and ensuring consistency of conclusions and recommendations.

## 2.6. Principal kinds of evaluation

### 2.6.1. Basic kinds of evaluation

The European Union distinguishes three basic kinds of evaluation with respect to the point in time at which it is conducted:

- ex-ante evaluation,
- mid-term evaluation,
- ex-post evaluation.

Each of these three kinds of evaluation occurs at different stages of programme implementation: before, during and after its completion.

### 2.6.2. Ex-ante evaluation

Ex-ante evaluation is conducted at the beginning of the project cycle, i.e. before the start of programme implementation. This kind of evaluation helps to ensure relevance and consistency of the planned programmes, projects or actions. It is assumed that conclusions of this kind of evaluation should be included in the planned programme at the stage when the decision is made to undertake the intervention.

This kind of evaluation focuses mainly on an analysis of programme strengths and weaknesses, its economic rationale, its consistency with Community, national and regional policies, and serves to assess its expected outcomes (results), impacts and the proposed implementation system.

Principles for the performance of ex-ante evaluation in the 2007-2013 programming period are contained in the Commission's working document<sup>32</sup>, which will be discussed in more detail in Chapter III.

According to this document, the main criteria of ex-ante evaluation are relevance (of the programme strategy to the identified needs), effectiveness – if the objectives of the programme are likely to be achieved, and utility – estimating the future impact of the programme on broader social, environmental and economic needs.

Results of ex-ante evaluation lay down the basis for the structuring of a monitoring system and the principles of future evaluations since thanks to this evaluation, the objectives of the programme should already be well defined and quantified.

Ex-ante evaluation gives public authorities important feedback on the feasibility of their programme as well as a realistic estimation of objectives and target values. In this sense, apart from evaluating a concrete programme, it may constitute an instrument that serves to improve the planning and implementation of public policies in the future (regarding other interventions of this kind and in order to avoid the errors made in the past).

### 2.6.3 Mid-term evaluation

Mid-term evaluation is carried out in the second part of the programming cycle, i.e. during the implementation of an intervention.

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<sup>32</sup> *(The) New Programming Period 2007-2013, Indicative Guidelines On Evaluation Methods: Ex-ante Evaluation*, Working Document No.1, August 2006.

This kind of evaluation focuses on an analysis of products and outcomes (results) of a given intervention. Moreover, it reviews the programme management system, the quality of the monitoring system and its implementation. It also indicates whether the programme objectives are still relevant, especially with reference to the changing Community policies and priorities, priorities of public authorities, and delivers information that may improve programme management in subsequent phases of its implementation.

Mid-term evaluation uses the information obtained during internal programme monitoring, and takes into consideration the ex-ante evaluation results as well as information about the context of the intervention. It influences the development of the general support strategy by identifying such elements that should be continued after the programme or project has been completed.

The most important feature of mid-term evaluation is its potential impact on subsequent implementation of the programme and contribution to improvement in the quality of programme management.

#### 2.6.4. Ex-post evaluation

Ex-post evaluation is carried out either on or some time after the completion of implementation of an intervention in order to review the implementation of the entire programme, especially with respect to impacts and sustainability of the intervention. It also serves to evaluate the volume of funds committed, effectiveness and efficiency of assistance and the extent to which the planned results have been achieved, in short, to what extent the public expense has been justified. It investigates the reasons for success or failure, sustainability of results and impacts of the programme. In this way, ex-post evaluation leads to the formulation of conclusions, which may be generalised and applied in other programmes, regions or areas of intervention.

Ex-post evaluation occurs too late to produce any changes in the evaluated programme, but it may identify good practices to be applied in the preparation of future programmes. Ideally, the results of such an evaluation should be available before the planning phase of a subsequent programme. Even so, in order to properly evaluate the impacts of an intervention, ex-post evaluation should be carried out 2–3 years after the completion of an intervention.

#### 2.6.5. Other kinds of evaluation

Ongoing evaluation – may be carried out throughout the entire period of programme implementation. Its purpose is to analyse the issues and problems that arise in the course of programme implementation, and also suggest ways to solve them. Its main focus is to support the process of programme management. Such an integration of evaluation with the programme management cycle ensures the possibility of a quicker reaction to problems as they arise, structural flaws of a programme or changes in its external environment. Likewise, first effects of the programme may be reviewed.

Formative evaluation focuses on studying ways of improving the implementation and intervention management. It may also be carried out for other reasons, e.g. in order to ensure compliance with legal requirements.

Summative evaluation is carried out in the final phase of an intervention in order to determine the extent to which the anticipated outcomes (results) have been produced. The purpose of this evaluation is to collect information about the worth of the implemented programme.

Thematic evaluation focuses on selected aspects of an intervention or cross-sectional topics at sectoral and/or regional level etc. Such evaluations may also refer to the so-called horizontal issues of the Community (gender equality, environmental aspects, institutional development, good management).

Internal evaluation is carried out by the organisational unit and/or persons responsible for the intervention subject to evaluation.

## 2.7. Methods and techniques of evaluation

Evaluation studies are carried out whenever a given public intervention occurs or is planned to occur, and such an intervention is meant to achieve a specific effect. Therefore, evaluation consists in determining whether a given public intervention has brought about the desired effect<sup>33</sup>.

If the crucial purpose of evaluation is to determine the effect achieved by a public intervention vs. its anticipated effect, undoubtedly the key challenge faced by the evaluators is to provide reliable answers to the following questions:

- What is the anticipated effect of the public intervention under consideration?
- What factors influence the desired effect? Which ones and to what extent are they an effect of the public intervention undertaken?
- What groups of beneficiaries have been determined for the given public intervention?
- What measurements should be used in order to estimate the effect of the public intervention?
- Has the public intervention been successful or not?

The need to provide answers to these questions determines the selection of a research method.

The discussion of methods and techniques of evaluation starts with the adoption of two assumptions. The first one is the acceptance of the act that evaluation is as old as social surveys. Whenever public interventions were undertaken in order to produce a certain effect, a great deal of thinking was devoted to determining its consequences. This was the case even when such analyses were not carried out in a formalised, systematic or even entirely intentional way. The other assumption is the understanding that evaluation studies are not a method per se, but a way in which methods of social surveys are applied in practice. Hence evaluation studies use existing methods of social surveys, which are subordinate to the most prominent purpose of evaluation, which is to establish the effects of specific public interventions. This subordination occurs as the selection of appropriate research methods and techniques, selecting and individual adaptation to the needs of a given evaluation study<sup>34</sup>.

As is the case in all the other social surveys, evaluation uses primary and secondary data as well as quantitative and qualitative data. Primary data is collected specifically to meet the needs of a given evaluation study. They are produced directly at the source using such methods as questionnaire surveys, individual interviews, focus group interviews, and case studies. In turn, secondary data has already been collected and usually previously processed, but is relevant to a given evaluation. Examples of data of this kind are, among others, generally available statistical data published by offices or trade organisations, monitoring reports, other evaluations and programming documents.

Another kind of data is quantitative data, i.e. data expressed in figures. In evaluation studies, it is used in order to determine the extent of interdependence among various variables and to obtain insight into the frequency of occurrence of the analysed phenomenon. Quantitative data are the subject of statistical analysis. It offers an insight into the structure of a given variable and the interdependence among the variables, as well as the verification of research hypotheses. On the other hand, qualitative data applies to the description and the core of studied phenomena that cannot be expressed in numerical terms. Qualitative data are also necessary for the proper interpretation of quantitative data. Quality analysis of data is usually complex because of the availability of a number of diverse and disorderly qualitative data as well as interpretive freedom

<sup>33</sup> E. Babbie, *Badania społeczne w praktyce*, Wydawnictwo Naukowe PWN, Warszawa 2006, p. 370.

<sup>34</sup> *Ibidem*, p. 377.

by the researchers and respondents participating in surveys. In quality analyses of data, the main focus is on processes and phenomena whose quantitative presentation is not required<sup>35</sup>.

### 2.7.1. Criteria for the selection of methods and techniques of evaluation

Evaluation studies take advantage of a relatively large number of research methods and techniques. These can be selected and adapted to specific types of evaluations according to a number of criteria, e.g. kind of public intervention, purpose of evaluation study, scope of evaluation study, kind of the public policy cycle and the kind of evaluation process (Table 2.1).

Table 2.1. Criteria for the selection of methods and techniques of evaluation

Criterion	Example
1. Category of public intervention	Training programme Infrastructure development programme Technology transfer support programme
2. Purpose of evaluation study	Determining the cause-effect relationship among the actions undertaken and results of given interventions Improvement of the programme management system Increased accountability for the implementation of an intervention or its elements
3. Terms of reference	Comprehensive evaluation of a multi-sector programme In-depth evaluation study of a narrowly defined problem
4. Type of evaluation study related to the public policy cycle	Prospective evaluation (ex-ante) Retrospective evaluation (mid-term, ex-post)
5. Type of evaluation study related to the evaluation process cycle	Design of evaluation Data collection Data analysis Formulation of evaluation

Source: Author's own analysis based on *The Evaluation of Socio-Economic Development. The Guide*, Tavistock Institute, GHK, IRS, December 2003, pp. 104-105.

The classification of all the methods and techniques of evaluation may be conducted separately for each of the five criteria listed above. For the purposes of the present chapter, we will use two criteria: the kind of evaluation study related to the public policy cycle and the kind of evaluation study related to the evaluation cycle. In order to do that, it is necessary to explain the meaning of the latter of the above criteria.

The evaluation cycle consists in evaluation activities that can be carried out both during prospective and during retrospective evaluation. These activities are conducted at the following stages:

1. Design of evaluation.
2. Data collection.
3. Data analysis.
4. Assessment or evaluation proper.

Sometimes, the process of evaluation cycle also includes a fifth part – the presentation of evaluation results – but at this stage specialised methods and techniques of evaluation are not used, it is only necessary to observe the rules of communication.

Literature devoted to the methods and techniques of social surveys is fairly extensive, with more and more publications focussing on the issues of application on these methods to evaluation studies. Below, we offer a discussion methods and techniques of evaluation used at individual stages of the process of evaluation cycle. It needs to be emphasised that a number

<sup>35</sup> *Ewaluacja Narodowego Planu..., op. cit.*, pp. 55-56.

of them can be applied at more than a single stage of the cycle. Moreover, the foregoing methods and techniques of evaluation are characterised by varying degrees of generality. Some of them constitute a broader array of methods (e.g. social surveys, participatory approaches and methods), while others are examples of their actual practical applications (e.g. individual interview, consultations with stakeholders).

### 2.7.2. Methods and techniques of evaluation design<sup>36</sup>

Design of evaluation is an early stage of the process, during which the terms of reference are established, research questions are posed and its conception is developed, including the methods and techniques of evaluation to be applied in the process. At this stage, the system of indicators is developed based on available data. The assumptions behind a given public intervention are crucial in deciding as to the methods and techniques and indicators to be used in the evaluation. An important task to perform at this stage is to give appropriate direction to the study, that is, to select a given part of the intervention or groups of beneficiaries, on which the evaluation will focus. The stage finishes with the development of evaluation instruments, i.e. questionnaire surveys and analytical models for the processing of statistical data.

An overview of methods and techniques of evaluation most frequently used at the evaluation design stage is presented in the table below.

Table 2.2. Methods and techniques used in evaluation design

Methods and techniques	Prospective evaluation (ex-ante)	Retrospective evaluation (mid-term, ex-post)
SWOT analysis		
Formative evaluation		
Stakeholder consultation		
Concept or issue mapping		
Participatory approaches and methods		
Logic models		
Evaluability assessment		

Source: Authors' analysis based on *Evaluating Socio-Economic Development...*, pp. 1-2.

It is worth pointing out that each of the methods and techniques included in the table may be used in designing ex-ante, mid-term and ex-post evaluations. Some of these methods and techniques will be discussed in more detail below.

#### Evaluability assessment

Evaluability assessment is an analysis of an intervention that determines whether it can be evaluated and the barriers that limit the effectiveness and efficiency of the process. Such an approach means that the intervention has to be analysed in terms of its consistency and logic, availability of data and possibilities of utilisation of evaluation results. Key issues taken into account in this area are also research approaches that can be used in this particular situation and the aims that should be formulated with respect to the evaluation study in order to fulfil the expectations of the project managers, beneficiaries or other categories of stakeholders in a given intervention.

<sup>36</sup> The main sources used to prepare the survey of methods and techniques used in evaluation are: *Evaluating Socio Economic Development, Sourcebook 2: Methods & Techniques*, Tavistock Institute, GHK, IRS, December 2003, and *Ewaluacja Narodowego Planu...*, op. cit.

The fundamental reason behind the application of this method is to answer the question whether the evaluation of a given intervention may be useful in terms of its potential benefits vs. the costs incurred.

Moreover, it should be mentioned that evaluability assessment has a certain value for politicians who decide about the fate of a given programme and about the authors of those programmes, since it delivers a lot of practical information about the weaknesses of a given programme and the possibilities of improving it.

### **Concept or issue mapping**

This technique allows the evaluator to identify, group and prioritise the expected outcomes (results) and impacts. The process of preparation of a map of impacts may involve a broad circle of potential stakeholders of evaluation of a given public intervention. In the case of interventions whose objectives are complex or which have not been formulated in a definitive way, this technique may also be helpful in designing appropriate indicators. During concept or issue mapping, various sources of data are consulted such as programming documents, historical data, and previous analytical and evaluation reports. The process may also involve interviews and discussions.

This technique belongs to a group of participatory approaches in that it fosters a synthesis of various viewpoints and helps to arrive at a compromise among the participants in the mapping process. An example may be the collective selection of indicators describing impacts of a given public intervention by a group of partners.

### **Logic models**

Logic models are a method of evaluation of a public intervention from the vantage point of its legitimacy and correctness of the theoretical construction. The result of its application is a specification of activities that should be undertaken in order to achieve the planned objectives of an intervention, the kinds of side effects that may arise as a result of implementation of the intervention and mechanisms that should contribute to the attainment of the planned objectives and impacts.

This method consists in analysing a given public intervention in order to determine its weak points. To that end, evaluators use argumentation that challenges the logic of the intervention adopted by its authors. It is assumed that an evaluation of a public intervention should involve its analysis as a cause-effect series of events, but one that is conducted in the opposite direction to that used in the process of planning this intervention. In this way, flaws and oversights of the intervention to be eliminated are highlighted.

An example of a logic model is the widely used logical matrix used for the design, management and analysis of programmes and projects. It offers an opportunity to analyse the internal and external consistency of a given intervention, indicates the ways in which to verify the achievement of objectives, and helps to detect the factors decisive in its success.

### **Formative evaluation**

Formative evaluation is carried out in order to improve a given public intervention, especially the way of its implementation along the following dimensions: organisational conditions of implementation, appropriate staffing and optimisation of the procedures applied. This method is especially useful for the evaluation of a programme in the course of its implementation. Only under real conditions of programme implementation is it possible to perceive certain unpredictable phenomena that call for the amendment of initially adopted organisational solutions (such as unexpected limitations or suddenly arising opportunities).



In consequence, formative evaluation serves to improve the quality of an intervention thanks to the analysis of its dynamically changing context. This method is also used to analyse the logic of an intervention, its outcomes (results) and impacts.

### 2.7.3. Methods and techniques of data collection

The collection of data for evaluation purposes occurs in accordance with the adopted conception of the procedure, which is determined at the stage of evaluation design. Evaluation activities, both prospective and retrospective, consist in the gathering of relevant data from available sources.

A general principle governing the process of data collection is that such data should be obtained from the closest possible source to the studied phenomenon. According to this principle, methods such as participatory observations or stakeholder consultation should be preferred to benchmarking and case studies.

Data collection is usually directly associated with data processing. Therefore, evaluation methods and techniques used at both stages of the evaluation cycle are often identical. Methods and techniques of evaluation applicable at the stage of data collection, both prospective and retrospective, are presented in Table 2.3.

Table 2.3. Methods and techniques of data collection

Methods and techniques	Prospective evaluation (ex-ante)	Retrospective evaluation (mid-term, ex-post)
Cost-benefit analysis		
Auto-evaluation		
Beneficiary surveys		
Social surveys		
Benchmarking		
Stakeholder consultation		
Experimental and quasi-experimental approaches		
Case studies		
Observational techniques		
Use of administrative data		
Use of secondary data		
Individual interviews		
Focus groups		

Source: Author's analysis based on *Evaluating Socio-Economic Development...*, op. cit., pp. 1-2.

As far as the methods and techniques of data collection are concerned, all of them can be applied to retrospective evaluation, but only some of them are used in ex-ante evaluation. Below, follows a brief discussion of several methods and techniques of research used by experts who collect data for evaluation purposes.

#### Beneficiary surveys

Beneficiary surveys are conducted in order to obtain certain data directly from those who have been affected by a given public intervention (i.e. those who have benefited from its effects). Beneficiaries include physical persons, social groups, local communities, business

companies, public organisations and institutions. Beneficiary surveys constitute an invaluable source of information on the opinions about the effects of a given programme from a relatively homogenous population.

When designing a survey of this kind, evaluators must bear in mind the distinctions that hold among the categories of beneficiaries and the target group of a given intervention. Quite often, only a certain number of representatives of the target group will receive support as part of a given intervention, in other words, is its actual beneficiary. On the other hand, there are cases in which individuals and institutions benefit from an intervention, yet they have never been listed as target groups of this intervention.

The surveys are carried out among either all the beneficiaries or their representative group using questionnaires containing standardised questions. The main challenge to evaluators in this respect is to collect such opinions of beneficiaries on the effects of a given intervention that can be generalised onto the entire target group.

The uniqueness of beneficiary surveys causes that this method works best for ex-post evaluation, but may also be applied in mid-term evaluations. This kind of survey is best used in the evaluation of relatively uncomplicated programmes such as training courses. A useful application of this method is a repeated questionnaire survey of the same groups of beneficiaries of an intervention carried out at various points of programme implementation. Such surveys permit the monitoring of changes in beneficiary opinions during programme implementation and, after its completion, allows for conclusions regarding the sustainability of outcomes (results) of the intervention concerned.

#### **Social surveys**

Social surveys consist in asking standardised questions to the surveyed population or to individuals who constitute a representative sample of the target population. Questions are distributed in the questionnaire in a systematic way. Social surveys permit the collection of both quantitative and qualitative data, but, in a survey of this kind, the collection of quantitative data is the main purpose. Surveys are conducted in the form of questionnaires to be completed independently by the respondent, or are conducted by a pollster, who notes down the responses given.

The purpose of a social survey is to obtain statistically significant outcomes (results), hence the sample size has a significant impact on the accuracy of results.

#### **Stakeholder consultations**

Consultations with stakeholders belong to the group of participatory techniques whose purpose is to include groups impacted by a given intervention in the process of evaluation. This method is frequently used at the stage of identification of evaluation areas and at the stage of formulating evaluation questions. This method entails evaluators' commitment to consistently include the opinions and demands of stakeholders of a given intervention in the process of evaluation.

This method is especially valuable if a public intervention is controversial or has a decidedly political character. The opinions of key stakeholders of an intervention may then prove to be of decisive importance in the formulation of final conclusions from evaluation.

#### **Using administrative data**

Administrative data is the data routinely collected in the process of managing given public undertaking and includes, among others, kinds of activities, number, kind and structure of projects and beneficiaries, indicators used to measure products and outcomes (results), the level of funding and expenditures etc. Administrative data is fundamental to the process of evaluation, regardless of its kind.

Programme implementation practice often causes major difficulties to evaluators in the process of relevant data collection. The reason for this problem is the scattering of administrative data among various units that in one way or another participate in the implementation of a given intervention. Ideally, the data needed for evaluation should be collected and kept in a single location. Unfortunately, this is hardly ever the case, which forces the mandators and/or contractors of evaluation to apply to appropriate institutions for data.

Another problem inherent in the collection of administrative data concerns its quality and comparability. In the case of programmes whose mechanisms stipulate the participation of a number of institutions, the scope of data, their form of presentation, reporting periods, tend to vary, which undeniably complicates the process of evaluation.

Administrative data is used in ex-ante, mid-term and ex-post evaluations. Evaluation studies usually begin with the collection and analysis of administrative data, which inform about the effects of the intervention concerned.

### **Using secondary data**

As far as secondary data is concerned, the potential for its use in the process of evaluation is almost as wide as is the case with administrative data. Depending on the kind of intervention to be evaluated, a very broad range of secondary data is used. The most popular is statistical data and data at the disposal of the institutions that undertake a given public intervention, including reports from previous evaluations.

### **Individual interviews**

An individual interview is an in-depth conversation with an informed individual. This technique is used in order to collect the opinions of persons who participate in the implementation of a given undertaking (both beneficiaries and programme managers). Individual interviews provide information about where they stand in terms of outcomes (results), impacts and the implementation of an intervention. There are several types of individual interviews, such as a partly structured conversation (most popular), informal conversation, interview based on an instruction to interview and a structured interview.

Interviews offer information not so much about facts as opinions of certain individuals on various aspects of the intervention concerned, such as inputs, actions taken, outputs, results, and impacts. Individual interviews also provide information about the extent to which a given intervention meets the identified needs, and its results correspond with the expectations.

Individual interviews offer information about the dynamics of certain phenomena, about the experiences of individuals involved in a given intervention and help to identify best practices. Surveys of this kind are also frequently used with a view to collecting initial data on the evaluated undertaking. Individual interviews are used in almost all evaluations.

### **Focus groups**

A focus group interview is a type of field study involving up to a dozen participants<sup>37</sup> gathered in a single place to discuss a topic set by the moderator (evaluator). The conversation usually takes 1-2 hours, but, if necessary, longer sessions may be organised. The group studied is selected on the basis of their association with the object of study, with the selection usually not occurring at random.

The purpose of the focus group interview is to obtain a general overview of a certain phenomenon rather than its in-depth explanation. In research practice, frequently more than one focus group is organised, which minimises the risk of studying untypical occurrences, and thereby reduces the danger of formulating erroneously generalised research conclusions<sup>38</sup>.

<sup>37</sup> A survey of this kind is also called a "focus" group or "focus".

<sup>38</sup> E. Babbie, *Badania społeczne ...* op. cit., p. 330.

Among the most important advantages of focus groups are the opportunity to obtain true-life data, low cost and flexibility. This last feature helps to uncover such aspects of the problem that would never have surfaced in an individual interview since a group is needed for them to emerge. However, this method is not entirely free of certain problems, such as difficulties in forming the group, with analysing the data obtained, the need to ensure an environment conducive to conversation and the skill to moderate such a conversation<sup>39</sup>.

In evaluation studies, the focus group method helps to analyse complex issues as well as those that lack an unequivocal opinion. The involvement of participants of an intervention studied (beneficiaries, project managers) in the process contributes to increased approval rates and reliability of conclusions to be submitted by evaluators. What needs to be emphasised is the convenience of the method, which can be used for ex-ante, mid-term and ex-post evaluation.

### **Benchmarking**

Benchmarking consists in an evaluation of the effects of a given public intervention by comparing it with the effects of a similar intervention considered to be model or exemplary of a given undertaking. This method is used in order to prepare specific recommendations to improve certain implementation aspects of a public intervention (i.e. mechanisms of programme management).

### **Observational techniques**

Observational techniques consist in a direct observation by the evaluator of a given on-site state of the undertaking concerned (e.g. the training workshops, consultancy services). Observational techniques help to obtain information about the implementation of a given intervention, better understanding of the context of the intervention or to access information that for various reasons cannot be revealed in the spoken or written medium.

## **2.7.4. Methods and techniques of data processing**

At the analysis stage, evaluators are responsible for the interpretation of the data collected. At the outset, the data is collated and compared with the aid of tables, graphs and charts. Another step is to conduct the analysis proper, which results in the verification of hypotheses, determining the cause-effect relationships and estimating the effects of the public intervention in question. Special attention is focused on the effects of the intervention, both intended and unintended ones.

As is the case with data collection, the analytical stage requires the most direct possible reasoning path, avoiding indirect routes wherever possible. For example, given the choice between analysing variables characterised by directly available data on the one hand and on the other hand by aggregated data or substitute indicators, the former option should be chosen<sup>40</sup>.

Table 2.4 shows methods and techniques of evaluation applicable at the stage of data analysis in prospective and retrospective evaluations.

In the case of methods and techniques of data analysis, only a few of them are applicable to both prospective and retrospective evaluations. Other methods and techniques are used in ex-ante or retrospective evaluation. Below, follows an outline of methods and techniques most often used for evaluation at the stage of data analysis.

<sup>39</sup> Ibidem, p. 331.

<sup>40</sup> *The Evaluation of Socio-Economic...*, op. cit., p. 121.

Table 2.4. Methods and techniques of data analysis

Methods and techniques	Prospective evaluation (ex-ante)	Retrospective evaluation (mid-term, ex-post)
Cost effectiveness analysis		
Input-output analysis		
Regression analysis		
Local evaluation		
Formative evaluation		
Delphi survey		
Econometric models		
Logic models		
Strategic environmental assessment		
Expert panel		
Experimental and quasi-experimental approaches		
Case studies		
Observational techniques		
Focus groups		

Source: Author's own analysis based on *Evaluating Socio-Economic Development...*, op. cit., pp. 1-2.

### Cost effectiveness analysis

Cost effectiveness analysis consists in comparing the net effects of a given intervention with its total costs and is used to evaluate project effectiveness in terms of its capacity to achieve the objectives set. The total costs are expressed as the total amount of financial resources spent on a given intervention. This method is especially useful for the selection of the most advantageous alternative from among competing options.

### Local evaluation

Local evaluation is a method more and more often used in the evaluation of programme implementation. It consists in conducting evaluation by the participants themselves of a given programme, including the contractors of individual projects. The purpose of local evaluation is to raise the awareness of the programme among its participants, including reviewing the opportunities for improving its quality<sup>41</sup>. Local evaluation is thus a particularly decentralised and autonomous process. This method is also used in order to strengthen the potential of institutions that implement programmes and projects, to improve the process of data collections for broader evaluation studies, to improve the reliability of the data as well as disseminate evaluation culture.

### Experimental and quasi-experimental approaches

The most popular experimental approach is the classical experiment, which is characterised by three pairs of components: dependent and independent variables, pre-test and post-test, as well as the presence of experimental and control groups. The purpose of the experiment is to measure the impact of the independent variable on the dependent variable, i.e. a comparison of a situation in the presence of a stimulus with the situation in its absence. In this case, the role of stimuli is played by certain actions undertaken as part of a public intervention. In

<sup>41</sup> K. Ekiert, *Ewaluacja w administracji publicznej*, Rządowe Centrum Studiów Strategicznych, August 2004, pp. 17-18.

the classical experiment, the pre-test measures the dependent variable. The post-test, in turn, consists in another measurement of the dependent variable, but including the impacts of the stimulus. Apart from the experimental group, there is a control or reference group, which is not exposed to the stimuli in question<sup>42</sup>.

An important advantage of the classical experiment formula is the opportunity to detect whether a given intervention has actually caused social changes in comparison with a situation where interventions of this kind have not been undertaken. It needs to be emphasised that experiments of this kind are only applicable to fairly simple activities or interventions. They do not work well or not at all in the case of more complex interventions.

The quasi-experimental approach is different from the purely experimental one in that it does not assume a random assignment of research objects into experimental and control groups, which is usually impossible anyway. An approach of this kind often involves studies conducted within a single or numerous time series.

Both experimental and quasi-experimental approaches belong to the group of structured evaluation studies, mainly quantitative ones.

### Case studies

Case studies permit a broader analysis of a given phenomenon approached from various points of view and studied thanks to the application of various data collections methods – both quantitative, and qualitative. In evaluation studies, the case in question is usually a country, project, or programme. A case study may involve a single case or a number of them.

Case studies constitute a rich source of information about the evaluated interventions in that they illustrate multi-level, complex relationships and processes that accompany the evaluated undertakings. Accordingly, they are considered to be an appropriate method to analyse complex multi-dimensional phenomena. Case studies have a special significance in thematic evaluations, in the collation of data and in evaluations of several similar projects.

Before embarking on a case study, evaluators determine the selection criteria (one or more cases), the kinds of data to be analysed, and kinds of conclusions to be drawn from a given study. A case study presented in narrative form significantly enhances the evaluation report and make it more accessible to its target audience.

### Input-output analysis

Input-output analysis is used to describe an intervention in economic terms within a given time period. It also permits an assessment of the impact of changes in consumption levels on the economy as a whole. This method uses cause-effect matrices that describe the way in which the production system meets the final demand derived from consumption, investment and export.

Input-output analysis is suitable first and foremost for evaluating different scenarios, simulations and analyses of options. It is also useful for the evaluation of impacts in individual sectors of intervention, since it permits a clear and explicit division into individual branches of the economy. This method is typically used together with macroeconomic models.

### Regression analysis

Regression analysis is a statistical technique that determines the relationships between two or more quantitative variables, i.e. the dependent variable, whose value is estimated, and independent variables, whose values are known.

Regression analysis is used in order to explain the statistical regularities that hold between one variable and several others, including the proportions among them. The resulting relationships are presented using equations or are illustrated graphically. In evaluation studies, regression analysis is usually used to estimate the outcomes (results) of a public intervention.

<sup>42</sup> E. Babbie, *Badania społeczne...* op. cit., pp. 247-248.

### Econometric models

Econometric models are developed in order to conduct simulations of how the economy operates at the regional, national or international levels. These models refer to specific phenomena in the economy, in which the conditions, the goals and terms of reference change. They are mathematical expressions of relationships among the phenomena studied, both economic and non-economic ones, considering only the long-lasting and significant associations. An important issue when studying these relationships is to decide what qualities are represented by the explanatory variables and whether it is a set of random or non-random variables.

As a rule, existing econometric models are adapted for evaluation studies. These models enable quantitative simulations of the net effects of most macroeconomic variables impacted by public interventions, i.e. economic growth, employment, capital investment, and consumption.

In the process of evaluation, econometric models are used for three basic purposes: to explain and understand certain economic phenomena, to develop forecasts of economic changes and alternative scenarios of changes in the economy. In evaluation practice of EU Member States the following econometric models are used: HERMIN, QUEST, E3ME and REMI Policy Insight.

### 2.7.5. Methods and techniques of formulating assessments

Formulating assessments constitutes a key stage of the evaluation process, at which the effects of a public intervention is evaluated with reference to previously asked evaluation questions. The more homogenous the public intervention concerned (or its part) and the more accurate the questions (including the methods of data collection and processing), the easier the implementation of this task. However, in practice, evaluation is often performed on complex interventions, which yield data open to diverse interpretations.

Table 2.5. Methods and techniques of formulating assessments

Methods and techniques	Prospective evaluation (ex-ante)	Retrospective evaluation (mid-term, ex-post)
Cost effectiveness analysis		
Cost-benefit analysis		
SWOT analysis		
Multi-criteria analysis		
Benchmarking		
Formative evaluation		
Priority evaluation		
Delphi survey		
Participatory approaches and methods		
Strategic environmental assessment		
Economic impact assessment		
Gender impact assessment		
Environmental impact assessment		
Expert panel		

Source: Author's analysis based on *Evaluating Socio-Economic Development...*, op. cit., pp. 1-2.

Please note that assessment formulation is not strictly a content-related task. At this stage, proofs are presented and judgement expressed based on experience and the so-called tacit knowledge<sup>43</sup>. Formulating assessments is also a judgemental activity inasmuch as it requires associating the results of analyses with certain values rather than the application of specific techniques. Nevertheless, also at this stage evaluators can use certain methods and techniques to support the process of formulating assessments. These methods and techniques, as was the case at previous stages, have been divided into prospective and retrospective evaluation (Table 2.5).

Below, follows an outline of methods and techniques most often used for evaluation at the stage of assessment formulation.

### **Cost-benefit analysis**

Cost-benefit analysis serves to evaluate the appropriateness of an intervention by comparing the benefits that have arisen from it with the costs incurred on its implementation. This method consists in the use of measurements, such as the internal rate of return (IRR), the net present value (NPV) and the economic rate of return (ERR). The cost-benefit analysis is used first of all for the evaluation of infrastructure projects.

### **SWOT analysis**

The SWOT analysis is one of the most frequently used methods of evaluation at all stages of the process. It consists in the identification and grouping of analysed factors into four categories: strengths, weaknesses, opportunities and threats. The two former kinds of factors are determined on the basis of where they arise, whereas the two latter ones – on the basis of their impacts.

General principles of the SWOT analysis comes down to the recommendations for the choice of an optimal feasible strategy, i.e. exploiting strengths, addressing weaknesses, taking advantage of opportunities and avoiding threats, or a combination of these possibilities.

An advantage of this method is its capacity to highlight relationships among the evaluated intervention and its environment. The SWOT analysis is used for of ex-ante evaluation to verify the appropriateness of planned activities. Its also useful in retrospective evaluation, when investigating the appropriateness of an intervention in the present socio-economic context and in determining the changes of the socio-economic situation of a given region or sector.

### **Delphi survey**

The Delphi survey is used chiefly in order to determine the likelihood of occurrence of certain events, estimate the value of certain quantity or anticipate the future. This method consists in cooperation in a group of experts who also use the expertise of available experts outside the group. Specialists in specific areas are asked to reply to questions in a questionnaire survey and give reasons for their responses. In the next phase, the responses are compared preserving anonymity to enable the group to work out a fairly consistent position.

This method is recommended for technical interventions and in circumstances where the analysed problems are fairly straightforward (e.g. a fairly homogenous public intervention) or there is a need to perform a quantitative estimation of potential impacts of a single intervention.

### **Expert panel**

Expert panel is a group of specialists in the area subject to an intervention appointed to carry out an evaluation. These experts are usually independent and represent diverse views. The

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<sup>43</sup> The kind of knowledge that we realise we have and that we use in everyday activities, but we cannot fully determine it, hence its formalisation and communication to other individuals is very difficult. See *Zarządzanie wiedzą w firmach konsultingowych*, „Gazeta IT” nr 7, November 2007.



responsibility of the expert panel is to present the information coming from various sources in a synthetic format and present various viewpoints on certain issues, which is supposed to lead to a more or less common position of expert groups on the issues in question. The positions expressed by an expert panel and related to a given intervention and its effects have a judgemental character and, apart from the data generated by the programme in question, also include experiences from the past as well as external factors (not directly related to a given intervention).

The expert panel method is used primarily to carry out analyses and formulate assessments of issues related to the quality and appropriateness of an intervention, as well as estimated or actual effects of a programme.

### **Multi-criteria analysis**

This method is used in order to carry out comparative analyses of alternative options of multi-level projects or activities. It permits the simultaneous inclusion of a number of criteria during the analysis of complex situations. This method offers a synthesis of a number of positions expressed by stakeholders on a given intervention, both prospectively and retrospectively. It offers insight into priority structures, analyses conflict situations and permits the formulation of explicit recommendations. The functions of the multi-criteria analysis make it an especially useful tool for individuals who have to make decisions regarding a given intervention.

### **Priority evaluation**

Priority evaluation is a method that combines economic theories with social surveys in order to estimate the prices of goods that have no tangible market values. It is a kind of a simulation survey whose participants are allotted a hypothetical budget, for which they purchase certain kinds of goods, simulating in this way relevant market situations.

Priority evaluation is used whenever a conflict of interests may arise among various groups or individuals and, as a result, it is necessary to carry out a cost-benefit analysis related to the economic intervention in the environment and estimate the values of environmental goods, which have no set market price. This method is used, for example, whenever information about likely public reactions to interventions into the natural environment is needed or when it is necessary to estimate the benefits that arise from a specific use of natural environment in comparison with the situation in which the environment is not thus used.

### **Participatory approaches and methods**

Actually, this is a collection of methods that emphasise the need to take into account the opinions and views of local communities about the issues subject to evaluation, and also to permit these communities to decide on the course and organisation of the evaluation process. On this approach, local community members, representatives of non-government organisations and other groups jointly decide on the method to be applied in the evaluation of outcomes (results) of a given intervention and how to collect and process data for evaluation purposes. Participatory approaches and methods are becoming more popular in the process of evaluation (and monitoring), mainly for the reason that they develop analytic skills among the citizens – beneficiaries of interventions.

### **Strategic environmental assessment**

This method consists in evaluating the impacts of a given public intervention on the natural environment. It is used in order to indicate as early as possible the likely environmental consequences of a given intervention. Naturally, it is used only for prospective evaluations, and its results have an impact on decisions regarding the intervention in question. It needs to be emphasised that strategic environmental assessment focuses on a programme, in comparison with environmental impact assessment, which serves to evaluate specific projects.

### Economic impact assessment

Economic impact assessment is conducted in order to estimate the impacts of a given intervention on the economy. Its results sometimes indicate whether or not public support in a given area should take place. The application of this method requires that a number of aspects of an intervention be integrated, such as consideration of the interests of a number of market operators (employers and employees, consumers and producers), analyses of changes in time, comparisons of various types of effects (direct and indirect ones), and determining the importance and intensity of numerous kinds of economic activity.

Economic impact assessment is conducted in order to analyse the appropriateness of a programme with respect to a pre-defined policy. This method also permits an evaluation of local economic effects of a given intervention.

### Gender impact assessment

Gender impact assessment is carried out in order to analyse the effects of a public intervention on gender equality. This kind of analysis estimates if the effect of the intervention is positive, negative or neutral. If a design of a public intervention is evaluated, it is possible to introduce modifications to the principles of the intervention in question.

### Environmental impact assessment (EIA)

Environmental impact assessment is used to determine the likely impact of a specific project on the environment. Based on its results, decisions are made regarding the implementation, abandonment or modifications of conceptions of the projects in question.

## 2.7.6. Selection of methods and techniques of evaluation: Recommendations

The methods and techniques of evaluation discussed above should not be approached uncritically. Each of them has its advantages, but also certain weaknesses. The applicability of specific methods and techniques is decided on by the circumstances in which they are to be used. It is usually then that the conditions prove to be far removed from these described as ideal. Therefore, in selecting methods and techniques of evaluation, their limitations have to be considered as well.

A vast majority of the above-presented methods and techniques of evaluation have been used in social surveys for a number of years, with experiences of their application presented in a number of in-depth publications. Evaluators should refer to such materials, which will help them to avoid countless pitfalls and errors.

Apart from these general observations, one needs to mention one of the most important principles that govern the process of selecting evaluation methods and techniques. This principle stipulates the necessity to use a combination of methods and techniques, which, by and large, yields better results than the use of a single method, even if it appears to be perfectly suitable to particular evaluation conditions. Such an approach is called *data triangulation* and consists in ensuring the objectivity of data, the collection of reliable analytical material and, as a result, the formulation of methodologically and logically correct conclusions.

In evaluation studies, three following levels of data triangulation are usually applied:

- Level I – collection of available data (e.g. as results of questionnaire surveys conducted on other occasions, conclusions from documentation analyses and case studies).

- Level II – collection of data from various groups of respondents (programme managers, beneficiaries), the use of a number of sources of information offers an awareness of various points of view of individuals involved in the implementation of a given programme.

– Level III – evaluation (data collection and analysis) is carried out by a research team, teamwork offers opportunities for an exchange and comparison of views, mutual checks and discussing the contents of conclusions<sup>44</sup>.

In evaluation practice, the best results are obtained from studies that integrate quantitative methods with qualitative research.

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<sup>44</sup> *Ewaluacja Narodowego Planu...* op. cit, p. 55.

# CHAPTER III

## FORMAL AND LEGAL BASIS FOR THE EVALUATION OF THE STRUCTURAL FUNDS

JAROSŁAW BOBER

### 3.1. Legal regulations in the field of evaluation

In the present programming period 2007-2013, the programme and Structural Funds are subject to new rules, which stem from the reform of Community cohesion policy initiated in early 2001. The fundamental aims of this reform, whose principles support the implementation of the revised Lisbon Strategy, are as follows<sup>45</sup>:

- to preserve the current status and budget of the cohesion policy,
- to focus activities on three new objectives: Convergence, Regional Competitiveness and Employment, and European Territorial Cooperation,
- to limit the number of funds to two, i.e. the European Regional Development Fund (ERDF) and the European Social Fund (ESF), the Cohesion Fund will be preserved, but not as a Structural Fund per se,
- to discontinue Community initiatives (such as e.g. EQUAL, LEADER, URBAN) and to subsume their activities under the three new objectives,
- to simplify the system of implementation through the use of new programming documents, to discontinue supplements to operational programmes, to introduce single-fund programming, to ensure management and resource allocation at the level of priorities, not individual measures, to permit more flexibility in cost eligibility,
- to preserve the basic principles, such as multi-year programming, additionality, partnership, co-financing and evaluation.

Crucial legal acts that introduce the new *modus operandi* of the Structural Funds are contained in the portfolio of Council Regulations, which change the regulations for the 2000-2006 programming period or introduce new solutions. The portfolio comprises:

- Council Regulation (EC) No 1080/2006 of July 5, 2006, concerning the European Fund for Regional Development and repealing Regulation (EC) 1783/1999,
- Council Regulation (EC) No 1081/2006 of the European Parliament and the Council of Europe of July 5, 2006, concerning the European Social Fund and repealing Regulation (EC) 1784/1999,
- Council Regulation (EC) No 1082/2006 of the European Parliament and the Council of Europe of July 5, 2006, concerning the European Group for Territorial Cooperation (EGTC),
- Council Regulation (EC) No 1083/2006 of July 11, 2006 that sets general regulations for the European Fund for Regional Development, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) 1260/1999,
- Council Regulation (EC) No 1084/2006 of July 11, 2006 establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94,
- Council Regulation (EC) No 1085/2006 of July 17, 2006 establishing an Instrument for Pre-Accession Assistance (IPA)<sup>46</sup>.

<sup>45</sup> For more information on the reform of the cohesion policy and its course see *Komentarz do aktów prawnych wspólnot europejskich w zakresie funduszy strukturalnych i funduszu spójności na lata 2007-2013*, Ministerstwo Rozwoju Regionalnego, Warszawa 2006 (*Commentary on Community Legal Acts concerning Structural Funds and the Cohesion Fund for 2007-2013*, Ministry of Regional Development, Warsaw 2006).

<sup>46</sup> Official Journal of the European Union, L 210, vol. 49, July 31, 2006.

One of several important regulatory modifications resulted from the evaluations conducted during previous programming periods. It should be mentioned that the changes also include a modified approach to evaluation, whose reflection can be found in relevant legal solutions. The evaluation of the Structural Funds has been present in Community policy since the 1990s. In the programming period 1994-1999, the obligation to conduct mid-term evaluation was introduced for the first time. An important element that contributed to the increasing importance of evaluation in the system of managing the Structural Funds was the subsequent programming period (2000-2006). It was then that evaluation was made the focus of an in-depth methodological reflection. It was also used as an important and practically useful element of the system of managing the Structural Funds. The approach to the issues of evaluation present in the current programming period is a continuation of a way of thinking that accords evaluation an ever-increasing importance.

The sources of legislation for the evaluation of policies, programmes and projects implemented as an element of the Structural Funds interventions are both European and national. There are two kinds of sources: council regulations, acts of parliament and guidelines (at the Community level, called indicative guidelines), which supplement and specify the general formulations contained in the above sources of legislation. Indicative guidelines adopted at EU level by the Directorate General for Regional Policy are not universally binding, but they constitute examples of good practices to be used by EU Member States both at the stage of development of national legal solutions in the area of evaluation and a direct inclusion of recommendations in the process of evaluation. Moreover, the method of expanding the Community legal system by developing guidelines has become a more frequent practice of EU Member States, including Poland.

For the new programming period 2007-2013, the duty to conduct evaluation and its terms of reference at the Community level have been laid down by the four fundamental documents:

1. Council Regulation (EC) No 1083/2006 of July 11, 2006 that sets general regulations for the European Fund for Regional Development, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) 1260/1999,
2. Indicative guidelines on Evaluation Methods: Ex-ante Evaluation (Working Document No 1)<sup>47</sup>,
3. Indicative guidelines on Evaluation Methods: Monitoring and Evaluation Indicators (Working Document No 2)<sup>48</sup>,
4. Indicative guidelines on Evaluation Methods: Evaluation During the Programming Period (Working Document No 5)<sup>49</sup>.

Among Polish regulations in the area of evaluation, the most important are the following:

- Ustawa z dnia 6 grudnia 2006 roku o zasadach prowadzenia polityki rozwoju (Development Policy Principles Policy Act of December 6, 2006) (Polish Journal of Laws 2006, No 227, item 1658),
- National Strategic Reference Framework for 2007-2013: Guidelines No 6 on the evaluation of operational programmes for 2007-2013<sup>50</sup>.

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<sup>47</sup> *(The) New Programming Period 2007-2013. Indicative Guidelines on Evaluation Methods: Ex-ante Evaluation.* Working Document No 1, European Commission, Directorate General Regional Policy, September 2006.

<sup>48</sup> *(The) New Programming Period 2007-2013. Indicative Guidelines on Evaluation Methods: Monitoring and Evaluation Indicators.* Working Document No 2, European Commission, Directorate General Regional Policy, September 2006.

<sup>49</sup> *(The) New Programming Period 2007-2013. Indicative Guidelines on Evaluation Methods: Evaluation During the Programming Period.* Working Document No 5, European Commission, Directorate General Regional Policy, October 2006.

<sup>50</sup> *Narodowe Strategiczne Ramy Odniesienia na lata 2007-2013: Wytoczne nr 6 w zakresie ewaluacji programów operacyjnych na lata 2007-2013*, Minister Rozwoju Regionalnego, sygnatura: MRR/H/6(1) 05/2007, Warszawa 2007 (National Strategic Reference Framework for 2007-2013: Guidelines No 6 for the evaluation of operational programmes, Warsaw, May 30, 2007).

In the next two sections, the provisions contained in the documents listed above will be discussed in more detail.

### 3.2. Formal and legal basis of evaluation

The most important act that introduces the duty to evaluate interventions is the above-mentioned Council Regulation (EC) No 1083/2006 of July 11, 2006. It sets general provisions for the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF). As of January 1, 2007, this Act repealed the old Council Regulation (EC) No 1260/1999 of June 21, 1999, that defined the general legal provisions concerning the Structural Funds for the programming period 2000-2006. Owing to the fact that the regulations contained in the repealed Council Regulation still apply to the programmes initiated in the previous programming period as well as the fact that expertise ensuing from their application has served to modify the current approach to evaluation, it is worth mentioning some of the most important aspects of evaluation governing the previous programming period.

Articles 40 to 43 (Title IV Effectiveness of Assistance from the Funds, Chapter III Evaluation) of Council Regulation 1260/1999 apply directly to the process of evaluation. They state in general terms the goals, types and ways to conduct evaluation as well as the application of ex-ante evaluations. This Council Regulation has introduced the obligation to conduct evaluation at three points:

- before the commencement of an intervention (ex-ante evaluation),
- halfway through the programming period (mid-term evaluation),
- on completion of the programming period (ex-post evaluation).

The main purpose of ex-ante evaluation (addressed in the Council Regulation in most detail), which should be carried out by the institution responsible for programme preparation and for the introduction of relevant adjustments, was to evaluate the consistency of the strategy and selected objectives with special features of given regions or areas. Taking into account the situation of individual countries, areas or sectors in terms of competitiveness, innovativeness, entrepreneurship, employment and the labour market, these evaluations comprise the following issues: social and economic situation, environmental situation and issues of gender equality in terms of opportunities on the job market and equal treatment at their place of employment.

Mid-term evaluations involved an assessment of the initial effects of interventions, usefulness of activities and the extent to which the objectives contained in the programming documents were achieved in consideration of the results of ex-ante evaluation. The role of mid-term evaluation was also to support the process of managing a public intervention through the assessment of the use of resources and evaluation of the quality of monitoring. The performance of the latter was the responsibility of respective managing authorities in cooperation with the Member State and the European Commission. The Council Regulation in question introduced the obligation to submit the independent expert mid-term evaluations to the European Commission by December 31, 2003 at the latest, providing for the continuation of such evaluations until the end of 2005. The aim behind these mid-term evaluations was, apart from the above-mentioned ones, to collate evaluations that would serve to program the interventions for 2007-2013.

Pursuant to Council Regulation (EC) 1260/1999, ex-post evaluations of the programming period will be performed with respect to:

- the utilisation of funds,
- efficiency and effectiveness of assistance,
- intervention outcomes,
- intervention impacts and their sustainability.

Ex-post evaluation of the 2000-2006 programming period, which can continue up to three years after its completion, is the responsibility of the European Commission in cooperation with EU Member States and managing authorities. As is the case with the mid-term evaluation, the above-mentioned Council Regulation contains the obligation to ensure objectivity of the process of evaluation.

As was mentioned above, in the new programming period 2007-2013 the most important issues related to evaluation are regulated by the provisions of Council Regulation (EC) No 1083/2006. In addition, the Regulation contains provisions concerning partnership, programming, management (including financial management), monitoring and control. These principles and their implementation are based on the division of responsibilities amongst the Member States and the European Commission. Evaluation, like the other stages of programming of the Structural Funds (design, implementation and monitoring) is performed in accordance with the principle of partnership, according to the provisions of Article 11 of the said Council Regulation. Partnership operates on two levels: between the European Commission and Member States and partnership among the Member States, with a special focus on the role of regional authorities.

The fact that evaluation has been made mandatory by a Council Regulation demonstrates the importance accorded to the issue. It displays the conviction that reliable evaluation of programming and implementation constitutes the necessary condition for the efficiency and effectiveness of interventions co-financed by the Structural Funds.

Council Regulation (EC) 1083/2006 devotes the entire Title IV Chapter I to the issue of evaluation<sup>51</sup>. In accordance with its general provisions, evaluations<sup>52</sup> are intended to "improve the quality, effectiveness and consistency of the assistance from the Funds and the strategy and implementation of operational programmes with respect to the specific structural problems affecting the Member States and regions concerned, while taking account of the objective of sustainable development and of the relevant Community legislation concerning environmental impact and strategic environmental assessment" (Article 47, Section 1).

The Council Regulation retains the three points in time known from previous solutions, at which evaluations are to be conducted:

- before the commencement of the programming period,
- during the programming period,
- on completion of the programming period.

A significant modification was introduced in the approach to evaluations conducted during the programming period, where mid-term evaluations have been replaced with the so-called ongoing evaluations, sometimes also called ad-hoc evaluations. A more extensive discussion of these can be found in the section devoted to indicative guidelines.

Another significant change was the introduction of strategic evaluations, whose aim is to analyse the evolution of a programme or a group of programmes with respect to Community and national priorities. These evaluations, which may be conducted, e.g. with respect to key issues for operational programmes (innovations or the development of the information society), are supposed to provide recommendations for the possible updates of the programmes, as well as relevant information for the process of strategic reporting. They are supplemented by

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<sup>51</sup> Chapter II of this Title is devoted to the National performance reserve and the National contingency reserve.

<sup>52</sup> Polish translations of Community legal regulations use the term *ocena* (assessment) in preference to *ewaluacja* (evaluation). However, owing to the established meaning of the latter term in research and practice and in order to avoid potential associations, e.g. with the process of assessing programmes or applications, the term evaluation will be used throughout the paper. The imprecision of the term *ocena* appears to have been noted at the Central Government level as the title of the Ministry of Regional Development Guidelines contains the term *ewaluacja*. These guidelines are discussed in more detail in one of the subsequent sections.

the so-called operational evaluations, which constitute support for the monitoring of a given operational programme (Article 47, Section 2). The introduction of such a division results mainly from the modified approach to evaluation during the present programming period, whose prime illustration is the abandonment of mid-term evaluation for the sake of more frequent ongoing evaluations. One of the examples of ongoing operational evaluations is the evaluation related to the monitoring of operational programmes, which generally constitutes the responsibility of individual Member States<sup>53</sup>. Such evaluations are recommended if monitoring demonstrates significant departures from the originally adopted objectives or an application to review operational programmes has been submitted.

The Council Regulation stipulates that the performance of ex-ante evaluation of a given intervention (Article 48, Section 2) is the duty of an individual Member State (with a special mention of institutions responsible for the preparation of programming documents).

The aims of ex-ante evaluation are broadly defined, with the most important ones related to the following (Article 48, Section 2):

- optimisation of allocation of budget resources within individual operational programmes,
- improving the programming quality,
- identification and assessment of disparities:
  - gaps and development potential,
  - adopted objectives and anticipated effects as well as quantified target values,
- the extent to which Community priorities have been included and conclusions from the previous programming period,
- evaluation of the quality of implementation, monitoring, evaluation and financial management procedures.

Ex-ante evaluations have a specific focus depending on each of the objectives adopted for the new programming period. Thus, under the Convergence Objective, ex-ante evaluations are conducted separately for each operational programme, but there exists a provision that admits of conducting ex-ante evaluations for more than one operational programme by agreement. Such agreements are made between the European Commission and the Member State. They require a solid rationale for combining the evaluated programmes and the preservation of the principle of proportionality of financial and administrative resources used by both sides in relation to the total amount of funds allocated to a given operational programme<sup>54</sup>.

In the case of the Regional Employment and Competitiveness Objective, ex-ante evaluation may involve:

- all the operational programmes,
- evaluations of each Fund,
- evaluations of each priority,
- evaluations of each operational programme.

Such a solution offers the Member States the possibility of individualising the approach adapted to evaluation under this objective.

In the case of the European Territorial Cooperation Objective, EU Member States jointly conduct ex-ante evaluation of each operational programme or several operational programmes. Such an approach is justified by the international nature of programmes developed and implemented within this objective. Pursuant to Article 37 of the Council Regulation, results of these ex-ante evaluations should constitute part of the evaluated operational programmes.

The deadline for the completion of ex-post evaluation is December 31, 2015. Its performance is the responsibility of the European Commission in cooperation with an individual Member State

<sup>53</sup> In this case of departures from originally adopted objectives, evaluations of this kind may be conducted at the behest of the European Commission in cooperation with the Member State.

<sup>54</sup> The principle of proportional intervention is mandated by Article 13 of the Council Regulation (EC) 1083/2006.



and appropriate managing authorities (as was the case in the previous programming period), but this evaluation is conducted at the level of each of the three objectives of interventions and includes all the operational programmes within each objective. The process of ex-post evaluation of a programming period reviews the extent of resource utilisation, effectiveness and efficiency of programming and their impact on social and economic development (Article 49, Section 3). Its results will serve to formulate conclusions and recommendations for the Community's social and economic cohesion policy in subsequent years.

Council Regulation (EC) 1083/2006 also determines the general principles related to the financing and evaluation with respect to:

- agencies that conduct evaluation, indicating both experts and internal or external bodies, which must fulfil the condition of institutional independence from the certifying and auditing institution. Therefore it may be assumed that the regulations allow for these bodies to be dependent on the managing authority,
- financing of evaluation activities with technical assistance funds,
- division of responsibilities for evaluation among EU Member States and the European Commission.

In regard of the final dimension, EU Member States have the following obligations (Article 48):

- to provide resources necessary to conduct the evaluation,
- to organise the process of data production and gathering and use the information provided by the monitoring systems.

The European Commission has the following obligations (Article 49):

- to conduct strategic evaluations,
- to conduct (at its initiative and in cooperation with the Member State) evaluations concerning the monitoring of programmes.

Moreover, the Council Regulation stipulates the obligation of the European Commission to issue indicative guidelines in the area of evaluation methodology. In the present programming period, these guidelines apply to the methodology of ex-ante evaluation, monitoring and evaluation indicators, and the methodology of evaluation during the programming period.

Ex-ante evaluation guidelines include<sup>55</sup>:

- a description of the key elements and functions of evaluation (among other things, concerning the relevance of the strategy to the identified needs, consistency of strategic documents, evaluation of expected performance),
- recommendations for the planning and conduct of evaluation (among other things, concerning the management of ex-ante evaluation, responsibility of participants and independence of the evaluation process, the quality of evaluation, or consideration given to its results in the final shape of strategic documents).

Guidelines on the monitoring and evaluation indicators<sup>56</sup> define the kinds of indicators applied<sup>57</sup>, how to use them and how to construct an effective system of indicators and its place in the programming cycle.

Indicative guidelines on the evaluations conducted during the new programming period<sup>58</sup> constitute a significant modification of the previous approach to the evaluation of the Structural Funds. The change affects primarily the departure from mid-term evaluation in favour of ongoing evaluation. These guidelines also provide for two kinds of evaluation – strategic and operational evaluation – introduced in the present programming period (cf. above)<sup>59</sup>.

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<sup>55</sup> *(The) New Programming Period 2007-2013. Indicative Guidelines on Evaluation Methods: Ex-ante...*, op. cit.

<sup>56</sup> *(The) New Programming Period 2007-2013. Indicative Guidelines on Evaluation Methods: Monitoring...*, op. cit.

<sup>57</sup> See Chapter I and II for more details.

<sup>58</sup> *(The) New Programming Period 2007-2013. Indicative Guidelines on Evaluation Methods: Evaluation...*, op. cit.

<sup>59</sup> *Ibidem*, pp. 10, 11.

The task of strategic evaluations is to determine if and to what extent the Community cohesion policy has contributed to the achievement of aims set by the revised Lisbon Strategy. Criteria taken into consideration during evaluation include e.g. the macroeconomic impact of the Structural Funds, continued validity of the chosen strategy as well as the consistency of the strategy with the national and Community levels. These evaluations should result in recommendations on modifications of the programmes.

Operational evaluations, or activities geared towards the improvement of the quality of structural interventions, are aimed at the measurement, review and appraisal of the efficiency and effectiveness of assistance. The main area of study is its financial and material progress. Important data that may significantly improve or refine the utilisation of the Structural Funds may be supplied by operational evaluations concerning “the judgement as to the quality and relevance” of indicators that quantify the objectives of the programme and the functioning of the structure that administers the programme, as well as the quality of implementation mechanisms.

Operational evaluations result in recommendations for the managing authority in the area of improvements to the programme's operation and increased efficiency in the achievement of the set objectives.

An important feature of the new programming period is the reduced number of evaluation criteria compared with the 2000-2006 programming period. Guidelines define the following evaluation criteria:

- relevance,
- consistency,
- effectiveness,
- efficiency.

They are supplemented by studies concerning the quality of indicators and the system of their implementation.

### 3.3. Solutions at the Member State level: A Case study of Poland

Community legislation governing the Structural Funds stipulates both the necessity to adopt national regulations in this area and apply them in practice by agencies that participate in the implementation of regional policy. These regulations for the 2000-2006 programming period were transferred into Poland and specified by the National Development Plan of April 20, 2004, further called the NDP Act (Journal of Laws, No 116, item 1206). This act introduced the system for supporting development (including the kinds and hierarchy of programming documents and programming mechanisms, its institutional structure, financing mechanisms and principles as well as monitoring, reporting, control and finally, evaluation of the efficiency and effectiveness of implementation of the National Development Plan).

The NDP Act introduced into the Polish legal system the concept of the implementation system, which, according to its definition provided by the act, comprises monitoring, reporting as well as control and evaluation.

Evaluation is defined (Article 57 & ff.) as an assessment of effectiveness and efficiency of plan implementation. The implementation of the NDP, including the regional, sectoral and other operational programmes financed by national public funds and voivodship (regional) contracts, is subject to:

1. Ex-ante evaluation, i.e. before the actual implementation of the programme, which comprises the analysis of the strengths and weaknesses of the state, region or sector, including especially:
  - Evaluation of the social and economic situation, the situation on the national job market, including job opportunities for men and women,

- Evaluation of the condition of the natural environment, including solutions that ensure the consistency of national and Community policies in this area,
- 2. Mid-term evaluation that comprises:
  - Efficiency of resource use,
  - Effectiveness with respect to the achievement of stipulated goals,
  - Impact on the social and economic situation, including employment levels,
  - The operation of the implementation system,
- 3. Ex-post evaluation – on completion of the project, using the results of previous evaluations, especially those of the mid-term evaluation.

Due to the introduction into Polish legislation of a new act that regulates regional policy, which is the Development Policy Principles Act of December 6, 2006 (Journal of Laws 2006, No 227, item 1658) the application of the NDP Act was limited to the activities performed under the former programming period, so these regulations will govern ex-post evaluation carried out in the 2000-2006 period. However, the provisions introduced by the Development Policy Principles Act stipulate the following fundamental documents: the National Development Strategy, sectoral strategies, voivodship strategies and local strategies (Article 9). In the case of the first three strategies, the instruments for their implementation are operational programmes<sup>60</sup> (Article 15), which include within their scope also obligatory elements (Article 19, Section 1, items 1 and 5) the diagnosis of the social and economic situation of a given sector or voivodship for a given programme, including the results of ex-ante evaluation as well as determining the ways of monitoring and evaluation of the extent to which the main objective and subsidiary goals have been achieved.

The development policy, including the National Development Strategy (as well as strategies and programmes implemented within its effective lifetime), may be implemented on the basis of contracts and international agreements and on the basis of programmes, legal and financial instruments contained in the European Union regulations (Article 15, Section 2). Under these circumstances, relevant regulations apply to these contracts, programmes or instruments (Article 15, Section 3). In particular, the legislators indicated that the Council Regulation No 1083/2006, discussed in the preceding section, applies to operational programmes co-financed by Community funds (Article 19, Section 2).

The legal issues related to the evaluation of the Structural Funds at the level of regional governments, where they are used pursuant to the provisions of regional operational programmes, are governed by Articles 25 and 26 of the Development Policy Principles Act. According to its provisions, voivodship self-government is the managing authority at the level of a given operational programme<sup>61</sup>, i.e. an institution responsible for its preparation and implementation. The duties of the managing authority pursuant to Article 26 Section 1, paragraph 1, include the fulfilment of all the responsibilities imposed by Article 60 of the Council Regulation 1083/2006, which means the following in the area of evaluation:

- to ensure that the evaluations of operational programmes referred to in Article 48(3) are conducted in accordance with Article 47<sup>62</sup> (Article 60, paragraph e of Council Resolution 1083/2006),
- to ensure that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation is collected (Article 60, paragraph c of Council Regulation (EC) 1083/2006).

<sup>60</sup> The Act also provides for the development of the so-called executive plans for thematically coordinated programmes (Articles 22-24).

<sup>61</sup> In the case of national programmes, this is the responsibility of the Minister of Regional Development for all the programmes governed by regulations of the Structural Funds (Article 18).

<sup>62</sup> The provisions of Article 47 of Council Regulation 1083/2006 have been outlined in the previous section.

As was already mentioned, the Community practice of issuing guidelines that specify the applicability of legal regulations of a higher order has been adopted in Poland. The Development Policy Principles Act empowers the Minister of Regional Development to issue guidelines to ensure compliance with Community law and appropriate level of coordination in regard of the implementation of the Structural Funds, including, among other things, in the sphere of evaluation of operational programmes<sup>63</sup> (Article 35, item 3, paragraph 7).

For the evaluation of operational programmes for 2007-2013, evaluation guidelines were approved by the Minister of Regional Development and have been in effect since May 30, 2006<sup>64</sup>. These guidelines constitute the principles for the design of evaluation of the Structural Funds by:

- providing the definitions and purposes of evaluation of the National Strategic Reference Framework and operational programmes,
- designing an institutional composition of evaluation and the role of individual subjects,
- indicating the applicable scope and types of evaluation,
- determining the implementation of the process of evaluation and the provision of evaluation plans.

The formulations contained in the guidelines refer directly to the Community regulations discussed previously. It needs to be underscored, though, that the term evaluation is used consistently throughout in preference to the more general Polish term appraisal, as is the case in the Development Policy Principles Act<sup>65</sup>. Accordingly, the guidelines define evaluation as “a judgement (appraisal) of the value of a public intervention made in consideration of appropriate criteria (efficiency, effectiveness, utility, relevance and sustainability) and standards. The judgement usually applies to the needs that must be met as a result of the intervention and the effects achieved. Evaluation is based on specially collected information to that end using appropriate methodology”. The purpose of evaluation has been defined in accordance with Article 47 of Council Regulation (EC) 1083/2006<sup>66</sup>. The guidelines also stipulate the performance of strategic and operational evaluations contained in the source regulation.

The guidelines issued by the Minister of Regional Development focus on four elements of the evaluation system: the institutional system, the scope and kinds of evaluation, the process of evaluation itself, and the planning of the activity.

### 3.3.1. The institutional system

In the case of the institutional system of evaluation, three levels of action have been introduced:

- Level I – evaluation at the level of the National Strategic Reference Framework (NSRF) concerns horizontal and cross-sectional issues that involve more than a single operational programme, where the entity responsible for the evaluation of the NSRF is the National Evaluation Unit, whereas in the case of Regional Operational Programmes (ROP), this role is fulfilled by the ROP coordinating institution,
- Level II – evaluation of individual operational programmes, where the responsibility rests with the managing authorities,

<sup>63</sup> The inventory of issues indicated in the Act for which guidelines may be developed is much broader and includes, among other, the following: detailed descriptions of priorities of a given operational programme, the method of project selection, qualifications of persons participating in project selection, payment and accounting procedures, monitoring of progress in the implementation of operational programmes, methods and scope of reporting on the implementation of operational programmes, technical conditions for the collection and transfer of data in an electronic format, control of implementation of operational programmes, procedures in the event of irregularities.

<sup>64</sup> *Narodowe Strategiczne Ramy Odniesienia...*, op. cit.

<sup>65</sup> It should be noted that evaluation is a broader concept than appraisal.

<sup>66</sup> See section 3.2.

– Level III – applies to evaluation at the level of priorities, measures and projects, where the relevant managing authorities are competent to regulate the scope of these evaluations.

Inasmuch as the performance of evaluation for the two first levels is obligatory, the implementation of evaluation for the third level is facultative. Hence the guidelines designate the agencies participating in the process of only for levels I and II. They are:

1. National Evaluation Unit (NEU), or the Minister for Regional Development, whose mandate in this respect is discharged by the Department for the Coordination of Structural Policy.

2. Managing authorities of individual operational programmes (MA) through Evaluation Units established within their structures or outside.

3. The Regional Operational Programmes coordinating institution (CI ROP), i.e. the Minister of Regional Development, whose responsibilities in this respect are exercised by the Department for the Coordination of Regional Programmes.

4. Evaluation Steering Groups (SG) that can be appointed by b and c, with the overall task of implementation of the principle of partnership and coordination of evaluation.

5. Monitoring Committees (MC) appointed by the relevant Minister or Voivode in order to monitor operational programmes pursuant to Article 36 of the Principles for Conducting Development Policy Act.

A detailed breakdown of responsibilities and decision-making authority is presented in Table 3.1.

Analysing the ranges of respective responsibilities of individual institutions, certain major groups emerge:

- determining and application of standards and guidelines (NEU, MA, CI),
- planning of evaluation (NEU, MA, CI),
- conducting evaluation (NEU, MA, CI and MC for the monitoring of evaluation),
- dissemination and utilisation of evaluation results (NEU, MA, CI, SG),
- developing the evaluation potential (NEU).

It is also worth noting that ensuring the appropriate quality of evaluation and achieving the objectives set will depend on the extent and quality of cooperation between groups engaged in the process of evaluation, especially the linkages in the sphere of competencies or tasks that have to be discharged together. It is especially important to ensure an appropriate extent of horizontal coordination.

### 3.3.2. The scope and kinds of evaluation

Guidelines provide for two kinds of evaluation (in accordance with Community regulations): strategic and operational conducted at various points of time (before, during and on completion of a programming period). Owing to the fact that ex-ante evaluations had already been performed before the guidelines were developed and ex-post evaluation is usually the domain of the European Commission, the guidelines focus on ongoing evaluations, whose aim is to arrive at a better understanding of the effects of interventions and formulate recommendations useful for the implementation of a given programme. These evaluations constitute the terms of reference for managing authorities and are conducted in the following cases (again, stipulated by solutions adopted throughout the EU):

– monitoring feedback indicates serious departures from the originally adopted objectives (such an evaluation has the task of identifying the reasons for these departures and indicate the recommendations that permit the solution of problems that have arisen),

– application to review a given operational programme or its part in the event that changes in the programme have been caused by the reallocation of funds, changes in the objectives of a given operational programme and priority axes or major elements of the implementation

Table 3.1. Responsibilities of individual institutions participating in the process of evaluation

National Evaluation Unit (NEU)	Managing authorities (MA) of operational programmes	Coordinating institution (CI) of the regional operational programmes	Steering groups (SG)	Monitoring committees (MC)
To submit to the coordinating committee of the NSRF and the NSRF coordinating institution the information on planned evaluation activities	To ensure funding for evaluation activities as part of technical assistance			
To plan (and to prepare the NSRF evaluation plan) and to coordinate the process of evaluation NSRF	To develop an <i>Evaluation plan</i> and to coordinate the process of achieving the goals of the <i>Plan</i>	To develop in cooperation with the managing authority of regional operational programmes a <i>Plan for the evaluation of horizontal issues as part of 16 Regional Operational Plans</i> and to coordinate the process of achieving the goals of the <i>Plan</i>	To opine on the <i>Evaluation plans</i>	To familiarize itself with the <i>Plan of evaluation of a given operational programme</i>
To ensure the performance of NSRF ex ante evaluation	To ensure the performance of ex ante evaluation of an operational programme			
To ensure that relevant standards of evaluation of the Structural Funds are observed and to disseminate information about them	To observe the guidelines issued by the National Evaluation Unit and commonly accepted standards of evaluation of the Structural Funds throughout the EU		To provide support for the evaluation unit in formulating the criteria for the selection of the evaluator and criteria for the evaluation of offers	
To prepare the <i>Guidelines on the evaluation of operational programmes in 2007-2013</i>				
To hand over the results of evaluation at the NSRF level to the NSRF coordinating committee, the NSRF coordinating institution and the European Commission (on request)	To hand over the results of evaluation to the competent monitoring committee and the National Evaluation Unit and the European Commission (on request)	To hand over the results of evaluation in the area of horizontal issues within the 16 Regional Operational Plans to the National Evaluation Unit, the managing authority of the Regional Operational Programme and the European Commission (on request)	To monitor the progress of evaluator work as per the commissioned evaluation	To familiarize itself with the evaluation results
To ensure the performance of strategic evaluations at NSRF level	To ensure the performance of strategic evaluations at the operational programme level		To provide support for the evaluation unit in evaluating draft versions of final or mid-term reports	To recommend areas for evaluation within operational programmes

National Evaluation Unit (NEU)	Managing authorities (MA) of operational programmes	Coordinating institution (CI) of the regional operational programmes	Steering groups (SG)	Monitoring committees (MC)
To ensure the performance of operational evaluation related to the monitoring of NSRF implementation	To ensure the performance of operational evaluations related to the monitoring of implementation operational programmes			To monitor the process of evaluation of a given operational programme
To ensure, in cooperation with the managing authority, that the evaluation of the extent of task accomplishment by individual operational programmes is ready by June 30, 2011 (for the allocation of the national performance reserve)	To cooperate with the National Evaluation Unit on the evaluation of the extent of task accomplishment of a given operational programme by June 30, 2011			
To cooperate with expert circles in order to improve the quality of evaluation studies and the entire process of evaluation	To cooperate with the z National Evaluation Unit and the European Commission on evaluations conducted on their initiative			
To coordinate the development of the evaluation potential in institutions involved in the process of NSRF and operational programme evaluation	To collect and accumulate appropriate data from the monitoring system			
To make public the results of evaluations conducted				
To cooperate with the European Commission on ex post evaluation (in the case of managing and coordinating institutions, also to cooperate with the National Evaluation Unit)				
To monitor the process of implementing recommendations formulated in the process of evaluation			To monitor the process of implementing recommendations formulated in the process of evaluation	

Source: Author's interpretation based on Guidelines No 6 for the evaluation of operational programmes in 2007-2013.

system. In such cases, evaluation results constitute a rationale for positive or negative decisions regarding the change in a given operational programme.

In the case of strategic evaluations, horizontal evaluations are also performed, whose extent is provided for by the NSRF Evaluation Plan prepared by the National Evaluation Unit. In accordance with the division of responsibilities, this kind of evaluation falls within the competences of managing authorities of operational programmes and the coordinating institution of a given Regional Operational Plan.

In order to allocate the national performance reserve, the guidelines stipulate that the National Evaluation Unit conducts an evaluation of the extent of task accomplishment by individual operational programmes. Owing to the necessity to spend the re-allocated amounts, the deadline for this activity has been precisely set (June 30, 2011).

The guidelines provide for the possibility of extending the scope of evaluation measures by the managing authorities beyond the mandatory events. Consequently, in the case of regional operational programmes the decision as to the final range of evaluation measures rests with the regional governments.

### 3.3.3. The process of evaluation

The most important guideline for the process of evaluation is to ensure objectivity of results and independence of evaluation work. For that reason, it is recommended that evaluations be performed by external evaluators. External evaluations will constitute a crucial instrument of the evaluation of operational programmes. Institutions that conduct evaluations must be functionally independent of certifying and auditing institutions, as provided by Council Regulation (EC) 1083/2006. Any additional evaluation activities conducted by the institution responsible for a given kind of evaluation (called internal evaluations) should have an auxiliary and supplementary character and ensuring expert independence.

Due to the dominant character of external evaluations, the issue of evaluator selection acquires special significance according to the Public Procurement Act. Evaluation activities tend to be both complex and comprehensive, therefore it is very important to appropriately balance issues related to the methodological approach with the organisation of the process. It may be assumed that the recommended limit should be 50% of the total score for the quality of the proposed methodology. This limit is used in public procurement procedures followed by the National Evaluation Unit.

The responsibility to conduct, or, more often, to order and supervise the evaluation process rests with evaluation units (appointed by managing authorities). The evaluation unit orders external evaluation through three following steps: evaluation planning, external evaluator (contractor) selection and the supervision of the evaluation study (Fig. 3.1).

The following procedural recommendations apply to the evaluator in the process of the evaluation study itself:

- to develop and submit a methodological report containing the identification of the study area, methodologies of the planned evaluation and the plan of study,
- to submit a draft version of the final report subject to consultation and evaluation by the Evaluation Unit. At the same time, it is recommended that interference with evaluator's conclusions and assessments should be limited,
- to submit the final version of the evaluation report.

Results of evaluation (both external and internal ones) should be submitted to the institutions that participate in the process of evaluation at various levels, starting with the Monitoring Committee and ending with the European Commission (in cases stipulated for by relevant regulations), whereas the scope and use of results are determined by the managing



authority of a given operational programme, with the necessary condition being making public the results of evaluation.

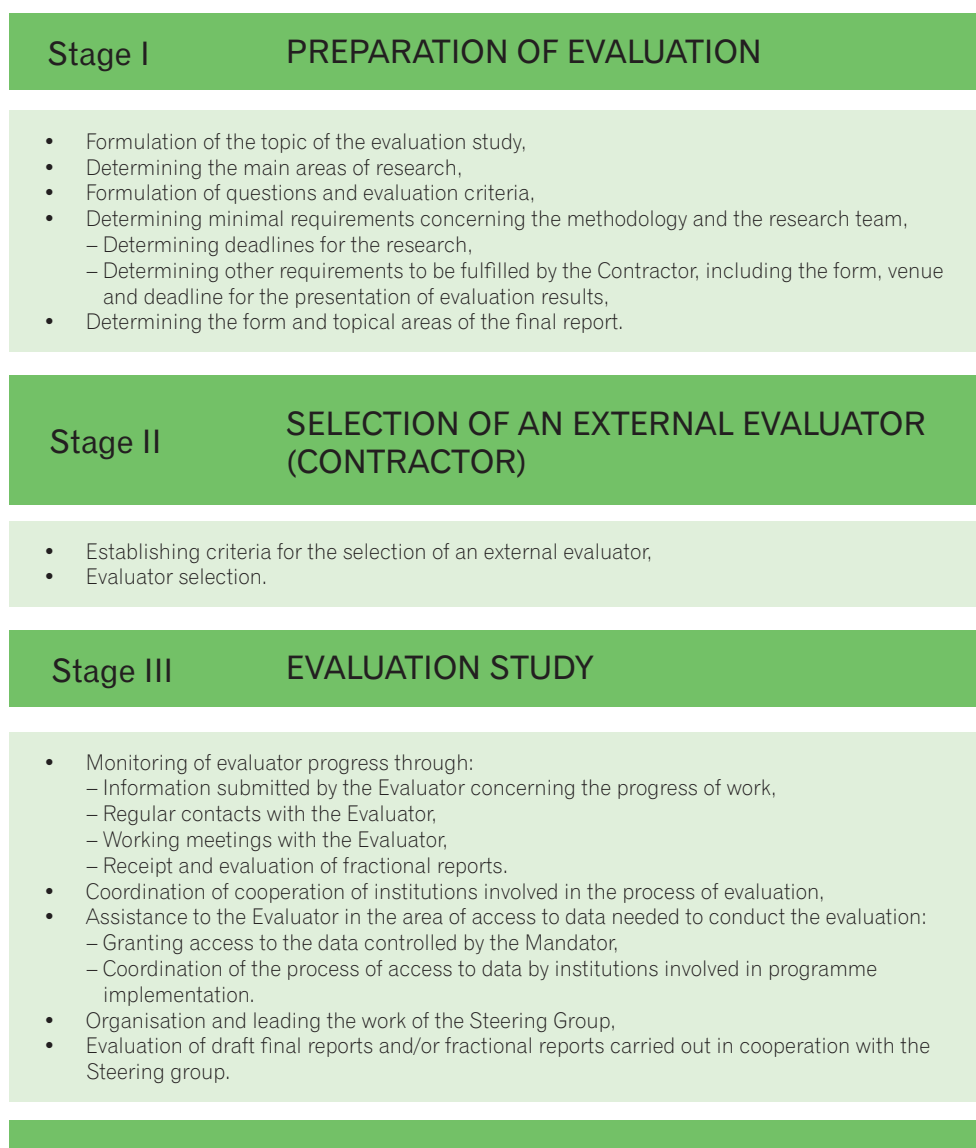


Fig. 3.1. Functions of the Evaluation Unit in the process of evaluation

Source: Author's own analysis based on Guidelines No 6 for the evaluation of operational programmes in 2007-2013.

### 3.3.4. Evaluation Plans

The effectiveness and utility of evaluation measures may be ensured only by an ordered approach to the scopes of study and deadlines (where possible) of evaluations, hence the importance of evaluation plans at all levels. Managing authorities are responsible for these plans. Guidelines contain a proposed model of an evaluation plan, which should comprise:

- the description of a given operational programme,
- the description of how the process of evaluation is organised, including:
  - the list of institutions involved and their scope of activity,
  - the number of staff directly involved,

- the budget of evaluation measures,
- an initial list of evaluation studies to be conducted throughout the entire programming period (an initial list of topical areas to be evaluated is also admissible),
- the description of measures related to evaluation: the development of evaluation potential, evaluation structures, measures to disseminate the knowledge about the evaluation, as well as those related to the cooperation with expert circles.

The system of evaluation plans comprises:

- the National Strategic Reference Framework evaluation plan,
- evaluation plans of horizontal issues within the 16 Regional Operational Programmes,
- evaluation plans of individual operational programmes,
- evaluation plans for lower levels in the event of devolution of responsibility by the managing authority.

The system of evaluation planning also involves the preparation of periodic (annual) evaluation plans by the managing authorities of Regional Operational Plans and the coordinating institution and submission of evaluation reports on a given year. These documents are then submitted to the National Evaluation Unit.

The guidelines discussed above contain quite specific provisions for organisational aspects of evaluation of the Structural Funds, although certain departures from it are admissible. However, it needs to be emphasized that they do not include substantive issues, which are governed by indicative guidelines in the area of evaluation discussed in the previous section of evaluation, or website resources ([www.evaled.com](http://www.evaled.com)) recommended for the evaluation of the Structural Funds.

The legal solutions described above offer a clear picture of the evaluation system for the 2007-2013 programming period, including the kinds of evaluation, applicable criteria and the responsibilities of individual participants of the process of evaluation of the Structural Funds. Currently, Poland witnesses a significant growth in the importance of regional self-governments as managing authorities. This phenomenon is especially apparent in the context of departure from the idea of an integrated programme for all the voivodships in favour of 16 regional operational programmes. Voivodships will be obliged to become more involved than before in evaluation efforts (previously, the main focus was to develop their evaluation potential). It should be noted that the system of evaluation will have to be closely allied with the other elements of management of the Structural Funds, especially with the monitoring system. An important aspect of the process appears to be the development of evaluation capacity on the part of the final beneficiaries of the Structural Funds, as their results may offer valuable input at the level of operational programmes.

Another issue is to preserve appropriate proportions among evaluations ordered vs. those carried out by the local governments evaluation units. To that end, the governing principles of evaluation and conditions for tender procedures must be set with great care and precision in order to avoid contracting for evaluations with institutions that treat them exclusively as a profit-oriented activities with minimal outlays on their part, or simply devoid of relevant potential or experience. The objectivity requirement states a clear preference for independent institutions, however, institutional solutions can be applied to develop regional evaluation potential, while preserving required independence.



# CHAPTER IV

## THE SYSTEM OF EVALUATION OF THE STRUCTURAL FUNDS IN POLAND

JACEK SZLACHTA

### 4.1. Introduction

In a centrally planned economy, there existed no conditions or reasons to take advantage of the expertise of market economy countries in the use of various techniques that contribute to the improvement of the quality of public spending at the central and local government levels. This was the case with, among others, monitoring in its material and financial aspects as well as various types of evaluation: ex-ante (i.e. before the commencement of the implementation of policies and programmes), mid-term (halfway through programme implementation), ongoing, and ex-post (on completion of a given programme).

Despite the political and economic transformation towards a market economy undertaken in Poland at the turn of the 1980s and the 1990s of, no serious efforts were aimed at the application of modern evaluation techniques to state economic policies. The transformation in the sphere of public finances took time, which resulted in limited demand for subjecting expenditures and public programmes to evaluation procedures. The historical developments in Central Europe caused that until the 1990s, Poland had no opportunity to develop evaluation activities in the sphere of spending public funds. The situation changed somewhat as a result of the PHARE programme and other pre-accession programmes, such as ISPA and SAPARD. The European Commission required ex-post evaluations of pre-accession funds, which primarily applied to PHARE. However, the first National Development Plan for Poland for 2000-2003 was not subjected to a formal ex-ante evaluation. The factor that contributed to the development of evaluation at the regional level was the territorial reform of Poland that became effective as of January 1, 1999.

On a larger scale, evaluation activities were undertaken in connection with Poland's accession to the European Union. As of May 1, 2004, Poland became the beneficiary of European cohesion policy. Access to the Structural Funds and the Cohesion Fund entailed the necessity to implement the obligatory evaluation procedures established by the Community.

Evaluation of public policies at the state level was initially undertaken by Anglo-Saxon countries and was to gradually become a standard element of the inventory of public activities. Of tremendous importance was the development of theoretical basis for those actions (presented mainly by various works brought out by Sage Publications) and empirical tools for the evaluation of different spheres as applied in the United States of America. In the European Union, the culture of evaluation was introduced into the Structural Funds and the Cohesion Fund by highly developed Community states that already had high-quality management of their own public funds in place. A special role in the endorsement of evaluation issues was played by the United Kingdom.

The first comprehensive set of legal regulations in the field of evaluation was introduced into Community regulations in the 2000-2006 programming period. Legislation provided for the following kinds of evaluation: before the commencement of the programme (ex-ante), ongoing, mid-term and on completion of the programme (ex-post). As far as the division of competencies between the European Commission and the beneficiary state is concerned, it is important to note that ex-ante and ongoing evaluations constitute the responsibility of the beneficiary state, whereas ex-post evaluation is performed by the European Commission. In the case of mid-term

evaluation, the practice has evolved to assume joint responsibility of both sides in performing these functions.

In the 2000-2006 programming period, ex-ante evaluations were conducted pursuant to Article 41 of the Council Regulation (EC) No 1260/1999 of June 21, 1999, laying down general provisions on the Structural Funds. They are as follows:

1. The purpose of ex-ante evaluation shall be to provide a basis for preparing the development plans, assistance and programme complement of which it shall form part. (...)

2. For the preparation of plans and assistance ex-ante evaluation shall involve an analysis of the strengths, weaknesses and potential of the Member State, region or sector concerned. (...) It shall assess the consistency of the strategy and targets selected with the specific features of the regions or areas concerned, including demographic trends, and the expected impact of the planned priorities for action, quantifying their specific targets in relation to the starting situation, where they lend themselves thereto. The ex-ante evaluation shall take into account, amongst other things, the situation in terms of competitiveness and innovation, small and medium-sized enterprises, employment and the labour market having regard to the European employment (...)<sup>67</sup>. Accordingly, the ex-ante evaluation involves, specifically: (a) evaluation of the social and economic situation, (b) evaluation of the environmental situation of the region concerned, (c) evaluation of the situation with respect to equal gender opportunities.

Finally,

The ex-ante evaluation shall verify the relevance of the proposed implementing and monitoring arrangements, consistency with Community policies and how far the indicative guidance (...) has been taken into account"<sup>68</sup>.

This regulation gives ex-ante evaluation a very prominent place in the process of mobilising European Union funds, determines the obligatory scope of these activities and grants prominence to Community indicative guidelines in this respect.

In 2007-2013, ex-ante evaluation will be performed pursuant to Article 48 of the Council Regulation (EC) No 1083/2006 of July 11, 2006 that lays down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repeals Regulation (EC) No 1260/1999. The new regulation stipulates as follows: "Ex-ante evaluations shall aim to optimise the allocation of budgetary resources under operational programmes and improve programming quality. They shall identify and appraise the disparities, gaps and potential for development, the goals to be achieved, the results expected, the quantified targets, the coherence, if necessary, of the strategy proposed for the region, the Community value-added, the extent to which the Community's priorities have been taken into account, the lessons drawn from previous programming and the quality of the procedures for implementation, monitoring, evaluation and financial management"<sup>69</sup>.

Detailed provisions concerning the procedure of evaluation for 2007-2013 were included in the indicative guidelines and made official by the European Commission in August-September 2006. They apply, among other things, to the role, components and the course of ex-ante evaluation and indicators of monitoring and evaluation. Under these regulations, as of 2007

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<sup>67</sup> Council Regulation 1260 of June 11, 1999, Article 41, Ex-ante evaluation.

<sup>68</sup> The European Union has developed a practice of supplementing Community legal regulations that constitute the element of Community *acquis* with lower-ranking documents, usually called indicative guidelines. Despite the fact that they are not formally binding, individual Member States attempt to adjust their solutions as much as possible to suggestions contained in relevant indicative guidelines.

<sup>69</sup> Some translators claim that the word *ewaluacja* (evaluation), a borrowing from English, does not exist in Polish. Consequently, even though the term does appear in dictionaries of the Polish language, is used in scientific and professional literature, appears in the name of an officially registered organisation Polish Evaluation Society as well as in official translations of Community regulations and documents, in Polish programming documents it tends to be replaced by a non-specific term *ocena* (assessment) that also describes other public administration activities.

there are three kinds of evaluation: ex-ante, ongoing or current, performed throughout the programming period, and ex-post.

Three phases of evaluation activities can be recognized following Poland's accession to the European Union:

A. Phase I involved the programming documents prepared for 2004-2006: the National Development Plan, Community Support Framework as well as operational programmes,

B. Phase II was related to the preparation of the National Development Plan for 2007-2013 and other strategic documents prepared for this programming period, but was based on regulations in force in 2000-2006,

C. Phase III concerned the set of strategic documents prepared for 2007-2013: the National Reference Framework for Poland and individual operational programmes.

## 4.2. Experience of public administration in the 2000-2006 programming period

During the ex-ante evaluation of Poland's programming documents for 2004-2006, analysed were the draft National Development Plan, draft sectoral operational programmes (Improvement of the Competitiveness of Enterprises, Development of Human Resources, Restructuring and Modernisation of the Food Sector and the Development of Rural Areas, Fisheries and Fish Processing, and Transportation), Integrated Operational Programme for Regional Development as well as the operational programme Technical Assistance. Ex-ante evaluations of those were performed by two parallel groups of experts: the international one, representing DATAR, headed by Professor Baffoual of France and composed of experts from France, Germany and United Kingdom, and the Polish team made up of representatives of academic circles dealing with evaluation studies. These experts specialise in issues related to the development of human resources and equal opportunities, agriculture, development of rural areas, fisheries, transportation, environmental protection, and regional development. These teams evaluated the entire portfolio of programming documents working side by side, but also interacting, both within and between teams.

In the teams, a leading role was played by representatives of academic circles, including those who have dealt extensively both with the practical and theoretical aspects of evaluation studies. This had a positive impact on the quality of recommendations, which also resulted from a thorough professional knowledge of a given sphere of public interventions. An important factor for future developments was related to the emergence at the time of the participatory model of evaluation, which consists in an active and interactive cooperation of evaluators at all stages of ex-ante evaluation with teams of authors of the National Development Plan and individual operational programmes.

The Ministry of Economy was particularly interested in certain aspects of ex-ante evaluation of the National Development Plan and individual operational programmes with respect to the following:

1. Compliance with regulations governing the Structural Funds.
2. Inclusion of selected sectors of the economy in the development strategy.
3. Linking the plan with the sectoral operational programme (concordance).
4. Internal cohesion of priorities and actions proposed as part of the operational programme.
5. Quality of the proposed implementation system of the operational programme.
6. Compliance with Community policies.

An advantage of such an approach was the opportunity to obtain a general view of the Plan and its attendant operational programmes.

Ex-ante evaluation was performed on the following aspects of the National Development Plan: (1) its structure and scope, (2) its strategic mission, (3) diagnosis of the socio-economic and spatial situation, (4) directions and effects of structural policy to date in Poland, (5) cohesion of priorities and directions of activity proposed by the Plan, (6) directions for the interventions of the Cohesion Fund, (7) consideration of the consequences of the very short programming period of the Structural Funds in Poland, (8) quantification of proposed actions, (9) verification of the added value principle, (10) establishing demarcation lines among individual operational programmes, (11) consideration for horizontal issues, (12) a system for the implementation of the Structural Funds in Poland, and (13) the structure of financial allocations.

Owing to the intensity of efforts and pressing deadlines, the main problem was the appearance of successive versions of programming documents every couple of days, which arose from the frequent modification of Government proposals, which, in turn, were based on continually modified feedback from the European Commission. It was especially frustrating for the international team, which based their efforts on programmes translated into English. Consequently, the written working comments of those teams usually applied to outdated versions of the document.

The fact that during the preparation of the Plan, the operational programmes and the evaluation reports, great importance was attached to making the entire process public, is a very positive development. The approach was characterised by regular conferences and seminars as well as the publication of all evaluation reports both in Polish and in English.

At that time, the model of evaluating strategic documents was established. It included three components: classical ex-ante evaluation, environmental impact assessment and the evaluation of macroeconomic effects of the Structural Funds and the Cohesion Fund by means of econometric modelling.

The Community Support Framework for Poland in 2004-2006 contained synthetic results of the evaluation process. Internal cohesion of the National Development Plan for 2004-2006 was characterised along the following dimensions: diagnosis, needs and objectives analysis, financing, implementation and impacts. The evaluation of external cohesion of the Plan was conducted with respect to the creation of new jobs, sustainable and lasting development, information society and knowledge-based economy, quality and effectiveness of management, equality of opportunities for men and women, as well as its impact on the natural environment. The evaluation of macroeconomic impacts of EU funds was made using the HERMIN model, which helped determine the impact of Community interventions on the gross domestic Product and the rate of unemployment<sup>70</sup>. Results of evaluation of the implementation system were characterised in detail, as were the specific solutions related to the functions and responsibilities of the managing authority and other institutions participating in the process of activating EU funds. In order to take into consideration the notes and comments of the team of evaluators, the text of the document was extensively revised and the coordinating role of the managing authority at the stage of preparation of the final versions of operational programmes was strengthened, until these were approved by the Council of Ministers.

The National Development Plan for 2004-2006 emphasised the importance of evaluation conducted at the behest of the National Evaluation Unit established within the Ministry of Economy and the Ministry of Labour and Social Policy. Owing to the short period of implementation of the National Development Plan that involved the years 2004-2006, no mid-term evaluation was planned, whereas the ex-post evaluation will be commissioned by the

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<sup>70</sup> J. Bradley, J. Zaleski, *Wyniki modelowania wpływu the Structural Funds i Cohesion Fund na gospodarkę polską przy zastosowaniu polskiej implementacji modelu HERMIN – raport (Modelling EU accession and The Structural Funds impacts using the new Polish HERMIN model)*, Ministerstwo Gospodarki i Pracy, Raporty HERMIN 1, Warszawa 2003.

European Commission in cooperation with Poland and will be completed within three years after the 2000-2006 programming period has expired, which is by the end of 2009 at the latest.

It was assumed that in 2004-2006 the evaluation capacity of Polish administration would be significantly strengthened. Apart from the National Evaluation Unit, individual ministries involved in the implementation of EU funds were supposed to set up their own evaluation units to enable them to cooperate with specific monitoring committees and managing authorities. Results of the evaluation will be made available to the public opinion.

Fundamental challenges faced by Poland with respect to evaluation in 2004-2006 were as follows:

- developing standards for distinct kinds of evaluation,
- conducting additional evaluations of sectoral, regional and horizontal issues,
- preparation of institutional potential for an effective performance of ex-post evaluation,
- improvement and extension of the system of indicators, their quantification and determining objectives,
- strengthening of evaluation methods for policies co-financed by the European Union, especially cost-benefit analyses of large-scale projects,
- coordination of actions in the area of evaluation among and within individual operational programmes<sup>71</sup>.

Most of these tasks will be completed after 2006, which corresponds with the n+2 principle stipulating that the Structural Funds' allocations of 2006 will be spent by the end of 2008. Formally, the process of ex-post evaluation should be completed by the end of 2009.

### 4.3. Experience of public administration related to the National Development Plan for 2007-2013

Phase Two of evaluation activities in Poland was linked with the National Development Plan for 2007-2013 adopted as the leading programming document for the period in question. The process was based on legal regulations and indicative guidelines current in 2000-2006 with the model of participatory evaluation consistently implemented throughout. Evaluation teams were mostly composed of representatives of the academic circles. In the Plan for 2007-2013, sixteen voivodship (regional) operational programmes were prepared as well as a considerable number of sectoral programmes, which influenced the assumptions concerning the process of preparation of the ex-ante evaluation. The main evaluation report on the National Development Plan for 2007-2013 was the subject of a number of seminars and publications, however, there was not enough time to produce evaluations of individual operational programmes, which were only produced in draft versions.

The evaluation report on the National Development Plan for 2007-2013 contained an analysis of previous experience with the evaluation of the Structural Funds in Poland and determined the methodology for carrying out the ex-ante evaluation of the draft version of the Plan for 2007-2013. Individual parts of the report comprised analyses of social and economic impacts of assistance in selected categories, such as competitiveness and innovativeness of the economy, the situation on the domestic labour market in consideration of professional opportunities available for men and women, as well as in the area of the natural environment. Its successive parts involved estimating the relevance and cohesion of the strategies and adopted priorities of actions as well as their internal and external cohesion, an assessment of quantification of objectives, evaluation of the proposed implementation system, compliance with Community

<sup>71</sup> Krajowy Plan Rozwoju 2004-2006, Ministerstwo Gospodarki i Pracy, Warszawa, listopad 2004 (*National Development Plan 2004-2006*, Ministry of the Economy and Labour, Warsaw, November 2004).



draft regulations for 2007-2013, EU framework documents as well as the evaluation of the Plan with respect to its impact on development processes in their territorial aspects.

The most important conclusions and recommendations resulting from the evaluation of the National Development Plan for 2007-2013 were as follows<sup>72</sup>:

1. Correspondence of the time span of the Plan with the EU programming period was viewed as a positive development. It was pointed out, however, that changes in Poland's public finances system must allow for multi-year budget programming at the central and regional levels.

2. Attention was drawn to the absence in the new programming model of the National Development Plan documentation, which requires the determination of the role of the Plan under new circumstances as well as the relationships between the National Development Plan and the National Strategic Reference Framework.

3. Despite the efforts to include all the development activities undertaken in Poland in the Plan, the National Strategic Reference Framework still remains the basic tool in this area and comprises ca. 70% of development resources anticipated for 2007-2013.

4. The need to maintain a comprehensive approach to social and economic development was emphasized in a new situation, where the funds and policies related to the development of rural areas were transferred to the Common Agricultural Policy, which may result in two uncoordinated development policies being implemented in Poland at the same time.

5. The evaluation assessed whether all the thirteen elements required for the Plan in the regulations for 2000-2006 were taken into consideration. Since there is no Plan in the new programming period, there are no other premises on which to assess its completeness.

6. The absence of a SWOT-type or similar strategic analysis in the Plan was criticized.

7. The fact that the issue of equal opportunities for men and women was, to all intents and purposes, omitted, was evaluated negatively.

8. The adoption of the principle of financing sixteen regional operational programmes by the European Regional Development Fund and the European Social Fund was negatively evaluated since the Community draft regulations stipulate single funding for operational programmes.

9. It was stated that the proposed material extent of programme financing with EU funds is in compliance with draft legal regulations.

10. Detailed provisions in the Plan for the two operational programmes affecting spheres of intervention transferred outside the cohesion policy, i.e. the development of rural areas, and fishery and fish processing, were evaluated positively.

11. It was pointed out that insufficient consideration was given to experiences arising from the implementation of funds in 2004-2006. The following adverse occurrences need urgent attention: spending funds on consumption instead of on development-promoting activities, displacement of the private sector by investments financed with public funds, absence of limitations on the financing of non-restructured sectors of the economy, politicising the principles governing the choice of projects, disrupted cash flow into EU projects as a result of a passive approach to the advance disbursed to Poland by the European Commission.

12. The opinion that the Plan is a Polish version of the Lisbon Strategy was deemed correct. However, the references are based on the original strategy of 2000 and 2001 adopted in Lisbon and Goeteborg, not on the revised Lisbon Strategy of February 2005.

13. It was pointed out that the National Development Plan has overestimated the funding potentially available to the private sector. In accordance with the principle of sustainability, in 2007-2013, the opportunities of using the Structural Funds by large private sector companies

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<sup>72</sup> J. Szlachta, J. Zaleski, *Ocena szacunkowa Wstępnego Projektu Krajowego Planu Rozwoju na lata 2007-2013. Raport końcowy*, Ministerstwo Gospodarki i Pracy, Warszawa, czerwiec 2005. (*An Ex-ante Evaluation of the Draft National Development Plan for 2007-2013*, Warsaw, June 2005). Apart from J. Szlachta and J. Zaleski, the following authors of partial analyses have contributed to the report: M. Boni, M. Dutkowski, G. Gorzelak, L. Korporowicz, T. Kudłacz, T. Zóltowski, and T. Żylicz.

have been substantially limited. Consequently, actions need to be based on co-financing opportunities on the part of small and medium-sized businesses.

14. Attention was drawn to an assumption made in the Plan to the effect that about one-half of the Structural Funds in Poland will be implemented regionally, which poses a serious challenge given the decentralisation experiences of the old EU Member States, none of which has devolved such a high degree of responsibility to regional authorities. Such an approach requires the implementation of a programme of institutional changes in order to ensure effective implementation of funds by regional authorities.

15. The need to introduce fundamental changes in the fund implementation model was suggested in order to include its three indispensable functions: management, certification (related to disbursement) and audit (to replace the previous two functions of management and payment).

16. The need to ensure consistency between the documents was indicated, including the elimination of contradictions in the Plan and the National Reform Programme, respectively, which constitute the two key programming documents.

Appendix 3 to the draft National Development Plan for 2007-2013 adopted by the Council of Ministers in September 2005, contains an ex-ante evaluation of the Plan<sup>73</sup>. It was pointed out that the key criteria used for the evaluation were relevance, cohesion, effectiveness and efficiency.

The evaluation of external consistency of the Plan was conducted with reference to the main programming documents of the European Union for 2007-2013, especially the revised Lisbon Strategy and Integrated Guidelines for Growth and Employment. The Plan's compliance with proposed Community regulations for 2007-2013 was indicated, as was its cohesion with Poland's basic strategies and documents that involve the areas of the Plan's intervention for 2007-2013.

Evaluation of internal cohesion was related to the document structure, the layout of regional and sectoral operational programmes, the convergence of priorities and strategic objectives, as well as summary concept notes for operational programmes and the algorithms used to allocate resources within the regional segment among the voivodships.

The evaluation of the implementation system resulted in the following suggestions: the need to reduce the number of decision-making levels, to introduce a clear division of responsibilities and simplify the procedures governing financial transfers, pre-financing, co-financing and reimbursement of expenses. It was also proposed that procedures and systemic solutions be made more uniform within the entire system and, wherever possible, ensure flexibility of operation and opportunities to introduce the necessary amendments. It was also indicated that there is a need to develop legal basis for the effective multi-year planning of central budget expenses and local government budgets. Moreover, the mechanisms of planning, preparation for implementation and investment financing need to be altered and adjusted to EU principles. As yet, there are no clear and transparent principles for the participation of the private sector in the discharge of public mandates (public-private partnerships). In response to the above conclusions submitted by the evaluators, it was deemed necessary to implement in Poland a number of legislative changes necessary for the effective utilisation of support offered by the EU.

On the basis of the Plan for 2007-2013, the first version of National Strategic Reference Framework was prepared, and, at the final stage of Plan 2007-2013 preparation, initial proposals of operational programmes also emerged. However, owing to the political changes in the wake of parliamentary elections and the institution of a new government, these documents were not subjected to ex-ante evaluation. On the other hand, the usefulness of such evaluations would have been seriously limited owing to a fundamental change in the programming model. Instead of a number of sectoral operational programmes, only three large-scale operational

<sup>73</sup> Narodowy Plan Rozwoju 2007-2013. Projekt, Rada Ministrów, Warszawa, wrzesień 2005, Aneks 3, pp. 157-163 (*Draft National Development Plan 2007-2013*, Council of Ministers, Warsaw, September 2005, Appendix 3).

programmes were proposed. They were built on three priority areas of spending in the European Union cohesion policy, namely infrastructure, human capital and the business sector (the innovative economy). The principle of single funding was adopted, which significantly limited the scope of financing available within regional operational programmes to the European Regional Development Fund. Fundamental modifications also affected the implementation system of funds, with the main scope of responsibility for the European cohesion policy resting now with the new Ministry of Regional Development, which fulfils the management and certification functions, including the payment function.

#### 4.4. Characteristics of evaluation activities of programming documents for 2007-2013

It is difficult to compare the evaluation of the programming documents prepared for the European cohesion policy of 2007-2013 with the two previous phases. First of all, it is due to the quantitative and qualitative changes, since the number of necessary ex-ante evaluations increases in a non-linear progression. In Poland, this is caused, above all, by the adopted model of decentralization of the regional segment that comprises sixteen voivodship operational programmes. The main focus of evaluation has changed as well, since the new model of programming of EU cohesion policy entails the elimination of the National Development Plan and the Community Support Framework, which have been replaced by Strategic Community Guidelines and National Strategic Reference Framework. Thus, evaluation focuses mainly on regional and sectoral operational programmes, as well as on technical assistance operational programme. Funds allotted to evaluation are considerably larger than those available previously, with the number of independent ex-ante evaluations having increased to about forty.

The theoretical basis for evaluation activities undertaken in Poland is still very weak. Over the last dozen years or so, the theory of evaluation has seen rapid development, yet there is also a perceptible and increasing gap between this sphere and practical evaluation studies. In Poland, quite a few evaluators still have a very limited knowledge of theory of evaluation or the most up-to-date achievements and trends in this field. Such a situation results from the lack of continuity of evaluation activities, from the dominance on the evaluation market of consultancy companies whose approach is very much profit-oriented, as well as from the overall shortage of studies and scientific publications. Therefore, it is often the case that evaluators treat EU regulations and methodological manuals as theoretical studies on the subject, possibly using the methodological output of the National Evaluation Unit and the Polish Agency for Enterprise Development. The process was very positively affected by the publication by the European Commission of indicative guidelines on evaluation, which, even though they replaced theory for certain evaluator teams, generally, gave a positive direction to evaluation activities.

The legal basis of evaluation activities suffer from a similar weakness. In the Development Policy Principles Act of December 2006, very little attention is devoted to the issue of evaluation, moreover, the notion of ex-ante evaluation does not appear at all in it (instead, the term assessment is used). Obligation to conduct evaluation has been included only in the implementation of operational programmes. As a result, the process of ex-ante evaluation does not apply to the National Development Strategy, which is to be the key document concerning the policy of social, economic and regional development of Poland for several years to come. The first National Development Strategy for 2007-2015 was thus not subject to the ex-ante evaluation<sup>74</sup>.

One of the obstacles to improving the quality of evaluation is the extremely slow growth of supply of evaluation services. Typically, the evaluation potential grows faster in the consultancy

<sup>74</sup> Ustawa z dnia 6 grudnia 2006, o zasadach prowadzenia polityki rozwoju (Dz.U. z 2006 r., Nr 227, poz. 1658).

sector rather than in academic circles. The sector includes both local divisions of foreign companies and Polish firms in this sector that take on new challenges. A very limited presence of research and development institutions, universities and institutions of higher education in this market is a negative phenomenon, yet a number of consultancy companies offer key posts to academics and research workers in their evaluation teams. Due to such a relationship between supply and demand, a number tenders for evaluations are answered by a limited number of companies. Quite often, only one or two of them meet the basic minimal conditions that make it possible to accept their bid.

In Poland, a positive model of participatory evaluation has evolved, which means that evaluators enter into close cooperation with the staff of the institution that manages a given programme. This fosters the climate of mutual cooperation of experts and officials, with both parties united in an effort to produce the best possible programming documents. Such a practice points to the fact that in Poland the process of evaluation itself is no less important than the end product, which is the evaluation report.

Another problem is posed by the fact that work on the programming documents and evaluation reports happens concurrently. As a result, newer and newer versions of the programme emerge, with the evaluators usually working on the version of document that is no longer up to date at a given moment. This causes frustration and strain on both sides. It is an inherent feature of intensified efforts in the year that directly precedes the new programming period. Therefore, the documents submitted for evaluation sometimes contain gaps, there is a very limited time to perform the evaluation and the pressure of time can be constantly felt. Sometimes important issues are raised and questions are asked only when the evaluation process is underway, instead of the stage of preparation of terms of reference. One of the consequences of a broad range of individual tasks is the very limited opportunity for contacts within evaluation teams. As a result, evaluation reports contain very useful partial recommendations concerning, for example, individual priority axes, but they fall short on the necessary broad-ranging view.

A favourable development is the significant broadening of the range of evaluation analyses performed in Poland. Previously, they were dominated by relatively simple reviews of programming documents, but now they are more and more often supplemented with techniques such as interviews, workshops, brainstorming sessions, strategic analyses, simulations of social and economic processes, adequacy matrices, falsification of reality etc. This enables a much better documentation of individual theses of a given evaluation and usually translates into a considerably better quality of ex-ante evaluations.

An important issue is the extent of methodically unified evaluation activities, concerning the funds made available through various Community policies and programmes. The basic instrument to support rural areas in 2007-2013 – the European Agricultural Fund – is now subsumed within the framework of Common Agricultural Policy. The requirements of the European Commission regarding evaluation of activities co-financed by this fund were significantly reduced, which means that the methods of evaluation of programming documents and operational programmes co-financed by this fund will not be unified with the solutions contained in the new cohesion policy (which also applies to the European Fisheries Fund, which was transferred under fisheries policy).

Another important problem is the mutual relationship between ex-ante evaluation and the parallel environmental impact assessment, which, in accordance with Polish law, applies not only to capital investment projects, but also to strategic programming documents. In recent years, conclusions arising from either process were sometimes fundamentally different, which was rather surprising. Sometimes, straightforward acceptance of conclusions arising from the environmental impact assessment would be tantamount to preserving the technological backwater status of vast regions of Poland. On occasion, conclusions that followed from the

evaluation regarding the promotion of sustainable and balanced development were much further reaching than those included in the environmental impact assessment. For this reason, the introduction of a clear division of responsibilities between the evaluation of operational programmes and the environmental impact assessment is so important for the policy of social and economic development.

The third element of a comprehensive evaluation is an assessment of the macroeconomic impact of funds. Evaluation of the package of development activities proposed for 2007-2013 used supplementary models of assessment of the funds' impact on the social and economic development, apart from the HERMIN model used previously, the number of mandatory national analyses was increased from four sectors of the national economy to ten, and methodological basis was developed for regional editions of the HERMIN model for individual voivodships. The data obtained using the HERMIN model indicate that in 2007-2013 Poland's gross domestic product should post an extra increase of about 11 percentage points thanks to the effects of the Structural Funds and the Cohesion Fund, whereas the impact of the Community cohesion policy on the unemployment rate should be about two percentage points.

The parallel and interdependent occurrence of these three types of activities improves the quality of evaluation.

Interesting conclusions have been offered by an analysis of evaluation reports on individual operational programmes. European Union Member States have adopted three types of operational programmes: regional, sectoral and technical assistance. Each of them has its distinct features, but they differ with respect to the ex-ante evaluation process.

In the case of sectoral operational programmes, the principal challenge to the process of ex-ante evaluation is the fact that Poland in 2007-2013 is about to implement the largest operational programmes in the history of the European Union, with an unprecedented nationwide number of priorities, reaching well into two digits. It turns out that a comprehensive evaluation of such very complex and comprehensive instruments of the cohesion policy (a responsibility of the Ministry of Regional Development) is problematic. Under the circumstances, the burden of evaluative analysis has been transferred onto the level of individual priorities, for which various sectoral ministries are responsible. Yet these ministries are not direct mandators of evaluation contracts, which weakens their negotiating position in a dialogue with consultancy companies that perform the tasks. In the case of the Human Capital operational programme, the problem founded upon the single-fund principle of operational programmes results from the fact that in the case of some priorities, their implementation is the responsibility of regions (voivodship-level governments), thus it is quite difficult to imagine extra sixteen partners for the dialogue with the agency that performs the ex-ante evaluation. Naturally, then, the overall responsibility has drifted to the level of the Ministry of Regional Development.

The procedure of ex-ante evaluation of regional operational programmes posed an enormous challenge. There was the option of evaluating each of the voivodship programmes on the basis of a separate tender, or the performance of the ex-ante evaluation as a single package ordered by the Ministry of Regional Development. Eventually, the latter option was chosen. It was beneficial for the preservation of methodological unity of evaluation of those sixteen operational programmes. However, limited contacts of some voivodship governments with the evaluation team proved to be a weak point of this approach. They may not have felt sufficiently at home with the evaluation, which was commissioned and accounted for by the Ministry of Regional Development.

An analysis of actions connected with technical assistance must allow for its presence at three different levels. Therefore, the ex-ante evaluation of the operational programme Technical Assistance should not be conducted in isolation from its remaining two segments, or at least from the technical assistance priorities determined for individual operational programmes. Owing to the specificity of these actions, the requirements concerning, among others, the

directions of financing, the volume of allocations and the detail specification of priorities should be as minimal as possible, since it is difficult to anticipate now what kinds of needs will be of special importance in several years. Unfortunately, conclusions proffered by some evaluators suggested something exactly opposite, postulating unnecessary levels of detail in the programmes, even where such itemisation is not required by the European Commission.

In 2007-2013, a new instrument of the Community cohesion policy in Poland will be the operational programme Development of Eastern Poland, which is meant to be macro-regional in scope. It has been initiated by the central Government, but its spatial scope is limited only to the five poorest voivodships in Poland (Lubelskie, Podkarpackie, Podlaskie, Świętokrzyskie and Warmińsko-Mazurskie). It may even be said that the programme is an experiment of sorts at a European level. The fact that it cannot be easily classified within the framework of operational programmes has caused a number of problems related not only to its ex-ante evaluation. This is a unique programme that must fit in between the sectoral and regional instruments. Unfortunately, it turned out that the previous methodology of evaluation of various kinds of operational programmes was rendered entirely helpless in this new and untypical situation, consequently, the most important recommendations contained in the evaluation report were not particularly relevant.

A very important positive phenomenon is the rapid growth of public administration institutional potential in the area of evaluation activities. Appropriate organizational units have been set up by individual ministries staffed with the right human resources, which have been offered professional stabilisation. Generally speaking, the model of internal evaluation that consists in its performance by specialised public administration agencies has been abandoned in Poland. However, even if the evaluations are carried out by external bodies selected by tender, public administration agencies must have requisite skills that allow them to order and then review evaluation analyses. Observation demonstrates that evaluation units of public administration already have a considerable potential in this area, both in terms of quantity and quality. Skills and knowledge deficits in the area of ex-ante evaluation still affect local governments at the regional level.

Another problem is posed by the very slow transfer to Poland of foreign evaluation expertise. The frantic pace of work on operational programmes and recourse to temporary documents made out only in Polish caused that experts with a limited command of the language have been practically eliminated from evaluation analyses. On the one hand, this has led to a much faster development of local evaluation capacity, with evaluation professionals very easily entering into working dialogues with the recipients of the evaluations. On the other hand, it means that foreign expertise and best practices in the area of evaluation are adopted indirectly and often with a significant delay.

Ex-ante evaluation teams understand the evaluation function better and better. The teams are usually familiar with the European Commission indicative guidelines on ex-ante evaluations as well as various manuals and guides published by the National Evaluation Unit. Nonetheless, there are still cases where evaluations are conducted in complete isolation from the authors of individual operational programmes. Sometimes evaluators write other, fundamentally different versions of an operational programme, or propose an entirely different structure of priorities and measures, which violates prior arrangements made with the European Commission or with local governments. It appears that some evaluators do not appreciate the problems inherent in the implementation of the system of funds. Certainly, in order to apply such a model of ex-ante evaluation, one must first denounce the operational programme submitted by the administration, so the energy is focused on the detection of various disqualifying pseudo-weaknesses instead of improving and/or developing the already existing programme document. Every now and then, evaluators postulate arrangements in a given operational programme that substantially exceed the requirements laid down by the European Commission.

By and large, recommendations of evaluators can be divided into three groups. The first one contains recommendations (of quality professional teams) made “on the fly” and as they arose by the authors of the programming documents. The second group of recommendations concerns matters that do not generate serious doubts as to their legitimacy, except that they generally exceeded the scope of a standard evaluation analysis of a given programming document. They include, among other things, requirements for analyses that would require at least several years of in-depth research, the inclusion of information that is absent from the statistical system maintained by the Central Statistical Office, or dealing with issues that exceed the terms of reference of operational programmes and the National Strategic Reference Framework. Finally, some recommendations stand in blatant violation of EU legal regulations, system-wide solutions adopted by Poland, arrangements, which constituted a political compromise between Poland and the European Union, or internally, with various public, business and local government partners. For obvious reasons, such recommendations cannot be used at the technical level of ex-ante evaluations.

An analysis of indicators contained in the programming documents constitutes by far the biggest flaw of most evaluations. This results from, among other things, a generally low level of quantification (measurability) of various social and economic phenomena in Poland, insufficient quality and reliability of a number of statistical data, short time perspectives of tabulated information, which is the result of political transformation and the new territorial organisation of Poland, as well as the difficulties in isolating the impacts of the Structural Funds and the Cohesion Fund. It appears that Poland should, inasmuch as possible, adopt all the indicators suggested in the indicative guidelines of the European Commission and develop the universal statistics system of the Central Statistical Office in a way that would permit its best possible use in producing the necessary indicators.

Undeniably, the most serious problem of this generation of ex-ante evaluation lies in the fact that most analyses are much more extensive than the original document subject to evaluation. Unfortunately, sizeable portions of these evaluations do not really contribute anything to our knowledge about a given programme and is of no use to the programming teams. Moreover, the average reader tends to be discouraged by texts in which the same statements are repeated over and over again.

## 4.5. Conclusions concerning the future of evaluation in Poland

The foregoing analysis of development of ex-ante evaluation in Poland indicates that, thanks to the European cohesion policy, there is consistent progress in making the most of the opportunities offered by a consistent analysis of development policies and programmes, both at the national and regional levels. The experiences presented above demonstrate that Poland witnesses a development of evaluation culture, with a perceptible qualitative improvement after 2004, despite insufficient recourse to theory in specific actions. However, a further development of evaluation in Poland requires the implementation of a comprehensive portfolio of supporting activities on the part of the state.

It is necessary to stimulate the shaping and growth of the evaluation services market, which especially applies to the supply of quality national evaluators. It is impossible to train the necessary numbers of competent evaluators only at standard university courses. A good evaluator needs to be competent in three spheres of activity that comprise: (a) methods, techniques and tools of evaluation, (b) various European Union policies, including especially cohesion policy, (c) professional knowledge of individual areas of intervention related to the economic policy of the state such as: human capital, entrepreneurship, including support for small and medium-sized businesses, a knowledge-based economy and information society, technical and social infrastructure, regional policy etc. Academics and experts competent in all



three spheres are few and far between. Knowledge about evaluation should be disseminated, among others, by international and national conferences, internships at leading universities and various institutions, which conduct practical evaluations that serve to exchange experiences as well as popularise in Poland the best evaluation practices of the Community and its Member States. It is also important to produce regular translations of methodological brochures published by the European Commission and managing authorities in various Member States concerning the techniques and methods of evaluation as well as a regular presentation of Polish and foreign best practices in the area of evaluation.

As was indicated above, the theoretical basis for evaluation activities undertaken in Poland is very poor. Therefore, it is important to consistently promote evaluation issues in the academic community. It would also be very useful to refer more extensively than to date to the rich expertise of theory and practice of evaluation in the United States of America. Evaluation issues should be accorded a more extensive treatment in research studies, the development of international research networks in this area and a direct involvement of scientists in evaluation activities of European programmes and projects. Developing new and supporting already existing postgraduate courses in the area of evaluation, the introduction of specialised courses at academies and universities of economics, as well as promoting the development of research departments and publications concerning various aspects of evaluation should considerably improve the skills and quality of the academic community involved in research and evaluation activities.

It is crucial to develop professional potential in the area of ex-ante evaluation in public administration. As was stated earlier, Poland adopted the model of external evaluation performed usually by specialised bodies and appropriate academic units. Nevertheless, public administration must possess the capacity to professionally order and then review the product – an evaluation of a given programme or investment. A positive example in the ministry that fulfils the management function is the consistent development of the potential of the National Evaluation Unit. Organisational units of this kind must also be established in other central government agencies and in implementing institutions, such as the Polish Agency for Enterprise Development, as well as in voivodship-level governments. They may also turn out to be necessary in local agencies of central government and in all active local governments.

One of the most important challenges facing Poland is the effective transfer of evaluation expertise in the area of European spending to other public spending. Estimates demonstrate that in Poland, in 2007-2013, over 50% of development activities financed with public funds will come from the European Union. Another ca. 10% of financing will involve Polish public funds contributed as obligatory co-financing input into investments co-financed by Community funds. In certain economically weaker voivodships, over 80% of local governments' own development funds will be tied with EU the Structural Funds as part of their financial envelopes. Given that in 2007-2013 most public spending on development in Poland will be undertaken with the participation of the Structural Funds and the Cohesion Fund, the problem may seem to have been solved. However, the development of high standards of evaluation culture in Poland at the state and regional levels has a key import with respect to total public spending and various policies in addition to strategic documents, since in the future, right after 2014, the social and economic development of Poland will be decided to a greater extent by its own funds and programmes, not those financed by the European Union.

The development to date of European cohesion policy in Poland has led to significant progress in the area of skills needed to perform ex-ante evaluations. Yet within the next several years, it will be necessary to undertake a broad range of ongoing evaluations of operational programmes implemented in 2007-2013. For that reason, it is necessary to define, among others: (1) the conditions for the selection of topics subject to such evaluation, (2) an inventory of methods and tools to perform such an evaluation, (3) the extent and ways to modify policies and programmes on the basis of conclusions that arise from ongoing evaluation.



It would be very difficult to determine now the future shape of the modified European cohesion policy after 2013. However, irrespective of the changes concerning its extent, character and features of such a policy, monitoring and evaluation will remain its key dimensions, since they focus on the effectiveness of its financing (with European taxpayers' money). It is likely that the next EU programming period will involve five years or the period 2014-2018<sup>75</sup>. Nevertheless, the impact of European Union funds for the social and economic development of Poland will be gradually diminishing on account of the evolution of the Community cohesion policy, the effects of Poland's economic success, the ensuing increase of Gross Domestic Product and subsequent expansion of the European Union to admit still poorer countries. Consequently, after 2013, not all Poland's regions will continue to be the beneficiaries of such policy, with the GDP of the richest region – Mazowsze – anticipated to reach ca. 90% of EU average in 2013.

The shape and character of programmes and activities subject to evaluation may change, as was the case in the past. This suggests important conclusions for evaluation activities in Poland, which:

- must become a routine element of all activities in all public policies, irrespective of the sources of their financing,
- require the development of a new potential in the area of ex-post evaluation, which, in the model of European cohesion policy, was the responsibility of the European Commission,
- each public administration unit, both central and local, should have a clearly defined evaluation unit or cell within its organisational structure.

Fundamentally modified global and national conditions will be shaping the future model of evaluation in Poland. Probably, also after 2013, the responsibility for the coordination of evaluation activities in Poland should remain within the ministry responsible for the European cohesion policy, first of all, on account of the know-how already accumulated (although the freedom of choice as to its placement within the government structure will gradually increase).

As was stated earlier, the legal basis concerning evaluation is contained in the Development Policy Principles Act, which came into effect in December 2006 and replaced the National Development Plan Act of June 2004. It must be said, though, that the provisions of the new Act in the sphere of evaluation are exceptionally laconic, even imprecise. Another weakness of this particular piece of legislation is the omission of the development policy for rural areas (including the evaluation of rural programmes) and the absence of an obligation to conduct evaluation of the most important programming document for Poland, according to the Act, which is the mid-term National Development Strategy. Without strengthening the legal basis of evaluation, it is difficult to expect acceptable performance in this sphere of activity, although, most likely, it will not occur in Poland until the legal regulations concerning another multi-year budget and policy programming period (including cohesion) are in place, which is 2013 at the earliest.

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<sup>75</sup> The draft Constitution Treaty contains the provision that the Community programs its policies and budgets (multiyear financial frameworks) in a multiyear perspective of at least five years. The argument in favour of shortening of the programming periods from seven to five years is the fact that the term of office of the most important Community institutions (the European Parliament, the European Commission) is the same.

# CHAPTER V

## PERFORMANCE EVALUATION OF REGIONAL POLICY

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### 5.1. Factors influencing the performance of public authorities in managing the socio-economic development of regions

An examination of factors that influence the performance of public authorities in managing the socio-economic development of regions requires an introductory discussion of three related topics:

1. Theoretical aspects of performance of public institutions.
2. Socio-economic development of regions – interpretations and complexity of evaluation.
3. Factors that influence the performance of public authorities.

#### 5.1.1. Theoretical aspects of performance of public institutions

As seen from a more general perspective, the issue of performance, or effectiveness of actions, has had a comprehensive treatment in praxeology. Among a number of interpretations of this term, the concept of efficiency in its universal sense<sup>76</sup> appears to be best suited to the present study, but first of all to meet the needs of possible empirical research. In a number of studies of praxeology, performance is often defined in terms of effectiveness. This means that performance, as a general name that subsumes each of its attendant practical qualities, is determined by effectiveness, benefit and economy. Each of these components is treated as a certain manifestation of performance, emphasising its separate aspects. Referring to the interpretations known in praxeology, an activity can be described as effective if it leads to the achievement of the intended effect, i.e. if its objective has been fully or partially achieved, or favourable conditions for achieving it in the future have been created. In other words, the measure of effectiveness is the closeness to the objective set. When assessing effectiveness, the costs of activities are disregarded, as are the components of the usable effect other than the intended effects. Consequently, effectiveness is a non-dimensional yet gradable quality, which can be represented as the ratio of the expected value to the achieved value.

Benefit and economy derive from the comparison of the totality of usable effects of an activity with the costs incurred to achieve them. Without analysing the differences between these concepts, which essentially boil down only to a different expression of relationships between the effects and their associated costs, one should point out that an activity is the more beneficial and economical the more the value of its usable effects exceeds the value of costs incurred to achieve them. It is worth adding that the concept of usable effects applies to all the

<sup>76</sup> In praxeology, the term performance is used in three senses: 1. universal – as a general name for each of the practical qualities of both activities and their results. With respect to activities, the term comprises effectiveness, benefits, economy, combined with energy, accuracy, simplicity, audacity, caution, cleanness. In this sense, the performance of an action can be determined for each activity that possesses at least one of the above qualities, 2. synthetic – as a name for the general combination of practical qualities of a given activity. Performance efficiency may be detected in actions characterised by all or a number of practical qualities, among them effectiveness, since in the event of ineffectiveness (or counter-effectiveness) the sense of the remaining qualities is denied and there is no effectiveness in its technical sense, 3. manipulative – as a name for certain components of effectiveness of discrete actions, such components are the speed of movement, the closeness of the planned movement to the actually performed, the degree of automatization, the fluidity of movement, the degree of consolidation and certainty, combined with less effort in the performance of the movements. See *W. Gabara Między wiedzą a działaniem. Przesłanki racjonalnego zarządzania*. Wydawnictwo Książka i Wiedza, Warszawa 1993.

effects of a given activity, both anticipated and unanticipated, positive and negative, central and incidental ones.

Literature usually employs the concept of performance in its synthetic sense, i.e. as the entirety of practical qualities of a given activity put together. According to this interpretation, an activity is efficient if it is at the same time effective, beneficial and economical (possibly also having some other positive qualities). Undoubtedly, it also stipulates the most comprehensive, praxeological evaluation of each activity. Practical utility of such a methodological model is limited in that it assumes the simultaneous occurrence of all the qualities in an activity, including, among others, its usable results and total costs. To that end, it must:

- determine the complete set of effects, both intended and unintended, central and incidental ones,
- express the “value” of such elements in comparable units.

The exact fulfilment of these requirements may at best apply to simple activities, whose effects can be isolated from the general totality of effects of other activities. In the case of more complex activities, both above-mentioned conditions can only be fulfilled with an accuracy determined by the necessary simplifying assumptions, since their effects observed at a definite point in time are a series of usually inseparable and mutually conditioning partial, effects. Some partial effects become, in turn, causes for others, starting a chain of events (which are not neutral from the standpoint of a full evaluation of effectiveness) whose time perspective cannot be determined.

Bearing the above considerations in mind, in empirical studies (evaluations) the concept of effectiveness formulated on praxeological grounds is treated as a general methodological model, with an in-depth analytic procedure adjusted to the specifics of the object of research. It is not hard to note that studies of the effectiveness of activities undertaken by public authorities should be geared towards the detection of qualities with special import for the evaluation of such effectiveness in terms of much more specific criteria than these recommended by praxeology. Moreover, such praxeological qualities as economy and benefit are to a limited extent applicable in the operation of central and local administration. In the case of implementation of a number of goals, (e.g. in the sphere of public goods) the leading and sometimes the only criterion is effectiveness conceived in the above-defined terms. Considering the specifics of public authority, the efficiency of its actions means first of all the prompt and effective performance of responsibilities, in other words, the ability to respond to ever-changing challenges. Consequently, a close and literal understanding of praxeological principles of economy in the case of integrated goals with a hierarchical structure and criteria of evaluation only valid within a certain time interval (such as the objectives set by public authorities) may result in erroneous decisions.

It is worth mentioning that the importance attached to the concept of performance manifests itself in the interpretations of the concept of rationality. The latter notion is often used interchangeably to the extent that it may be considered a manifestation of effectiveness or even its synonym<sup>77</sup>.

Therefore, throughout this study, the term performance will be used in its universal sense. It means that the analyses offered below will focus on various manifestations of activities undertaken by public authorities – manifestations that will, out of necessity, be discussed separately owing to the complexity of the subject. The discussion will focus on the effectiveness of those activities, which should, at the same time, allow for the identification of forces and factors that determine such effectiveness.

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<sup>77</sup> Rationality is a feature of a conscious activity (a deliberate activity) that consists in adjusting the means to the intended goal and also to the conditions of its implementation via reasoning. There are two kinds of rationality: 1. material rationality, when an activity is adjusted to the objective truth, i.e. to the actually existing resources, conditions and their mutual interrelationships, 2. methodological rationality, where activities are adjusted to the knowledge about the reality considered to be the objective truth, on which the reasoning is based.

### 5.1.2. Socio-economic development of regions: Interpretations and complexity of evaluation

Contentious issues related to regional development may be classified into two groups. The first one comprises the manifestations and related criteria of evaluation of regional development focused around the answer to the question regarding its essence and the kinds of phenomena that exemplify the related processes of change, as well as justifying their intensity, usually in the context of the appropriate benchmark. This group also involves issues related to growth factors and regional development, which, at the same time, refer to the second group, namely the driving forces and mechanisms of regional development.

Both groups of issues to a considerable extent exhaust the contents of this chapter. Naturally, it needs to be emphasised that the discussion will focus only on such aspects of the enumerated problems that may have an important connection with the efficiency of a public activity at the regional level. In consequence, this is not a comprehensive and exhaustive discussion of the highlighted issues.

In general, there are no controversies around the theoretical interpretation of the concept of development with reference to a single region, especially in the case of general formulations, which are not followed up by further empirical studies. It is usually used to indicate such internal changes of a given territorial unit that result in an enrichment of constituent elements of its internal structure and/or enrichment of relationships that hold among these elements. To summarize the most popular concepts and preserving a certain degree of generality (compared with the above-mentioned approach), it may be said that regional development means sustainable improvement in the living standards of residents and the economic potential within a given territorial unit<sup>78</sup>. It is defined mainly as changes affecting its following components:

- the economic potential,
- the structure of the economy,
- the natural environment,
- infrastructure development,
- the spatial order,
- the living standards of residents,
- spatial planning.

The situation becomes more complicated in the case of more operational descriptions of the concept under discussion<sup>79</sup> formulated in the context of a given research objective. In the empirical sense, development means a situation in which two or more comparable states can be isolated, and, at the same time, there is a possibility to detect and describe the differences that hold between them by means of a vector of appropriately selected features<sup>80</sup>. The main problem rests with the arbitrariness of the necessary decisions, which will fundamentally determine the ultimate result of evaluation. This will be characterised along the following dimensions:

- selection of states that determine the phenomenon of regional development,
- qualitative aspects of development,
- criteria and measurements of evaluation,
- methodological aspects of evaluation.

The first problem consists in the selection of appropriate states determining the time interval in which the analysis and evaluation of development is performed (intensity, rate and regularities inherent in the changes of the phenomenon under discussion). With respect to the evaluation of development, it is especially important in the retrospective part, which constitutes

<sup>78</sup> See T. Kudłacz, *Programowanie rozwoju regionalnego*. PWN, Warszawa 1999, p.15.

<sup>79</sup> Operational definitions relate theoretical concepts to reality, see H. Zetterberg. *Definicje teoretyczne i definicje operacyjne*, (in:) S. Nowak (ed.) *Metody badań socjologicznych*, PWN, Warszawa 1965, pp.199-208.

<sup>80</sup> See W. Pietraszewski. *Podstawy informacyjne planowania przestrzennego*, „Studia KPZK PAN”, t. LXXXVI, Warszawa 1983, p. 86.

the basis for opinions regarding the pace and regularities of development and the synthetic indicators constructed on their basis. The selection of time intervals significantly affects the results of evaluation of development in that they may be decisive in determining whether the actions promoting desired changes are justified. A similar comment pertains to the selection of states other than those marked along the time axis (e.g. when the basis for comparison is provided by similarly structured territorial units).

With respect to states related to time intervals, it is worth remembering the following regularity:

1. In the case of a retrospective study, it is generally true that the further the departure from the present state, the less useful the evaluations of policymakers' performance. In particular, there is a certain point in retrospect, usually hard to define, before which the systems become incomparable.

2. In the case of a prospective study, the relationship is opposite: prognostic evaluations regarding a certain development are the more valuable the further the time horizon to which they refer.

The other issue is related to the qualitative aspects of regional development. Their foremost manifestations are structural changes in the generally conceived system of a region. The need to perceive structural changes as a constituent element of regional development may raise a number of questions, such as:

– Are there any linkages at all between structural changes of a region and its economic growth?

– If so:

– what are the dynamics and trends of these linkages?

– which one is primary, and which one secondary?

There subsists a popular belief rooted in the intuitive rather than argumentative domain that such a linkage does actually exist and that it is fairly close to a directly proportional relationship. This belief is supported by some research results (admittedly, they concern the macroeconomic scale, but, by analogy, they can also be interpreted on a meso-economic scale)<sup>81</sup>. On the other hand, certain results of empirical research indicate that the relationship between structural changes and the rate of growth may manifest itself as two trends, different from the above<sup>82</sup>:

1. Structural changes are disorderly, uncoordinated, and thus are independent of production growth.

2. Harmonious and sustainable development is accompanied by:

– a limited extent of structural changes and high productive output (a high degree of structural changes accompanying high productivity means unstable economic growth leading to various tensions and crises),

– a considerable extent of structural changes accompanied by low productive output.

Conclusions that follow from the above considerations on the extent to which structural changes constitute a component of economic growth can be presented in the following way:

1. Empirical studies do not provide unequivocal indications in this respect, literature on the subject contains the results of analyses that justify, or, at least do not preclude the possibility that essentially all combinations of relationships between structural changes and economic growth are possible.

2. Research into structural changes vs. economic development appears to indicate the primacy of development over structural changes.

It is worth expanding on this last observation since it is quite possible that its underlying assumption constitutes the reason for the ambiguity of research results. First of all, analysing

<sup>81</sup> A. Karpiński. *Restrukturyzacja gospodarki w Polsce i na świecie*. PWE, Warszawa 1986, p. 29 &ff.

<sup>82</sup> B. Wyżnikiewicz. *Zmiany strukturalne w gospodarce. Prawidłowości i ograniczenia*. PWE, Warszawa 1987, pp. 44-45.

only simple interrelationships between structural changes and economic development does not appear to be sufficient since it is imperative to consider different delays in the emergence of one or the other phenomenon. The interdependence of the discussed relationships is justified by, among others, the concepts of general economic development that draw on the mechanism of cyclic changes in the driving forces behind economic growth, such as changes in sectors of the economy that promote technical progress and innovation<sup>83</sup>. In general, the series of relationships can be presented as follows:

1. In a phase characterised by stable dynamics of economic growth, evolutionary structural changes derived from it occur in the regional economy.

2. As the growth trends gradually expire (which is caused by the burning out of the driving forces behind a given growth cycle), structural changes become more and more involved in the preparation of a new cycle of growth in a region where qualitatively new driving forces will emerge, usually associated with other businesses, lines of business or branches of the economy, in this phase, two features of the discussed relationships are of considerable import:

- in contrast to the previous phase, structural changes become more of a cause than an effect of economic growth,

- there is a delay between the implementation of the structural changes and economic growth.

The delays mentioned above appear to have a fundamental impact on the result of empirical verification of the hypothesis as to the linkages that persist between structural changes and economic growth. Finally, one may express a view that these relationships are, in fact, interrelationships with a positive feedback value<sup>84</sup>. One of the preconditions for an appropriate evaluation of the importance of these relationships is to properly estimate the duration of the delay in the cause-effect relationship in all phases of the growth cycle.

In recognising the core aspects of the relationships under analysis, one must take notice of two kinds of structures isolated on the basis of the degree of universality of their form and their impact on the rate of economic growth. The first group of those contains structural cross-sections with an indefinite target model. Their concrete form is closely related to the economic cycle. The structures change in line with changes in the driving forces behind economic growth. Another type is created by structures whose target models are known (unified) and desirable since they generate the dynamics of socio-economic development. With reference to this type of structures, one may formulate evaluations regarding the specific direction of these changes. The most often discussed structural cross-sections that occur in the context of socio-economic development are the following:

- sectoral structure of the economy (sector I, II, III, IV),

- organisational structure of economic entities reflecting the appropriate proportion among big, medium-sized and small economic units,

- the structure that reflects the degree of complexity of the regional economy (the transition from monocultural economy to a more complex, highly-specialised one).

The third problem is posed by the criteria and measurements of evaluation. On a practical approach to regional development, there arises the issue of selection of its specific measurements. As was mentioned before, the concept of regional development is a certain mental shortcut that embraces a broader spectrum of more specific phenomena, yet actual empirical studies have not taken proper care of this fact. Therefore it needs to be emphasised that the selection of features (specific measurements) has a decisive impact on evaluation results.

<sup>83</sup> An interesting discussion on the subject can be found in: S. Kuznets, *Wzrost gospodarczy narodów*. PWE, Warszawa 1976, p. 315 ff.

<sup>84</sup> We ignore the case of the negative feedback value between the phenomena under discussion, which occurs as a result of political errors in the economic restructuring policy.

The last issue to be discussed is related to the methodological side of evaluation of regional development, which mainly involves the selection of an appropriate technique for the generalisation of assessments formulated on the basis of the vector of specific features. For the most part, it applies to the scope of admissible substitution in evaluating development<sup>85</sup>, i.e.:

- to what extent are we inclined to treat development as the result of positive and negative regional achievements “balancing themselves out”?
- are there any limits to acceptable substitution in separately considered specific features?
- which dimensions (elements) of the evaluation vector may not be thus substituted?

The methodological aspect of evaluation also involves the selection of an appropriate investigative technique leading to the synthesis of specific assessments. Owing to the fact that it is usually reduced to a set of quantifiable features, the problem of reliability of such a syntheses arises.

The notion of regional development related to the entire country requires a somewhat different approach. First of all, in contrast to the former interpretation applicable to individual regions, debatable issues arise already the theoretical level. This applies to, among other things, the criterion itself, within which development can be analysed. It is worth noting that the use of the complex system model, which suggests an absolute primacy of general systemic criteria, appears to be devoid of decisive suggestions. This is the case because the aspect of regional development under consideration, even though it applies to the entire territorial system, has strong ties with the development of its constituent units. This is easy to perceive with reference to the persistent dilemma of regional development policies: is it better to reduce disparities among regions (the single-region criterion), or to economize the overall development of the country (the state-centred criterion). In other words, inasmuch as regional development related to a single territorial unit does not imply the absolute necessity to penetrate its spatial structure, the same approach to an arrangement of regions does impose such a necessity. Consequently, there is a need to settle the following issue: To what extent can regional development be treated as a resultant of the development of its individual constituent units and to what extent it should be the result of an autonomous system-focussed criterion?

Another group of issues in regional developments involves its determinants. An analysis of their impact permits the formulation of the above-mentioned development regularities. The following issues are of major importance:

1. The key condition for determining whether development occurs properly is the selection of appropriate potential determinants. Usually, this is decided by assumptions treated as initial hypotheses about the influence of certain factors on appropriately defined development processes. The issue concerns the extent to which the set of determinants adopted in advance exhausts the real limitations and stimulators of regional development,

2. The general body of determinants can be classified from a number of points of view, with two of them being of special importance for further discussion of performance evaluation of public authorities.

3. The former division is based on the extent of control exerted over the determinants on the part of a given decision-making system. In this sense, a distinction between development conditions and development factors can be introduced. Development conditions are determinants that cannot be controlled by a given decision-making system, whereas development factors can be thus controlled. It should be noted that the qualification in regard of the extent of controllability of a series of determinants might derive from the adopted interpretation of regional development mechanisms.

4. The latter division is founded on the kind of relationship between the *development phenomenon* and its constituent factors. In this respect, cause-effect relationships (stochastic

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<sup>85</sup> Mentioned by W. Pietraszewski, *Podstawy informacyjne planowania...*, op. cit., p. 87.



rather than deterministic) or various kinds of correlations are considered. Correlations tend to occur as a result of limited knowledge in a given area.

### 5.1.3. Factors that determine the performance of public authorities

If one were to adopt the view that the factors influencing the performance of public authorities include all the aspects that impact on the effects of their activities, their set would be a very rich one indeed and it would be impossible to discuss them all. Hence the need for a certain generalisation of discussions that aims to arrange them in a proper order and to group specific factors. However, to all intents and purposes, the results are always relative. The classification of factors depends on the adopted principles and criteria for grouping specific phenomena, whereas the hierarchy of priorities may only apply to specific public authorities (at a given level, or even their personal makeup). What may under some circumstances be of extreme importance and may considerably impede or facilitate an activity, under other conditions may turn out to be of secondary significance in the context of impacts of other factors. Bearing this in mind, further discussion of factors requires that the following assumption be adopted.

From the viewpoint of the present study, two kinds of dichotomies of factors that influence the efficiency of public authorities appear to be especially useful.

One of them is based on the system of authorities and their environment with internal system-based factors and those related to its external environment. The first group is linked both with the degree of system formalisation, that is to say, the scope and internal consistency of permanent limitations on the freedom to act in certain ways, and to internal phenomena, which are not or may not be the object of formalisation (e.g. the qualifications of members of representative bodies), but which nonetheless may determine the efficiency of the entire system. The other group of factors of the adopted division is related to external phenomena, which either facilitate or hinder the achievement of objectives (or tasks) of a given authority competent to pursue the policies discussed here. In the case of intraregional policies, they are decided by, first of all, the socio-economic conditions of a given territorial unit, e.g. its potential, demographic structure and the resultant degree of integration and involvement of local residents, the existing economic structure, natural conditions and the ensuing possibilities of economic development. Important in this respect are also factors inherent in the susceptibility of businesses, institutions and organisations to the triggering activities of public authorities.

Another criterion for the division of the discussed factors can be their formalisation. The first group involves factors that should be considered as legally guaranteed within a given time perspective, i.e. instruments for the execution of public authority functions. The other group includes all the other factors. It is worth pointing out that although the extent of execution of public authority functions at all the territorial levels depends to a considerable extent on the kind of legal instruments to which they are entitled, the actual efficiency of these bodies in managing socio-economic development is determined by a number of special factors which are not derived from their powers of government, but from their initiative, commitment, social standing and the capacity to use informal ties. It is the latter group of factors that decides how effectively these functions are executed, given that all the units of a given level of territorial division of any country have the same formal powers.

A more detailed discussion of factors conditioning the efficiency of public authorities will be presented with reference to regional (voivodship) authorities common to all the units of this territorial level.

#### 1. A well-defined and guaranteed range of powers and obligations

They are regulated by a number of pieces of legislation, of which the most important is the Voivodship Self-government Act of July 18, 1998<sup>86</sup>. This act establishes a general legal framework

<sup>86</sup> *Ustawa z dnia 5 czerwca 1998 r. o samorządzie województwa* (Dz.U. z 1998 r., Nr 91, poz. 576).



for the operation of decision-making bodies of intraregional policy. Executive provisions of various levels define the competencies, responsibilities and instruments in more detail. These provisions, especially their consistency, determine the regional authorities' actual capacity to act.

#### 2. A secure place in the structure of public authorities

This condition indicates not so much the status of regional bodies (which is defined by the previous condition) as the requirement for the stability of this status. Regional authorities may perform their functions and be important links in the overall regional policy of a given country only if their internal conditions of operation remain unchanged throughout longer stretches of time. Frequent changes exert a considerable negative influence on the efficiency of a given system of public authorities. First of all, they make it more difficult to evaluate certain solutions since there exists a certain minimal time span (different for different problems) in which positive or negative consequences of these solutions or modifications may manifest themselves.

#### 3. An independent budget with stable sources of revenue

Each public decision-making body, including regional authorities, may achieve its objectives on condition that it has appropriate resources. Financial resources play a special role in this respect. Ideally, there should be a direct association between the financial situation of the region and the effects of the socio-economic policy of its local government. This would constitute an important factor in releasing and stimulating genuine initiatives by the public and by regional authorities in order to enhance the level of regional development. The necessary condition in this area is to construct the revenue side of the regional budget to ensure that local government has genuine influence on its budget. The present regulations, however, meet this postulate only to a limited extent<sup>87</sup>.

#### 4. An efficient executive apparatus

There are two issues that jointly influence the efficiency of regional authorities in managing the socio-economic development of voivodships. The first one involves mutual relationships between the regional council and its executive body – the Voivodship Board. Present legal regulations do not constitute an obstacle to an efficient local government. The other is related to the administrative efficiency of the executive apparatus itself, i.e. the Marshal Offices.

In general, there prevails a good awareness of conditions that contribute to an efficient local government administration. Based on these and on empirical studies, various sets of factors have been formulated that influence this effectiveness. It is worth indicating the following groups:

- human resources subsystem,
- organisation of the labour process,
- organisational structures, information and decision-making subsystem,
- management subsystem,
- instrumentalisation of decisions,
- material resources,
- external environment.

#### 5. Integration of the decision-making system of socio-economic regional policy, including ties with the local community

It may be assumed that the most representative measurements of efficiency of regional authorities should be sought within this condition, which may manifest itself, among others, by various levels of public interest and acceptance of undertakings initiated by local authorities. At the same time, it may be considered an important factor in determining the reliability of decisions made by appropriate local authorities.

Regional economy constitutes a system whose efficiency of operation depends on the extent of cooperation of its various parts, including also the ones isolated on the basis of its

<sup>87</sup> See *Ustawa o dochodach jednostek samorządu terytorialnego* z 13 listopada 2003 roku (Local Government Units Revenues Act of November 13, 2003) (Dz.U. z 2003 r., Nr 203, poz. 1966).

subject-based criterion. Integration of the regional system of decision-making bodies consists in their willingness to act in accordance with the overall goals of the community. Distinct individual objectives result in a situation where the fundamental instruments of integration have to be negotiation procedures reflecting the broader mechanism aimed at the balancing of multiple interests. The main condition for integration is a sense of a community of interests and the belief in a genuine influence of the most important regional policy player on the shape of economic processes.

The performance of regional development policies require the emergence of integration centres that would serve to negotiate development objectives. They may be discussed in two aspects:

- subject-based – related to the most important institution in the regional decision-making system responsible for the organisation and conduct of the negotiating process on behalf of a given centre of power and for the supervision and achievement of negotiated objectives,
- object-based – related to an undertaking that, owing to its importance for all or some participants in the negotiations process, evokes the most interest in the way it is implemented.

Current conditions demonstrate that in terms of the subject-based approach, the role of a centre of integration and negotiation of regional development policies is the regional government, which should organise and mediate the process of necessary negotiations. Unfortunately, within its administrative capacity, it has no professionally organised logistic support for the proper performance of this function.

On the subject-based approach, the functions of a centre of integration and negotiation of regional development policies are fulfilled by:

- the regional development strategy,
- the voivodship master land use plan.

Since the voivodship master plan should be prepared as part of its development strategy, both these undertakings will be discussed together. Further, assuming that both the strategy and the plan constitute important instruments of regional development policy and focussing attention only on the prospects for the improved effectiveness of these instruments, it is worth indicating the intentionally selected features of strategy, emphasizing the core of the problem under discussion:

1. The strategy is a programme-based undertaking, whose immanent feature is the subject-based system, oftentimes too weakly emphasised in planning voivodship development strategies. The necessary element of each strategy, but also the most difficult one to work out, is the mechanism for achieving the set objectives. It is founded upon the subject-based system, within which such strategic objectives have been negotiated as other players considered to be of advantage to them, as well as the mode of cooperation in the achievement of given tasks. The issue does not involve the division of individual tasks among the various players (usually, at the stage of strategy formulation such tasks have not yet been fully identified), but reaching a compromise regarding the objectives and the creation of a common cooperation forum. This shows that the decision-making system must play an active role already at the stage of preparation of a development strategy.

2. The foregoing analysis suggests that strategic objectives must result from a negotiated consensus within a given regional decision-making system. Therefore, the preparation of a strategy by external teams with insufficient contact with internal players is by and large a waste of public funds.

3. The strategy is not a one-off effort, but involves the development of an ongoing mechanism for relating the set objectives with internal and external development conditions that change in time. In a properly designed regional (voivodship) development strategy, the process of its formulation is not separated from the process of its implementation, but constitutes a single, constantly renewed process. An opposite situation, possible in the case of strategies of

economic organisations, would mean that a single subject-based system formulates a strategy, whose implementation is then outsourced to a different set of units. The conclusion can be formulated as follows: the strategy function that integrates the regional subject-based system manifests itself not only at the stage of preparation of relevant documents, but has an ongoing character, similar to ongoing negotiations within the system as such.

4. It is important that a regional (voivodship) strategy be autonomous with respect to the sectoral system, not, as has been the case to date, a summary of partial sectoral strategies. Only when this condition has been satisfied can a regional (voivodship) strategy become an instrument of regional policy in the hands of a local government. The opposite situation means that vertical systems will dominate or even completely take over the region.

To generalize on the above comments, it needs to be noted that under current conditions, the main advantage of regional (voivodship) development strategies is the integration of important regional players around common problems (goals) and that, in principle, this is the only common forum of integration.

A separate mention must be made of the problem of relationships between the regional master plan and its socio-economic development strategy. The present Spatial Planning Act appears to offer favourable conditions for the desirable integration of both kinds of planning activities. However, specialised agencies of regional administration demonstrate a certain degree of confusion in understanding this link, as a result of which there is an observed discontinuity between the socio-economic and spatial spheres of strategic planning.

## 5.2. Regional policy

### 5.2.1. The definition of policy

The above-mentioned term regional development policy implies the need to characterise the concept in some more detail. Figure 5.1 shows the fundamental elements of each policy of this kind. This model shows all the constituent elements of policy, as well as the links that exist among them.

The place of development policy in the market economy is worth emphasising. In this system, policy, as the intervention mechanism, must be perceived as the heralded process designated to correct and complement the regulatory properties of the market. However, it applies to territorial units of all levels, both local and nationwide.

Each policy (modified by an appropriate adjective: social, economic, regional etc.) can be defined in the following way: A conscious and intentional activity of public decision-making bodies geared towards the setting of socio-economic goals and mobilising the resources needed to achieve them in consideration of the needs and possibilities of various parts of the country.

The definition quoted above has been constructed in a way that emphasises the pillars that constitute the policy. They are:

1. The decision-making bodies: who on behalf of a given territorial community formulates a given development programme and assigns to it appropriate methods of action.
2. The goals: what is assumed to be feasible within a given timeframe.
3. The instruments: which resources can be used by the decision-making bodies to achieve the goals set.

The formulation "a conscious and intentional activity" requires some explanation. It is supposed to underscore the special importance of policy as the regulatory mechanism of development processes. It is a well-known fact that the regulatory market mechanisms "keep pace" with developments, which means that once a given problem arises, the processes to solve it will appear. If there are no problems (usually certain states of imbalance), there are no processes either. The intervention mechanism (policy) should have an anticipatory character.

A policy can be defined as an appropriately systematised arrangement of decisions. Decision-making and the making of appropriate choices must be preceded by a reflection regarding their future effects. In other words, development policy means taking appropriate decisions by public decision-making bodies that aim to take advantage of set future aims in advance.

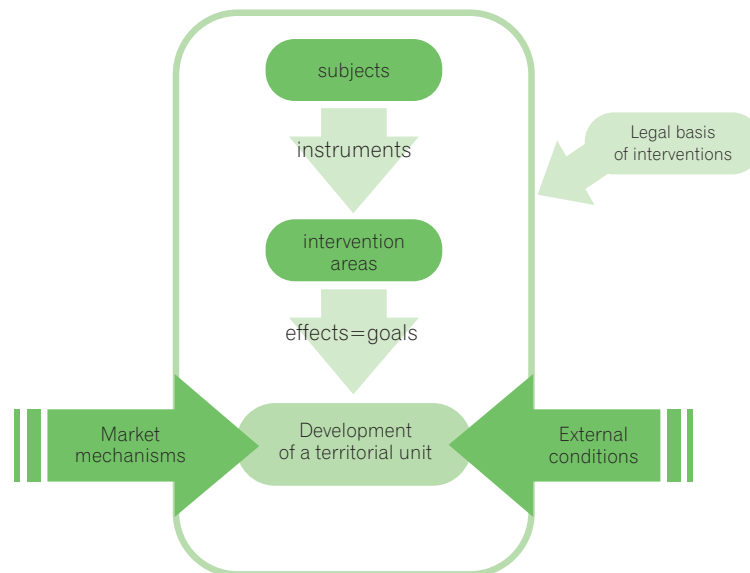


Fig. 5.1. A Model of regional development policy

Source: Author's own analysis.

The definition of policy contained in the Development Policy Principles Act is formulated at a similar level of generality (Article 2): "Development policy is understood as a series of mutually related actions undertaken and implemented in order to ensure long-lasting and sustainable socio-economic and territorial development nationwide, regionally or locally, in consideration of the following especially":

- protection of the environment,
- health care,
- promotion of employment, including combating unemployment, alleviating the effects of unemployment and motivating the unemployed to seek gainful employment,
- development of culture, physical culture, sports and tourism,
- development of cities and metropolitan areas,
- development of rural areas,
- development of research and stimulating innovativeness in the economy, including the development of sectors based on modern technologies,
- development of socially minded local communities as well as the structures of the civic society,
- development of human resources, including improved levels of education, qualifications of citizens, as well as the prevention of social exclusion and alleviation of their negative effects,
- stimulation of the creation of new jobs,
- development and modernisation of social and technical infrastructure,
- support and modernisation of state institutions,
- fostering the development of entrepreneurship,
- fostering economic growth,
- improving the competitiveness of the economy.

## 5.2.2. Theoretical foundations of regional policy

In their most general shape, the theoretical foundations of regional policy draw on the theory of economics in formulating the conceptions that justify or negate the role of public decision-making bodies in influencing the course of socio-economic processes. The issue of desirable proportions between the market and interventionist mechanisms for regulating socio-economic processes constitutes one of the main dilemmas of the economy. The same is the case of the issues of regional development. The advantage of one or the other doctrine (etatism – liberalism) is associated with the general tendencies as to the choice of the character of policies, and the place and role of the state in the economy. Accordingly, in the case of regional development policy, the following main trends can be distinguished:

- liberal,
- interventionist.

The proponents of liberalism challenge the purpose and necessity of state involvement in the sphere of regional development, leaving the issues of differences in the living standards to market mechanisms (such as the free flow of capital or labour and free trade)<sup>88</sup>. This doctrine – based on appropriate premises related to the properties and the regulatory powers of the market – takes the view that in the regional development process the market is the most effective mechanism for linking resources to effects. It applies both to the development of single regional units and to the development of their appropriate systems. The most idealised form of this conception argues, among others, that an economically effective development demonstrates the tendency to equalise interregional differences in development levels. Among others, according to the principles of the model, the labour force will flow from regions with lower remuneration levels to regions with higher remuneration levels, whereas capital will flow in the opposite direction. The continuity of this process results not only in an equalisation of remunerations and profits, but also in an equalisation of regional development levels. In the opinion of proponents of the liberal conception, the observed imperfections in regional development have two central sources<sup>89</sup>:

- interventionism of public decision-making bodies that interfere with development processes,
- limited mobility of factors of production (workforce and capital), usually also ascribed to the state.

The only state activities in the sphere of regional development acceptable to the proponents of the liberal view are geared towards the removal of obstacles to the operation of the market mechanism, e.g. facilitating the mobility of the labour force.

Conversely, the proponents of the interventionist doctrine challenge market-based opportunities for equalised regional development even under the conditions of perfect competition<sup>90</sup>. Referring to the well known in economics imperfections of the market mechanisms (mainly imperfect competition, imperfect information, inadequate risk insurance, unconvincing domination of economic rationality in guiding business behaviour, limited role of prices and wages in allocation processes)<sup>91</sup> demonstrate the need for an active role of the state

<sup>88</sup> J. Szlachta, *Interwencjonizm państwa w przebieg procesów rozwoju regionalnego w świetle doktryny neokeynesowskiej i neoliberalnej*, (w:) B. Winiarski (red.) *Polityka regionalna w warunkach gospodarki rynkowej*, Ossolineum, Wrocław-Warszawa-Katowice 1991, pp. 29-34. See also J. Taylor, C. Wren, *UK regional policy: An evaluation*, "Regional Studies", Vol. 31.9, December 1997, p. 831 &ff, N. Vanhove, *Regional Policy: A European Approach...*, op. cit. pp. 2-64, G. Gorzelak, B. Jałowiecki, *Problematyka społeczna w gospodarce przestrzennej*, (w:) M. Marszał, M. Opałto (red.) *Współczesne problemy rozwoju regionalnego*. "Biuletyn KPZK PAN", z.180, Warszawa 1998, p. 171.

<sup>89</sup> For more details, see the above-quoted study: J. Taylor, C. Wren. *UK regional policy...*, ibidem.

<sup>90</sup> Ibidem, pp. 836-838.

<sup>91</sup> Interesting arguments in this respect are offered by M. Levinson. *Nie tylko wolny rynek. Odradzanie aktywnej polityki gospodarczej*. PWE, Warszawa 1992, especially pp. 49-63.

in responding to the challenges posed by regional development. Imperfections inherent in this mechanism lead to ineffective use of resources both in individual regions and nationwide, but first of all it leads to deep spatial disproportions in development. In their opinion, it is desirable to stimulate positive changes in the regional system since such an activity yields external benefits of macroeconomic significance. According to representatives of the interventionist school, special attention needs to be devoted to problem areas, where the smooth course of structural changes are disturbed. Such regions are under the threat of excessive marginalisation and the possibility of a vicious circle of backwardness (this situation is similar to the poverty trap in the neoclassical theory of economic growth)<sup>92</sup>.

The above discussion outlines the most important differences between the liberal and the interventionist doctrines. On account of the present domination of the latter, we shall now focus our attention on discussing it in more detail.

It should be noted that at present, policy (including regional policy) as an intervention mechanism is not perceived as a negative or even a zero-sum game. Support generated by the decision-making bodies geared towards the achievement of adopted aims constitutes an element of the model of a modern state. It is a common belief supported by evidence that in the long run, benefits accrue both to the donors and to the recipients of aid.

Usually, two general objectives of an active regional policy are distinguished:

- the equalisation objective,
- the effectiveness objective.

It should be noted that the above-mentioned objectives are alternatives only to a certain extent. More and more often, it is argued that the policy aimed at reducing regional inequalities at the same time is (or may be) oriented towards effectiveness, which is the main focus of the discussion below.

The following are most often mentioned as factors contributing to the emergence or amplification of regional inequalities<sup>93</sup>:

- relatively limited mobility of the labour force,
- relatively limited mobility of capital,
- the geographic factor or peripheral location, which can manifest itself as: above average transportation costs, poor quality of transportation connections, restricted access to urban areas which are big enough to offer specialised services, distance from market information and poor contact with the consumer,
- the economic structure where the region depends on a single dominant sector of the economy and phases in the business cycle,
- institutional factors, such as centralization or decentralization,
- political decisions,
- psychological factors, such as attachment to tradition,
- environmental factors, i.e. the climate and living conditions.

The above-listed factors called foreground factors should be complemented with derivative factors (background) since they are of equal importance in explaining regional inequalities. They involve the following<sup>94</sup>:

- external effects (developed regions have an extensive and diversified labour market, well-developed transportation system etc.),
- demographic situation, such as e.g. increased supply of labour force connected with the high birth rate and the lack of new jobs,
- differentiation of costs and prices related to insufficient price elasticity.

<sup>92</sup> J. Szlachta, *Programowanie rozwoju regionalnego w Unii Europejskiej*, "Studia KPZK PAN", Warszawa 1997, t. CV, pp. 17-18.

<sup>93</sup> N. Vanhove, *Regional Policy...*, op. cit., pp. 2-8.

<sup>94</sup> Ibidem, pp. 8-12.

Taylor and Wren's study evaluating regional policy in the United Kingdom in the 1980s and the 1990s puts forward four main arguments in favour of an interventionist regional policy, all of which refer to the alleviation of the impact of high unemployment, which, in turn, has a positive impact on the economy of individual regions and their systems<sup>95</sup>:

- reduction of unemployment in areas suffering from high unemployment results in economic and social benefits,
- reduction in the diversity of unemployment rates results in reduced inflationary pressures in the economy as a whole,
- unbalanced economic growth leads to the perpetuation and intensification of the region's problems through the process of cumulative causality<sup>96</sup>,
- reduction of unemployment in regions with high unemployment is politically necessary.

The basic economic cost related to unemployment is lost production and lost incomes<sup>97</sup>. By reducing unemployment, regional policy causes a direct increase in the revenues and triggers the multiplier effect in the economy. This is an advantage for the local budgets since transfers shrink and tax revenues grow. Besides, high unemployment tends to co-occur with low education levels, poorly trained workforce and generally low competitiveness of a given region, hence regional policy has a favourable impact on development perspectives of the region. Combating unemployment also results in social benefits for the region. High unemployment not only leads to impoverishment, but also to moral decay and potential social pathologies. A frequent phenomenon that occurs in regions characterised by high unemployment is a high crime rate, which affect the entire community of the region. Reduced unemployment results in these negative social effects being less intense, both as regards single individuals and the entire community.

There is ample evidence to suggest that inflationary pressures in the economy increase in line with the differentiation of labour markets in space. In regions where unemployment is low, an economic boom and the attendant increase in demand for workforce quickly faces limitations in its supply. This results in wage increases, which spread to other regions regardless of their unemployment rate, by, among others, wage agreements in nationwide sectors of the economy and within individual companies. Thus, an economic upturn in low unemployment regions unexpectedly results in nationwide price increases. In such a situation, possible anti-inflationary measures are limited. The reduction in global demand will lead to the cooling down of the economy and increased unemployment rates also in regions where it is already high. The indications for policymakers appear to be obvious. The reduction of spatial disproportions in unemployment will lead to reduced pressures on price increases in the economy. The liquidation of inflationary bottlenecks may have a positive impact on the actual productive output of a given country.

A direct effect of lasting disparities in employment opportunities is the flow of the workforce from high-unemployment regions to regions with more job opportunities. Although such migrations help to temporarily reduce the disparities in unemployment<sup>98</sup>, long-term effects may prove to be harmful both to migration source and target regions. The source region may suffer from selective emigration since, in general, people with higher qualifications tend to be more mobile. A positive correlation between the distances covered and the level of education was also observed. The selective nature of migration intensifies inequalities in economic

<sup>95</sup> Based on J. Taylor, C. Wren, *UK regional policy...*, op. cit., pp. 836-838.

<sup>96</sup> G. Myrdal, *Teoria ekonomii a...*, op. cit., p. 41.

<sup>97</sup> Costs of unemployment are often presented as several merging dimensions, e.g. economic vs. social, private vs. public, unemployment costs (and benefits) are further elaborated in E. Kwiatkowski, *Bezrobocie. Theoretical basis*, PWN, Warszawa, pp. 77-89.

<sup>98</sup> This is supported by the model explaining the flow of the labour force developed during research into international economy, see P. R. Krugman, M. Obstfeld, *Międzynarodowe stosunki gospodarcze. Teoria i praktyka*, Vol.1, PWN, Warszawa 2007, p. 227 &ff.

outputs of individual regions, worsening the supply structure in high-unemployment regions and improving it in low-unemployment ones. A positive correlation also exists between academic achievements (related to the quality of human capital) and the level of education of the community as a whole. The migration of people with university degrees causes an increasing gap between education levels, which will have a negative impact on workforce quality (performance) in regions with high unemployment and a positive impact in the same area in low-unemployment regions in the future. Target regions are also exposed to negative effects of migration. The most important problem occurring in such regions is overpopulation<sup>99</sup>. As a result, demand on infrastructure increases, but, once satisfied, provides a fresh stimulus for immigration.

Regional development policy, by trying to reduce the unemployment disparities, helps to reduce negative effects in source and target emigration regions, which contributes to a better use of resources in the economy.

Localised concentration of unemployment leads to increased political tensions triggered by a sense of injustice caused by considerable differences in living standards and development opportunities. This motive is especially present in European Union's regional policy, a case in point being the goals of the Cohesion Fund. This is one of the arguments in favour of the devolution of decision-making powers, at least to a certain extent, to the regional level.

A similar and in many ways complementary division of reasons for conducting regional policy has been proposed by Vanhove<sup>100</sup>. He distinguishes four such groups:

1. Economic reasons, which include: a full use of factors of production, the issue of economic growth, optimal location of companies, costs arising due to increased population density, the threat of a cost-based inflation in target migration regions and the likelihood of demand-induced inflation in poorly developed regions.
2. Environmental reasons, including aspects of environmental protection.
3. Social reasons, related to the wage differential in the economy across regions.
4. Political reasons, but, in fact, they derive from social, economic and even environmental factors.

Similarly, Polish literature on the subject suggests valid reasons for undertaking active regional development policy. Winiarski offers similar reasons for embarking on an active policy in this respect<sup>101</sup>:

- economic reasons, e.g. underutilisation of output capacity in the economy,
- social reasons, such as the wage differential, various unemployment rates,
- military reasons, of a more historical character, i.e. placing selected branches of the economy in particular regions,
- environmental reasons, related to the condition of the natural environment.

A combination of market-based and interventionist mechanisms of regional development constitutes the basis for a number of specific, more or less theoretically refined, concepts that explain mainly the relationships between the conditions, factors and observable effects of development discussed. These concepts explain the nature of regional policy in various ways. Two general approaches to regional policy that group the totality of concepts in a chronological way will be discussed below.

<sup>99</sup> In other words, external effects (agglomeration).

<sup>100</sup> N. Vanhove, *Regional Policy...*, op. cit., pp. 26-43.

<sup>101</sup> B. Winiarski, *Polityka gospodarcza...*, op. cit., pp. 341.



### 5.2.3. Classical and present-day regional development policy

Analysing the post World War 2 era and drawing on the experiences in the area of regional policy pursued in Europe in the process of integration, two dominant paradigms can be observed<sup>102</sup>. Until the oil crisis of 1973-1974, the old or classical approach to regional policy prevailed. A distinctive feature of this period was emphasis placed on the role of the central level of government in the decision-making process and an equalizing distribution of resources among regions. The main aim of this policy was to prevent the occurrence of income disparities among regions. The reduction of disparities in spatial development of countries through the redistribution of budget funds across regions was a commonly adopted means of implementing regional policy. It was done through the financing of infrastructural investment in economically backward regions, the construction of huge industrial complexes, or, thanks to the granting of tax incentives, encouraging private entrepreneurs to invest in such areas and simultaneously discouraging them from investment in major urban areas.

In recent decades, we have faced a paradigmatic shift in the theory of regional development and regional policy. A change in the approach occurred due to the economic crisis of the mid-1970s, which naturally resulted in the search for a better policy. Changes involved the way of thinking about the relationship of regional development and the development of the economy as a whole – it was not nationwide development that determined the development of its parts, but vice-versa. The “new” concept of supporting regions and developing their competitive potential has changed the focus of state functions to vertical and horizontal coordination of decision-making bodies involved in regional development, including the development of investment into infrastructure (both light and heavy).

The following trends in the world economy have had a fundamental impact on the consolidation of the new approach to regional policy<sup>103</sup>:

1. Globalisation of the economy, which entails increased intensity in the network of connections among more and more numerous players, as a result, the situation of single players is to a greater extent dependent on worldwide events. The phenomenon of globalisation has an objective character since it ensues from independent spontaneous processes in the economy.

2. International integration, which results in the opening up of decision-making bodies in two dimensions: liberalisation of economic relationships that occurs in the wake of autonomic policy decisions, and through bi- and multilateral agreements that involve the mutual opening on a special privileged basis of groups of several, a dozen or even several dozen countries. The distinction among these cases is important from the viewpoint of extent of institutionalisation of integration, its attendant permanence, and the preservation of symmetry in benefits that ensue from them. Both manifestations of integration have a significant impact on development in regional systems that face an ever-increasing international competition. The second scope of integration also gives rise to new supranational centres that control growth and development.

3. Growing importance of ecological aspects of regional development, at the moment the condition of the natural environment comes at the top of the pyramid of importance of development factors (eco-development).

Major differences between the old model, based on the theory of location and the new paradigm (called networking by some authors) are summarized in Table 5.1. The most important characteristics of the present-day approach are as follows:

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<sup>102</sup> The beginnings of regional policy can be traced to the Great Depression in the UK. For a historical overview of regional policy see e.g. I. Pietrzyk, *Polityka regionalna Unii Europejskiej i regionów w państwach członkowskich*, PWN, Warszawa 2001, pp. 16-32, D. Czykier-Wierzba, *Polityka regionalna Unii Europejskiej*, Wydawnictwo Uniwersytetu Gdańskiego, Gdańsk 1998, pp. 33-35.

<sup>103</sup> See e.g. J. Hausner, T. Kudłacz, J. Szlachta, *Identyfikacja nowych problemów rozwoju regionalnego*, “Biuletyn KPZK PAN” 1998, z. 185, p. 14 &ff.

- policy affects a number of fields of activity, among others, economic and social infrastructure, business development (small and medium-sized enterprises), innovativeness in research & development, human resources etc.,
- interregional policy takes into consideration the development of all regions, not only selected ones,
- public authorities are inclined to encourage and support market mechanisms (the state as the driving force) by implementing multi-year support programmes for business environment and “soft” infrastructure,
- the last significant feature is the cooperation among the decision-making bodies involved in shaping the policy, both in the sense of relationships among central and regional authorities, regional development agencies, the non-government sector, economic and social associations.

Table 5.1. Classical and present-day approaches to regional policy

Criterion	Classical regional policy	Present-day regional policy
Theoretical basis	Theories of industry location, Key factors are regional attributes, e.g. production costs, availability of workforce	“Learning region” theories, Key factors are the region’s potential, e.g. innovative environment, clusters, networks
Policy characteristics		
Main goals	Equality or productivity	Equality and productivity
Specific goals	Employment stimulation Increased investment	Increased competitiveness (e.g. entrepreneurship, innovativeness, skills)
Scope of activities	Narrow (industrial)	Broad (multi-sectoral)
Mode of operation	Reactive, project-based	Active, planned, strategic
Policy structure		
Spatial dimension	Problem regions	All the regions
Analytical basis	Determining indicators Regional export	Regional SWOT analysis
Key instruments	Motivational plan	Development programme
Assistance	Aid to enterprises “Hard” infrastructure	Business environment “Soft” infrastructure
Organisations		
Policy development	Top-down/centralized	Shared/negotiating
Leading organisations	Central authorities	Regional authorities
Partners	None	Local government, public sector
Administration	Simple/rational	Complex/bureaucratic
Project selection	Internal	Participatory
Timeframe	Open	Mid-term planning perspective
Evaluation		
Stages	Ex-post	Ex-ante, interim, ex-post
Results	Measurable	Difficult to measure

Source: J. Bachtler, D. Yuill, *Policies and strategies in regional development: a shift in paradigm?* Regional and Industrial Policy Research Paper, 2001, No 46, p. 12.

Special attention needs to be drawn to the issue of perception of competitiveness as one of the policy objectives. One should remember that the objective thus defined does not mean directing policies only towards supporting the so-called growth engines (in other words, the pro-effectiveness approach) and the total abandonment of the equalisation function of regional policy<sup>104</sup>. The chance to improve the economic standing of all the regions is perceived in improving their competitiveness (supporting the endogenous potential of a given region). The rationale for the pro-competitive approach is the belief that interaction among regions brings about more positive than negative effects. The pro-effectiveness approach is demonstrated by, among others, the cluster based policy<sup>105</sup>.

#### 5.2.4. The role and place of evaluation in regional policy

Generally speaking, evaluation is a value judgement or opinion about someone or something. Evaluation also involves the determining of value or importance of something, the passing of a value judgement about something<sup>106</sup>. The term *evaluation* is usually used interchangeably with the term *assessment*<sup>107</sup>. The table in the preceding section views evaluation as an important dimension of regional development policy. A number of researchers consign evaluation to the most questionable and uncertain area of regional policy<sup>108</sup>. This is related to issues raised in the present study, among other things, to the complexity of the term *regional development*, multicriteriaity of efficiency of state activity or, finally, the perception of the role of the state in regional development.

N. Vanhove perceives five stages related to regional policy, which help to recognise the place of evaluation in the policy cycle<sup>109</sup>:

- identifying regional problems and their causes,
- determining policy goals (ideally, quantifiable ones),
- defining the strategy of action,
- indicating instruments of action,
- evaluating the policy itself.

Hogwood, who uses the policy life-cycle model, presents the process of policy implementation in a similar way<sup>110</sup>. Regional development policy involves four phases (Fig. 5.2):

- initial problem and needs analysis,
- designing a policy in response to these needs,
- taking appropriate action (project and programme implementation),
- evaluation of effects of these actions after a certain time.

<sup>104</sup> See J. Hausner, *Słabość władzy centralnej*, (w:) J. Szomburg (red.) *Polityka regionalna państwa pośród powikłań instytucjonalno-organizacyjnych*, Instytut Badań nad Gospodarką Rynkową, Gdańsk 2001, p. 117.

<sup>105</sup> See P. Raines, *The Challenge of Evaluating Cluster Behaviour in Economic Development Policy*, article presented at an ERSA conference: *Evaluation and EU Regional Policy. New questions and challenges*, May 2002.

<sup>106</sup> B. Dunaj (red.), *Słownik współczesnego języka polskiego*, Wydawnictwo Wilga, Warszawa 1996. There are opinions that evaluation has become an independent scientific discipline drawing on social sciences, economics and geography, see M. A. Diez, *The evaluation of regional innovation and cluster policies: looking for the new approaches*, article presented at the Fourth EES Conference, Lausanne 2000, pp. 5-6.

<sup>107</sup> The origin and application of terms evaluation and assessment may be found in T. Kierzkowski, *Ocena (evaluation) programów i projektów o charakterze społeczno-gospodarczym w kontekście przystąpienia Polski do Unii Europejskiej*, Warszawa 2002, pp. 10-17. Monitoring and control are close in meaning, the differences between these terms and evaluation are discussed (*Ibidem*).

<sup>108</sup> See J. Bachtler, *Quot erat demonstrandum? Ewaluacja polityki regionalnej*, "Studia Regionalne i Lokalne", nr 4 (7), 2001, pp. 41-42.

<sup>109</sup> N. Vanhove, *Regional Policy...*, op. cit., pp. 35.

<sup>110</sup> B. Hogwood, *From Crisis to Complacency: Shaping Public Policy in Britain*, Oxford University Press, Oxford 1987, (in:) P. Raines, *The Challenge of Evaluating...*, op. cit., p. 8.

In this model, evaluation does not constitute only the culmination of the policy life cycle, but is linked with the repeated cycles of future policies by its role in testing the entire mechanism.

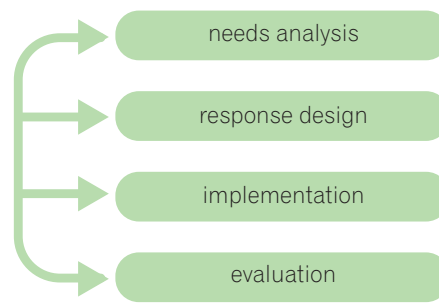


Fig. 5.2. The life cycle of regional development policy

Source: Authors' interpretation based on B. Hogwood, *From Crisis to...*, op. cit.

Bachtler indicates four crucial reasons why it is necessary to evaluate regional policy<sup>111</sup>:

1. To determine its effectiveness,
2. To improve the transparency of public expenses,
3. To improve management,
4. To verify the policy assumptions.

1. The most frequent reason for evaluating regional policies is to determine the impacts and effectiveness of actions taken. Evaluators attempt to find an answer to the question concerning the extent to which the adopted policy objectives have been achieved. The question may be formulated as follows: Will the level of economic development and employment in regions affected by the policy be higher as a result of using these instruments or will it be higher in the absence of such a policy?

In practice, most evaluation studies in EU Member States have focused on determining the effects (results) of regional policy (especially the number of jobs created) and cost-effectiveness of various regional policy instruments measured by the expenditure necessary to create a single job.

Even though central authorities attach a lot of importance to the issue of effectiveness, it does not mean that evaluation itself is effective. Research studies into the professionalism of evaluations conducted in the 1990s across EU Member States demonstrated that evaluations of effects of regional policies remained to a considerable extent an unsolved problem owing to the unclarity of activities, multitude of aims and institutions that were supposed to achieve them and methodological difficulties.

2. Improving the transparency of public spending is the second reason for evaluating regional policy. It results from the fact that public institutions are obliged to account for their expenses. Over the last three decades, the political climate has favoured transparency in justifying the allocation of public funds and the containment of growth in public expenses. Evaluation has a crucial importance not only in determining the impacts of undertaken activities, but also for reasons connected with their transparency, i.e. European and national institutions, as well as the taxpayers. The principle of transparency stimulates the development of monitoring and evaluation systems under Community regional policy.

This principle is usually discussed using bookkeeping terminology, which justifies expenses in terms of financial audit and financial control. Through the taxation system, it also indirectly influences the role of citizens in the process of shaping such policy. In this broader context,

<sup>111</sup> J. Bachtler, *Quod erat demonstrant...*, op. cit., p. 44, the study refers mostly to the issues of evaluating regional policy in EU Member States (EU15).

evaluation may potentially broaden the democratisation process by involving the citizens in the evaluation of specific political options and formulating their opinions as to the reasons for the success or failure of actions already undertaken. Owing to the fact that regional development policy is more and more decentralised and involves regional and local organisations, evaluation has, to a certain extent, become one of the methods for a practical implementation of public partnership.

3. The third factor behind the increasing importance of evaluation of regional policy is its impact on the process of implementation of planned activities.

At the programming level, evaluation is undertaken in order to facilitate assessment, improve the management and implementation of the activities. Availability of appropriate, reliable and objective information on programme implementation is indispensable for the proper management and accurate decision-making. Evaluation, which constitutes an integral part of the Structural Funds, is considered to be a valuable programming tool that enables the determining of programme strengths and weaknesses, designing corrective actions, proper operation of various programme elements and adjustments to the reactions of the recipients, staff and other individuals affected by the programme.

4. The last reason used to justify the need to conduct evaluation (verifying the assumptions, on which a given regional policy is based) is the need to conduct scientific research. This reason goes beyond the interests of individuals responsible for the shape of individual policies.

As was shown in two previous sections, doubts persist whether or not the theory of regional development can fully explain the root causes of regional problems and inequalities. It is obvious that in some countries there are significant socio-economic inequalities in the level of development. Economic theories do not provide clear answers whether the reduction of these inequalities should be the goal of the activities (liberal and interventionist approach), or which activities conducted as part of regional policy may exert an influence on these differences (classical and present-day approach to regional development policy).

### 5.3. Methods of evaluating the performance of regional policy

This part reviews the most popular methods used to assess the performance of regional policy. Please note that in Section 1 of this chapter an effective activity of a given decision-making body (public authorities, in the case of regional policy) was defined as one that leads to the achievement of a planned effect. The first one is the cost-benefit analysis. Theoretically speaking, it is the fundamental method for evaluating each dimension of the socio-economic policy of the state. Apart from effectiveness, it also assesses economic effectiveness of decisions. Methods presented below outline the difficulties inherent in identifying the effects of regional policy.

#### 5.3.1. Cost-benefit analysis

The primary method used to evaluate regional policy is the cost-benefit analysis, which derives from welfare economics<sup>112</sup>. The decision as to whether a given policy tool will be implemented or suspended can be based on its current net value (BWN) or, in the case of ranking projects from best to worst, on its current net value (BWNr).

<sup>112</sup> The theoretical basis for this analysis is discussed in N. Acocella, *Zasady polityki...*, op. cit., p. 326 &ff. A comprehensive explanation of strong and weak points of the welfare economics approach to the evaluation of regional policy, including the issue of accurate and complete information can be found in: E. McVittie, J. K. Swales, *Regional Policy Evaluation: Ignorance, Evidence and Influence*, 2003. The proposal to implement this approach to the evaluation of one of regional policy instruments in the UK can be found in: K. Swales, *A Cost-Benefit Approach to the Evaluation of Regional Selective Assistance*, "Fiscal Studies", Vol. 18, No. 1, 1997.

$$BWN = B - C,$$

$$BWN_r = \frac{B - C}{C},$$

where:

- B – discounted benefits,
- C – discounted costs.

The decision-making criteria can also include the internal rate of return (IRR), i.e. the discount rate at which the value of discounted benefits equals the value of discounted costs (the best undertaking is the one with the highest IRR).

Table 5.2 shows a list of the basic costs and benefits of regional policy.

Table 5.2. Sample cost-benefit checklist in the area of regional policy

Benefits	Costs
1. Additional revenue/income from increased economic activity	1. Lost production on account of factors of production moving to areas supported under the policy
2. Reduced infrastructure costs and costs of public services as a result of limited migration from supported regions to more prosperous ones	2. Relocation costs
3. Avoidance of individual migration costs	3. Costs of resources used up in constructing new factors of production
4. Smaller external costs in cities (increased population density, pollution) thanks to less concentrated models of spatial economic activity	4. Infrastructure costs related to regional policy
5. Equalizing effects of regional policy	5. Administrative costs
6. Non-economic benefits (political, social, environmental protection)	6. Negative environmental impact

Source: H. Armstrong, J. Taylor, *Regional Economics & Policy*, Oxford, 1993, p. 360.

Such an approach offers a fairly rich analysis of the so-called overall aim (improved well-being) contrasted with limited and single-dimensional specific goals, which often stem from the preferences of individual terms of office. A major weakness of this approach is the difficulty in defining the concept of public well being as a mathematical function and the relationships between policy aims and policy instruments<sup>113</sup>. Huge practical difficulties are also posed by the quantification of policy effects.

### 5.3.2. A division of methods of evaluating the effectiveness of regional policy

The European Commission has made considerable contribution to research on the methods of evaluating impacts of regional policy. In line with the methodology used by the Commission, there are two main approaches to the evaluation of policy effectiveness<sup>114</sup>:

- the bottom-up approach,
- the top-down approach.

The first one attempts to estimate the total impact of a given policy on the economy by adding impacts on individual players or spheres of the economy. The most intricate part of this approach is the transition from the gross effects of a policy (i.e. the result of the summation

<sup>113</sup> See N. Acocella, *Zasady polityki gospodarczej*, PWN, Warszawa 2002, p. 326 &ff.

<sup>114</sup> MEANS, *Evaluating Socio-economic Programmes. Principal Evaluation Techniques and Tools*, MEANS Collection, Vol. 3, 1999, p. 24.

above) to its net effects that express the impact of a given policy with positive and negative effects included. The calculation of net effects requires the identification and quantification of such effects as substitution, displacement, deadweight and additionality<sup>115</sup>. The substitution effect suggests that the beneficiaries of a given policy may become more competitive with respect to the players that were not the intended beneficiaries of such assistance within the same area. The displacement effect describes a situation in which positive effects of a given policy in its target area entail negative effects in a region excluded from such assistance. If the intended policy effects could have been achieved anyway without state involvement, the deadweight effect occurs (estimated by way of comparing facts with a counterfactual situation). The additionality principle is related to the deadweight effect and means that the involvement of the Structural Funds may not reduce national financial commitment. In other words, the better this principle is observed, the smaller the deadweight effect.

The top-down approach attempts to identify the influence of a given policy at an aggregated level. In contrast with the bottom-up approach, it only estimates its net effects.

One of the methods used in this respect is to construct a counter-factual situation and compare it with the actual situation. Such an operation serves to demonstrate the effects of a given policy in comparison with a hypothetical situation without such a policy being implemented. The opportunity to relate to a counter-factual situation is offered by a comparison of a region in which a given policy is pursued with one without such an intervention. Another method of creating a counter-factual situation is an extrapolation of the region's achievements from the past onto the period in which the policy in question was implemented.

Another kind of the top-down approach seeks a formal model of a policy's impact on the goal variable by trying to establish a connection between the inputs and effects of a policy.

The last kind of the top-down approach is the use of econometric methods. These methods may take the single-equation or multi-equation form. The basic advantage such a method is the opportunity to test statistical significance of explanatory variables (e.g. policy instruments) on the explained variables (e.g. competitiveness).

Folmer has proposed a different division of evaluation methods<sup>116</sup>:

- ad hoc methods,
- structured methods.

The first group of methods is applicable in situations where it is impossible to apply a formal model of an activity. The most frequent reasons for using them are time limitations, non-typical situations or scarcity of data. Two approaches can be applied in this respect:

- an informal analysis using expert opinions (among others, the Delphi method) or gathering expert opinions on similar undertakings in different regions,
- a comparative analysis based on regional or nationwide experiences with more or less comparable problems and actions taken in other regions or countries.

Undeniably, the merits of such evaluations consist in their low costs and relative ease of implementation. Ad hoc methods may help to generate relevant insights into possible consequences of implementation of given policy instruments in a relatively short time.

Structured methods include the following:

- microeconomic methods, where observations are conducted of entities exposed to a given policy in action, mostly questionnaire surveys. They facilitate the collection of specific data, but they are time-consuming and costly. There is also the possibility of obtaining biased results owing to e.g. communication barriers or a misunderstanding of questions by respondents.

<sup>115</sup> T. Kierzkowski, *Ocena (ewaluacja) programów...*, op. cit. Polish literature on the subject does not offer a satisfactory translation of the term *deadweight effect*. In microeconomic theory it is translated as *empty waste*, (literally) but it is not a good option in this case.

<sup>116</sup> H. Folmer, *Regional Economic Policy: Measurement of its Effects*, Dordrecht: Martinus, Nijhoff 1985, (in:) P. Nijkamp, E. Blaas, *Comparative Regional Policy Impact Analysis: Ex-post Evaluation of the Performance of the European Regional Development Fund*, "Journal of Regional Science", Vol. 35, No. 4, 1995, p. 582.

– macroeconomic methods divided into those without a clear formal model and those with such a model. The first group of methods includes systemic models of qualitative impact and comparisons of situations with and without a given policy. The other group includes single- and multiple-equation models.

It is worth noting that the practice of EU Member States in evaluating regional policy suggests that the estimations of impacts of regional policy on objectives should take advantage of a number of complementary methods<sup>117</sup>.

### 5.3.3. Selected macroeconomic methods

The most popular methods used in Europe in order to determine the impact of a given policy on an overall aim (the top-down approach) include<sup>118</sup>:

1. Dynamic input-output analysis.
2. Econometric multi-equation models.
3. Econometric single-equation models.
4. Modified analysis of constituents of change.

1. Dynamic input-output analysis (I-O) involves two elements: methods of updating I-O tables and the application of I-O tables to simulate the impacts of policy instruments<sup>119</sup>. Tables have to be updated since they cover individual years and are published with a certain delay. An I-O analysis may be used to assess the influence of a given policy on the following variables:

- growth rate (e.g. production, income),
- structure of the industry,
- employment levels,
- capital resources.

The I-O method is used to identify three separate effects:

- increased demand generated by investment in infrastructure,
- wage increases induced by regional policy,
- increased investment caused by the growth in business activity, in other words, the so-called induced investments (impact through the accelerator mechanism).

The main advantages of this approach are clear analytical foundations that support the formal model with, the possibility of a sectorally de-aggregated analysis, consideration of interactions among the sectors in the economy and elements of final demand levels and the possibility of using existing I-O tables, which may make the exercise relatively inexpensive. Among the major drawbacks of the model are the omission of the supply side of the economy and the possible lack of relevant I-O tables, especially at the sub-national level.

2. Multi-equation econometric models are frequently applied in the evaluation of impacts of regional policy, and specifically, to the evaluation of EU regional policy. They are particularly useful in conducting ex-ante evaluations. For example, the analysis of impact of EU funds on the economy of countries and regions is performed using e.g. the HERMIN model, Quest II, developed by A. J. Venables and M. Gąsiorek, and the REMI Policy Insight model<sup>120</sup>. In Poland, apart from the HERMIN model, the evaluation of the Structural Funds in 2007–2013

<sup>117</sup> J. Bachtler (*inter alia*), *Methodologies used in the Evaluation of the Effectiveness of European Structural Funds: A Comparative Assessment. Final Report to the Scottish Executive*, European Policies Research Centre and Fraser of Allander Institute, 2000, p.107.

<sup>118</sup> Based on: *Methodologies used in the Evaluation...*, op. cit., pp. 119-130, and N. Vanhove, *Regional Policy...*, op. cit., pp. 387-405, detailed discussion of other techniques can be found in: T. Kierzkowski, *Ocena (ewaluacja) programów...*, op. cit, pp. 51-78.

<sup>119</sup> This method was used to evaluate the impact of the Structural Funds on the economies of Greece, Spain, Ireland and Portugal, see *Methodologies used in the Evaluation...*, op. cit., pp. 120-121.

<sup>120</sup> Characteristics and comparisons of these models can be found in: F. Treyz, G. Treyz, *Assessing the Regional Economic Effects of European Union Investment*, Final Report to European Commission, 2002, pp. 46-55.



was performed using the MaMoR2 model<sup>121</sup>. The characteristics of the HERMIN model will be presented below.



Fig. 5.3. The HERMIN model

Source: *Ocena wpływu Wstępnego Projektu Narodowych Strategicznych Ram Odniesienia...*, op. cit., p. 8.

HERMIN-type models were constructed with Greece, Spain, Portugal and Ireland in mind in order to evaluate the impact of the Community Support Framework on the economies of those countries. It was also applied in Poland to simulate the macroeconomic impact of its National Development Plan 2004–2006<sup>122</sup>. The HERMIN model was extensively used to perform the ex-

<sup>121</sup> See e.g. T. Kaczor, R. Socha, *Prognoza oddziaływania makroekonomicznego realizacji Narodowych Strategicznych Ram Odniesienia 2007-2013*, Raport wstępny, IBnGR, Gdańsk 2006.

<sup>122</sup> J. Bradley, J. Zaleski, *Modelling EU accession and Structural Fund impacts using the new Polish HERMIN model*, materials presented at the conference Macromodels 2002 and Modelling Economies in Transition 2002, Cezdzya, December 4-7, 2002, National Development Plan 2004-2006, document adopted by the Council of Ministers on January 14, 2003, amended in accordance with the resolution of the Council of Ministers of February 11, 2003, Warszawa, February 2003.

ante evaluation of the impact of National Strategic Reference Framework (NSRF) on Poland's economy and the economies of individual regions (voivodships)<sup>123</sup>.

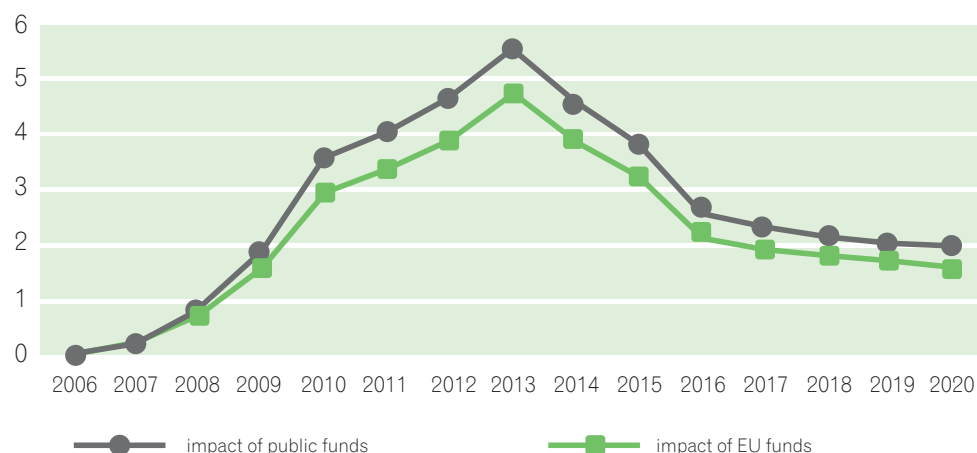


Fig. 5.4. The impact of NSRF on Poland's GDP (change relative to baseline)

Source: *Ocena wpływu Wstępnego Projektu Narodowych Strategicznych Ram Odniesienia...*, op. cit., p. 23.

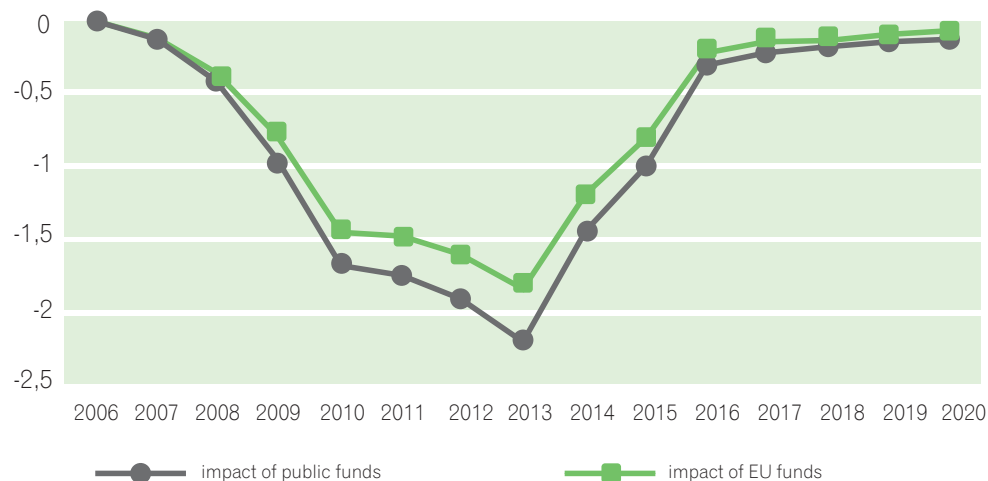


Fig. 5.5. The impact of NSRF on the unemployment rate (change in percent relative to baseline)

Source: *Ocena wpływu Wstępnego Projektu Narodowych Strategicznych Ram Odniesienia...*, op. cit., p. 24.

The HERMIN model is a continuation of the HERMES macroeconomic model designed by the European Commission to identify and quantify the effects of oil crises on individual economies of the Community. HERMIN is a multi-equation model that describes both the demand and supply sides of an economy<sup>124</sup>. The model draws on the theoretical foundations both of the Keynesian school (the role of demand) and the classical model (the role of factors of

<sup>123</sup> J. Bradley, et al., *Ocena wpływu Wstępnego Projektu Narodowych Strategicznych Ram Odniesienia (Narodowej Strategii Spójności) na lata 2007-2013 na polską gospodarkę za pomocą modelu makroekonomicznego HERMIN*, WARR, Wrocław, May 26 2006, *Ocena wpływu Narodowych Strategicznych Ram Odniesienia i wybranych Programów Operacyjnych na lata 2007-2013 na gospodarkę polskich województw przy pomocy modeli regionalnych HERMIN*, Raport zbiorczy, Bradley J. et al., WARR, Wrocław, December 2006.

<sup>124</sup> A detailed description of this model can be found in: *Modyfikacja i uaktualnienie wersji modelu HERMIN dla Polski*, raport 1 z cyklu *Aplikacja modelu ekonometrycznego HERMIN do oceny wpływu funduszy strukturalnych na sytuację makroekonomiczną w Polsce*, J. Bradley et al., WARR, Wrocław 2004.

production). Since its original adaptation, the HERMIN model for Poland's economy has been constantly refined, expanded and elaborated. Figure 5.3 offers an idea of the structure and complexity of the model. Owing to the extensiveness of its description, a detailed characteristics of this tool has not been provided here.

The figures below illustrate the anticipated changes in GDP and in the unemployment rate as a result of NSRF implementation. The model allows for the analysis of several variants, such as the combined impact of public funds (EU + national funds) on Poland's economy, or the separate impact of EU funds.

In the case of GDP, NSRF implementation will result in an increase of this parameter (in 2013, by almost 6% thanks to the combined effects of public funds). Likewise, in the case of the unemployment rate, a positive impact of the NSRF will be felt throughout the period under consideration (in 2013, the unemployment rate should be lower by over 2% thanks to the combined effects of public funds).

One of the strengths of the HERMIN model is its comprehensiveness that helps to analyse a number of aspects of the economy. Certainly, one of its major advantages is the open nature of the model, which invites debate on its correctness as a whole and on its individual component parts. It is also important that the model is suitable for application among the economies of individual voivodships. Its main weaknesses are relatively high preparation costs and high requirements regarding the quality of data.

3. On of the examples of the application of single-equation models to the evaluation of effectiveness of regional policy is the PARADISE model (Policy Assessment of Regional Achievements and Development Induced by Stimuli of ERDF). This model has found its application, among others, in the evaluation of ERDF impact on the economies of Spanish and Italian regions in the 1990s<sup>125</sup>.

Evaluation of policy effectiveness using this approach consists of two parts:

- frequency analysis,
- simple explanatory model using multiple regression.

Frequency analysis is based on descriptive statistics. It involves a comparative regional analysis of relative values of two or more variables deemed important for regional policy. The controlled (independent) variable B and the dependent variable A (which shows the impact) observed in a system of regions  $r$  ( $r=1, 2, \dots, R$ ). All the values of variables should be related to the population of the regions (or weighted in some other way) in order to ensure correct comparison of all the regions. Average values of variables in the regional system are marked as  $A^*$  and  $B^*$ . Next, the regions are classified with respect to the changes in variables relative to mean values. Such a table may be constructed for any time bracket of interest. Frequency results for various periods may be easily connected. In the case of a sufficiently long time bracket, instead of absolute values of the variables under consideration, the moving average can be used in the analysis.

In order to evaluate the impact of the ERDF, the PARADISE method adopts private investments in a given region as its dependent variable ( $I_{pr}$ ). Independent variables are the ERDF funds ( $I_{cr}$ ), public investments less the ERDF contribution ( $I_{(o-c)r}$ ) and changes in gross value added (GVA). The model is based on the following theoretical assumptions. First of all, private investment is treated as an indirect measure of economic development of a given region since it generates production and employment<sup>126</sup>. It is also a good index of impacts of public stimuli, because, in general, business investment spending tends to increase in response to public investments. The ERDF contribution is excluded from the total volume of private investments in order to

<sup>125</sup> Approach presented in: E. Blaas, P. Nijkamp, *Comparative regional policy...*, op. cit.

<sup>126</sup> The authors of the PARADISE model do not differentiate between the growth and the development of regional economy.

make it possible to evaluate the Fund's impact. Businesses also take into account the expected and/or past changes in the region's output (represented by changes in GVA).

The explanatory model is supposed to verify the existence of a quantitative relationship between the economic development of a region and the variables that explain this development. The initial model can be presented as the following equation:

$$I_p = \alpha_0 + \alpha_1 I_e + \alpha_2 I_{(a-c)r} + \alpha_3 \Delta GVA_r,$$

where:

- $I_{pr}$  – private investments in region  $r$ ,
- $I_{(a-c)r}$  – public investments less the ERDF funds in region  $r$ ,
- $I_{cr}$  – investments in region  $r$ ,
- $\Delta GVA_r$  – change in Gross Value Added in region  $r$ ,
- $\alpha_i$  – model parameters, where ( $i = 0, 1, 2, 3$ ).

Next, the following three complementary variants of the equation can be tested:

1. The active response model, where private investments in period  $t$  depend on public investments less ERDF contribution in the same period, on ERDF investments in the same period and on the current or expected GVA change in the future (in time periods  $t, t+1, t+2$  etc.). This variant emphasises the fact that businesses, apart from the public stimuli from a given period, take into account future GVA changes.

2. The conventional investment model, where private investment in period  $t$  depends only on public investments less ERDF contribution and on ERDF contribution itself. This variant demonstrates that businesses may react to public investment stimuli either in the same period or with a certain delay (of e.g. one, two or three years etc.).

3. The passive response model, where private investment in period  $t$  depends on public investment less ERDF funds in the same period, on ERDF investments in the same period and the GVA change with possible delays. In this case, businesses give consideration to public stimuli and economic condition of the region in the past (in periods  $t-1, t-2$  etc.).

The explanatory model tests the hypothesis as to the positive impact of ERDF contribution on regional development using private investments as an indirect index of such development. In order to justify the selection of private investment on the dependent variable, the PARADISE model indicates the possibility of relationships between private and public investments in a region, which is also perceived as a measure of regional development. Employment in the region during time  $t$  may depend on present and past private investments, i.e. on investment at time  $t, t-1, t-2$  etc. This relationship is illustrated by the following equation:

$$L_r = \alpha_0 + \alpha_1 I_p^{-\alpha},$$

where:

- $L_r$  – employment in region  $r$ ,
- $-\alpha$  – time bracket ( $\alpha = 0, 1, 2, \dots$ )

Research conducted using the PARADISE model in Holland's regions has demonstrated a significant impact of independent variables on private investments. It follows that this method has indicated effective impacts of ERDF funds on the development of most analysed regions. When testing the significance of parameters related to independent variables, better results were obtained with the data mapped out using the moving average than using absolute data.

Least significant were the parameters related to GVA changes. The best regression results were obtained for the conventional model.

The PARADISE model was also used to evaluate the effectiveness of voivodship (regional) contracts in Poland in 2001-2003<sup>127</sup>. The results suggest an effective impact of voivodship contracts on private investments in 2001, which was absent in 2002 and 2003 (Table 5.3). The passive and conventional versions of the model were tested.

Table 5.3. Regression summary for Poland

Equation	$L_p = \alpha_0 + \alpha_1 I_p^{-\alpha} + \alpha_2 I_k^{-\alpha}$						$L_p = \alpha_0 + \alpha_1 I_p + \alpha_2 I_k + \alpha_3 \Delta WDB_r^{-\alpha}$						$L_p = \alpha_0 + \alpha_1 I_p^{-\alpha}$					
Variable	$I_{br}$			$I_{kr}$			$I_{br}$			$I_{kr}$			$WDB_r$			$I_{pr}$		
Time delay	0	1	2	0	1	2	0	1	2	0	1	2	0	1	2	0	1	2
2001	+	+	+	+			+	+	0	+	+	+	0	0	+	*	+	+
2002	+	0	+	0	+		+	+	+	0	0	0	0	0	0	*	*	+
2003	+	+	0	0	0	+	.	+	+	.	0	0	.	0	0	+	+	+

+ means significant explanation of changes in the variable with  $R^2$  adjusted over 0.5, \* significance of the parameter with  $R^2$  adjusted between 0.4 and 0.5,  $\Delta$  means that the variable did not occur, 0 means an insignificant parameter, the dot (.) means no data necessary for regression analysis. All the parameters have been tested for  $\alpha = 0.05$ .

Source: D. Woźniak, *The effectiveness of voivodship...*, op. cit.

4. In a traditional shift-share analysis, there are two components of change of the index of interest (e.g. income, employment)<sup>128</sup>. The change of the selected index may be divided into:

- the share component in the national economy,
- the shift or net shift, which consists of the structural component (structural shift or industrial mix) and the regional component (regional or differential shift).

The share component shows the expected rate of change of a selected index in a given region, equal to the national rate of change. This sets a certain benchmark from which deviations can be calculated. The shift component represents a deviation in the rate of change of the regional index from the national part. It takes positive values in prosperous regions and negative values in depressed regions. The structural component shows the expected change of the index in sectors estimated on the basis of national growth rates of these sectors, including the general rate of change in the economy. In other words, it measures the portion of change of the regional indicator caused by a favourable or unfavourable sectoral structure. The regional component is the difference between the actual current change in production in this region and the sum of the remaining two components (the national share and the structural component). A positive value indicates a favourable interaction between the sector and the region (i.e. high regional competitiveness). A negative value shows the absence of regional competitiveness (of a given sector or an entire region).

In order to obtain information about the impact of a policy on the competitiveness of a given region (or a sector in the region), a trend needs to be established for the regional component, tracing the period before policy implementation. Next, its results are extrapolated onto the period in which the policy was being implemented. If the extrapolated values are smaller than the actual ones, it is assumed that the policy has had a positive impact.

<sup>127</sup> D. Woźniak, *The effectiveness of voivodship contracts in Poland in 2001-2003 in the light of PARADISE method evaluation*, (w:) T. Markowski, M. Turata (ed.) *New Members – New Challenges for the European Regional Development Policy*, "Studia regionalia", Vol. 18, Warszawa 2006.

<sup>128</sup> B. Moore, J. Rhodes, *Evaluating the effects of British regional policy*, *The Economic Journal*, March 1973, in: N. Vanhove, *Regional Policy...*, op. cit. pp. 398-400, the shift-share method was recently used by M. Dinc, K. E. Haynes, M. Tarimcilar, *Integrating models for regional development decisions: A policy perspective*, *The Annals of Regional Science*, Vol. 37, 2003, pp. 31-53.

The advantages of this approach include methodological simplicity, which allows for this method to be used in a single region, and the possibility to analyse the impact of a policy on individual sectors of the economy. On the other hand, this approach has a number of drawbacks, among which the most often mentioned one is the lack of certainty whether the observed diversity is an effect of a given regional policy or of some other factor. Likewise, this method does not take into consideration the business cycle, sensitivity to the extent of sectoral de-aggregation, mutual relationships between sectors and a number of other factors. The method of extrapolated results used to forecast future trends has received substantial criticism.



# CHAPTER VI

## BUSINESS INNOVATION AUDIT<sup>129</sup> AS A TOOL FOR MONITORING INNOVATION IN THE ECONOMY

ŁUKASZ MAMICA

### 6.1. Introduction

During the previous programming period 2000–2006, 5.5% of the entire Community budget was spent on research, technological development and innovation (RDTI), of which 77% was earmarked for areas under Objective 1 – Promoting the Development and Structural Adjustment of Regions whose Development is Lagging Behind, namely those with a relatively low level of innovation. In EU Member States covered by the above-mentioned objective (Ireland, Portugal, Spain and Greece), resources allocated under the Structural Funds and the Cohesion Fund totalled from 5 to 18% of all national gross expenditure on research and development activities (R&D). This means that Community assistance in this respect has a great significance for the innovation potential of less developed countries. Poland on its accession to the European Union was entirely covered both by Objective 1 (so-called *Older objective*) in the 2000-2006 programming period and the Convergence Objective in the 2007-2013 programming period. Hence the issue of appropriate deployment of these funds and the subsequent monitoring of how effectively they are being spent is of a great importance. An analysis of the report on innovation policy in individual EU Member States with a view to the possibilities of using the contributions from the Structural Funds and the Cohesion Fund in the new 2007-2013 programming period permits the drawing of comparative conclusions with respect to Poland's situation in this respect. Apart from Warsaw, the entire territory of Poland was classified as one that has only just entered the group of regions whose economy is knowledge-based. These regions are more of 'technology users' than 'technology producers'<sup>130</sup>. However, Warsaw was included in the group of regions that boost entrepreneurial knowledge or those that "are strong on public knowledge and relatively competitive in terms of urban services, but need to boost private technology and in particular learning family drivers of their knowledge economies"<sup>131</sup>.

One of the consequences of such an innovation typology and Poland's standing should be preferences accorded to activities co-financed by the Structural Funds and the Cohesion Fund geared towards improved effectiveness of knowledge transfer to enterprises and the creation of new innovative businesses. This chapter discusses a broader approach to the conditions for monitoring innovation processes, with a special focus on solutions applied throughout the European Union. The author also presents an original model of innovation audit, which takes into account parameters usually omitted from research into how individual companies promote innovation.

<sup>129</sup> Audit that involves both the innovation potential of companies and the extent to which their products/services are innovative.

<sup>130</sup> Strategic Evaluation on Innovation and the Knowledge Based Economy in Relation to the Structural and Cohesion Funds, for the Programming Period 2007-2013, A report to: The European Commission DG Regional Policy, Evaluation and additionality, Synthesis Report, 23 October 2006.

<sup>131</sup> Ibidem, p. 3.



## 6.2. The Monitoring of innovation processes in the domain of public policy and in individual businesses

Measuring business innovation involves two basic dimensions. The first one is related to the need to access relevant statistical data by the public authorities, which helps to evaluate the effects of regulatory activities and assistance programmes focussed on the strengthening of business innovation. The level of business innovation constitutes the most important condition for their achieving a competitive advantage on a market that is becoming more and more globalised. Only companies capable of fighting off competition may constitute an effective source of financing public spending through the tax system in the long run as well as create stable jobs. For these reasons, the issues of monitoring the performance of programmes financed with public funds with a view to improving business innovation should take into consideration the scope of changes affecting the internal sphere of business operation.

Another dimension related to the issues of measuring innovation in business is related to the fact that companies are aware of their levels of innovation in various aspects of their activity. Analysing the report *Supporting the Monitoring and Evaluation of Innovation Programmes* it may be said that European Union has both spatial and temporal models of evaluation of innovation programmes. The report identifies three different evaluation cultures in this area. In the most advanced ones (e.g. in Finland, Scotland and Sweden), evaluation lies at the core of innovation policy with advanced practices in evaluation and impact estimation. In those cultures, evaluation is routinely used as a performance-enhancing tool.

Germany is a country where a different kind of evaluation culture prevails. Evaluation is used as a tool for strengthening innovation-oriented policies, but remains essentially limited to the analysis of programmes and their implementation, with less impact on policy preparation. In the opinion of the author of the present chapter, Poland in some respects can be included in the third group of countries (e.g. Hungary, Spain) described in the report as countries in which evaluation of innovative projects is considered important, but so far has been implemented only to a limited extent.

## 6.3. Monitoring performance and expenditure related to innovation processes

Genuine innovation can be determined mainly by comparison with the best existing solutions used by leading companies in a particular sector of the economy. Indicators used to determine business innovation levels may generally be divided into two categories. The first one involves indicators related to the effects of innovation activities carried out by companies (output), while the other measures the resources and expenses of companies that determine the level of their innovation (input). The first group of indicators includes the share of new and modernised products in total output, the share of revenues from the sales of new or modernised products and statistics related to intellectual property such as patents, trademarks and utility models. Data regarding patenting commonly used in comparative analyses deserves special attention. Obtaining a patent, which can be described as a sort of contract between the applicant and the state for a temporary monopoly on a given area for the use of a non-obvious, previously unknown technical solution, requires considerable expenditure<sup>132</sup>. Spending one's own funds on patent protection is a manifestation of economic value of an innovative solution or at least the anticipation of such a value by the applicant. A patent is associated with an invention,

<sup>132</sup> In Europe, taking out a patent costs 20-30 thousand euro, with yearly renewal fees ranging from 20 thousand to 100 thousand euro.

which does not have to automatically entail any actual commercial innovation. The growing number of patents granted since the mid-1980s<sup>133</sup> proves their important role in the process of building innovative advantage of businesses. An example of a negative impact of patenting on innovation in the economy is taking out a patent on an invention that serves only to prevent the competition from using it, when the applicant does not need or intend to use it.

Another group of indicators that characterise both company resources and expenditure (input) determining their innovation levels are, among others, such parameters as the proportion of R&D staff to total staff, R&D spending, licence purchases, expenditure on the marketing of new products and expenditure on training related to new/modernised products. It needs to be remembered, however, that a quantitative approach to certain parameters describing business innovation activity does not allow for the capture of differences in the quality of resources used. For example, the R&D hours worked index ignores the performance aspect of such work determined by the education of R&D staff, its experience, contacts with research circles, matching the know-how resources against the company's R&D activities or the motivation policy of the company. The volume of R&D expenses has for a long time been acknowledged as the basic index characterising the supply-side factors of innovation. At the session of the Council of Europe in Barcelona in 2002, the main EU document in the area of innovation, the Lisbon Strategy adopted in 2000, was complemented with an additional objective – the spending of at least 3% of GDP on R&D by 2010, of which two-thirds should be financed by the business sector itself. The fulfilment of the last goal requires a number of activities targeted at the business sector, including the system of tax incentives, supporting organisations that transfer new technologies, or the provision of auxiliary financing for R&D activities by way of various assistance programmes (requiring financial contribution from businesses).

Apart from the above-mentioned factors, the actual level of innovation of individual businesses is influenced by a number of organisational solutions in various areas of their activity. Of special importance is the participation in various networks, which contributes to the creation of innovation, especially generating advantages ensuing from the fact of operation as part of industrial clusters. The proposed model of innovation audit includes the expanded scale of parameters measuring the performance of innovation-focussed activity, R&D resources and expenditure in this area and organisational solutions, which determine the capacity of individual businesses in this respect.

Innovation is a dynamic quality. Changes in external circumstances, both with respect to the current state of knowledge, the economic condition of competition or the organisational solutions influence the innovation level of a given company audited at a certain point of time. Major difficulties are posed by the evaluation of innovative procedures in business organisational structure owing to the specifics of individual lines of business and sectors of the economy. One of the challenges facing the process of monitoring enterprises is to answer the question to what extent the above-mentioned procedures and organisational structure combined with the learning capacity and processing of knowledge influence the capacity of a given business to produce goods and services that are competitive on account of their innovative character.

#### 6.4. A Classification of innovation based on methodological studies

The quantification of the innovation process faces a number of problems, which is due to its multidimensionality. Literature on the subject often invokes the notion of stylised facts, a procedure developed by Kaldor<sup>134</sup>. It is based on the assumption that each explanation of

<sup>133</sup> The basic sources of information about patents are the United States Patent and Trademark Office and the European Patent Office.

<sup>134</sup> N. Kalder, *Capital Accumulation and Economic Growth*, (w) F. A. Lutz, D. C. Hague (eds) *The Theory of Capital*, St. Martin's Press, New York 1961.

economic phenomena requires sound empirical basis comprising the gathering of information on the basis of which the tendencies necessary for the formulation of hypotheses can be determined. This approach is inextricably linked not only with the issue of the thematic scope of research, but also to measurement methods. The most optimal solution would be then "the setting up of a single measurement process, which, in theory, could be definitively indicated as measuring exactly what needs to be measured"<sup>135</sup>. However, since at the micro level (i.e. within individual companies) there exists a range of innovation determinants, an accurate assessment of their condition requires a number of indexes. The multi-parameter quality of the extent of business innovation at the same time provides important analytic material for the management of the audited company.

Rosenberg provided the theoretical basis for the solutions used in the construction of indexes that characterise business innovation processes. He observed that scientific discoveries constitute an initial phase of innovation, moreover, on the basis of the distinction between innovation and diffusion processes, he formulated the statement that most diffusion processes are based on a long-lasting process of post-commercialisation improvements<sup>136</sup>. In his further work, especially together with Kline, he analysed the crucial aspects of innovation, such as non-linearity of the process of innovation and the impact of a number of factors on the learning process, which constitutes the basis for innovation<sup>137</sup>. Their work provided theoretical basis for the preparation of OECD's Manual on Innovation, informally called the Oslo Manual<sup>138</sup>, whose purpose is to unify the principles for the collection and interpretation of data on technological innovations. The Oslo Manual has become the basis for research conducted in 1992-1993 by Eurostat and Enterprise and Industry Directorate, which resulted in the production of the Community Innovation Survey<sup>139</sup>. It was a large-scale project consisting in surveying European companies as to their performance in the area of innovation, which at the same made it possible to de-aggregate the statistical data to a considerable extent.

The main principles behind the collection of data related to R&D were included in the document titled Proposed Standard Practice for Surveys on Research and Experimental Development, popularly known as the Frascati Manual<sup>140</sup>. The manual identifies three kinds of activities: primary research, applied research and development activities. Technological innovations are presented in the manual through the subject-based and object-based approaches. The first one takes as its starting point "innovative behaviours and the operation of a company as a whole"<sup>141</sup>. The subject-based approach focuses on factors that determine the behaviours of specific companies, with the results obtained permitting comparisons among individual branches of industry.

The object-based approach consists in analysing information related to specific innovations. In this case, the place for their implementation is of secondary importance, with the main focus placed on the description and qualitative and quantitative parameters. The competitive position of a given economy is influenced mainly by the innovation level of companies that operate in it. Therefore, most attention is devoted to the subject-based approach, which, additionally, facilitates international standardisation.

<sup>135</sup> H. Grupp, *Foundations of the Economics of Innovation, Theory Measurement and Practice*, Edward Elgar, Cheltenham, UK, Northampton, MA, USA, 1998, p. 31.

<sup>136</sup> N. Rosenberg, *Perspectives of Technology*, Cambridge University Press, Cambridge 1976 oraz N. Rosenberg, *Inside the Black Box: Technology and Economics*, Cambridge University Press, Cambridge 1982.

<sup>137</sup> S. Kline, N. Rosenberg, *An Overview of Innovation*, (w:) R. Landau (ed.) *The Positive Sum Strategy: Harnessing Technology for Economic Growth*, National Academy Press, Washington 1986.

<sup>138</sup> *Innovation Manual: Proposed Guidelines for Collecting and Interpreting Innovation Data* (Oslo Manual), OECD, Directorate for Science, Technology and Industry, Paris 1992.

<sup>139</sup> Community Innovation Survey.

<sup>140</sup> The name comes from the town Frascati in Italy, where a conference of statisticians was organised in 1963. This manual is regularly updated, with the last version (seventh) published in 2002.

<sup>141</sup> *Podręcznik Frascati 1993, proponowane procedury standardowe dla badań statystycznych w zakresie działalności badawczo-rozwojowej*, tłum. D. Przepiórkowska, OECD-KBN, Warszawa 1999, p. 48.

Technological innovation in the area of products and processes was defined as a solution with a novelty value from the perspective of the company that implements it<sup>142</sup>. It results in certain problems linked with the purely mechanical comparison of data across countries in terms of the proportion of innovative companies. One may imagine an economy where most companies are classified as innovative on account of their having implemented new products or processes within a predetermined past period. However, this constitutes insufficient grounds for comparing their level of technological advancement. The market value of activities of companies and their technological advancement is different for each market player. The application of a simple classification system to innovative companies and others does not reflect the actual state of the process. Therefore, due to the above-mentioned reservations, another classification was adopted with a view to reducing the risk of incorrect interpretations of statistical data. It consists in the differentiation between worldwide innovations (i.e. occurring for the first time worldwide) and company innovations (which are, in fact, implementations of already existing solutions). One should not forget that the implementation of innovations acquires a different significance in the case of an innovation that has already been present in most countries, and in the case of the first innovation worldwide. The often-used classification of companies into those that have introduced a new or improved product on the market or a new process into their operations should be treated only as an initial index that reflects the actual innovation process.

In the case of the index mentioned above used to categorise companies into innovative ones and others, quite often there is no possibility to determine either the scale of innovations or their number, but only whether or not an innovation has occurred in a given company. A much more accurate indicator of innovation in the context of a company's products range consists in determining the shares of new products, modernised ones and unmodified ones in the overall sales volume (or value) over a certain period of time. The same index may also be used to determine the quantity of products made using new or modernised processes. Another group of indexes used for the monitoring of innovation performance of a company are the manifestations of intellectual property (patents, utility models, community design, trademarks). The very fact that a company decides to spend money on this kind of legal protection of the effects of their innovation activities means that they are perceived by the company as potentially valuable (which does not mean that they can be automatically used in the production process).

It must be stressed though that the measurement of innovation for statistical purposes in companies has a limited value for individual companies to determine their own degree of innovation. This is compounded by the difficulty inherent in attempts to describe innovation using quantitative indexes, and yet it is a phenomenon with a clear qualitative dimension. As Smith observes, "innovation is usually subject to conceptualisation in the form of an idea, learning and the creation of knowledge (furthermore, knowledge in a much broader sense than research) or in the shape of competencies and possibilities"<sup>143</sup>. The proposed model of innovation audit constitutes an attempt to overcome the traditional perception of innovation in terms of input and output and the inclusion of organisational solutions, quality of contacts with the external environment and interpersonal relationships that determine the extent of business innovation.

<sup>142</sup> A common index involves companies that conduct innovation-oriented activities defined in accordance with the Oslo Manual as ones that have implemented an innovation over the last three years.

<sup>143</sup> K. Smith, *Measuring Innovation*, (w:) J. Fagerberg, D. C. Mowery, R. R. Nelson, (eds) The Oxford Handbook of Innovation, Oxford University Press, Oxford 2005, p. 151.

## 6.5. Difficulties in measuring the market value of innovation and estimating its development costs

Usually, in order to generate innovations it is necessary to incur certain expenses on R&D activities. Available statistics usually categorise such expenditure as staff costs plus materials and equipment, but one must not forget about such elements as current maintenance costs, depreciation of real property etc. Expenditure on innovation can be calculated with a substantial degree of accuracy. The situation gets more complicated in attempts to measure the value of an innovation arising as a result of R&D activities. In the first place, it may happen that R&D activities do not result in any development that can be implemented in practice. Even if an innovation occurs, there always remains the issue of its pricing. One may not approach this issue solely in quantitative terms – assessing R&D results through the perspective of the number of innovations produced. The most comparable result of innovation effects is money. Even greater problems occur in the process of evaluating the effects of primary research, which are, by definition, not intended for commercialisation, which means that they cannot be, in principle, expressed in money terms. The decision to finance a given research project should be preceded by a proper cost-benefit analysis. Quite often, even the simulation of necessary spending is nothing more than an estimate. It stems from the fact that sometimes R&D activities must reach an advanced enough stage before there are sufficient grounds to decide on the further fate of the process and the estimation of research costs. A correct evaluation of values obtained thanks to an innovation at the beginning of the process is invariably fraught with a risk of error. The value of new technology is estimated by way of a cost-benefit analysis, which shows the benefits that will accrue to a given company on account of the sale of a certain number of innovation-based products.

Market players must also take into account the fact that their competitors may first introduce such improved products on the market. There is also the threat of somebody else offering a product with the same technical parameters, but less expensive (e.g. thanks to a more economical or efficient technology).

Evaluation of R&D performance in a company may not be limited only to successful projects, i.e. those that have produced an innovative solution. Cost accounting has to take into consideration the costs of research that has not delivered the expected results. Consequently, what is important is the ratio of costs and effects of successful projects to unsuccessful ones (although the latter also contribute valuable empirical knowledge, which will later allow for the avoidance of unnecessary research or permit its better orientation). It may be said that availability of reliable data concerning the effects of implemented innovations is limited. Likewise, it is hard to determine to what extent increased sales of a given product result from the implementation of specific innovative solutions. Individual sectors of the economy differ with respect to the number of innovations generated, as well as their absorption capacity from other sectors. In this respect, Nelson singles out the following sectors of the economy: (1) sectors in which there is a balance between the number of outgoing and incoming R&D activities (e.g. rubber and plastics), (2) sectors that absorb more R&D than they produce (e.g. printing, ferrous metals, textiles), (3) sectors that produce much more R&D than they absorb<sup>144</sup>.

The competitive position of companies to a greater extent than ever depends on their relative innovative position. Globalisation of the economy causes that businesses have to compete with

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<sup>144</sup> In the last category, he also notes the following: (a) sectors where own R&D is present in products for several sectors that use them (farm machinery, aviation industry, missiles), (b) sectors where own R&D is mainly present in consumer products (food and tobacco, clothing, paper industry, pharmaceuticals), (c) sectors where R&D is present in products for a broad spectrum of consumer sectors (organic and other chemicals, computers). Zob. R. Nelson, *Inter-industry Technology Flows in the United States*, "Research Policy" 11, 1982.

one another in a dynamically changing external environment. Their internal structure requires openness to changes and the capacity to continually modify both their know-how and that obtained from outside. Business innovation cannot be measured only through individual products and services, but must also include other spheres of business activity. Despite the fact that the market mechanism best verifies the competitiveness of a given company, its financial success does not have to derive from a high level of innovation. Such a position may be influenced by a host of other factors, such as relatively lower costs of raw materials or manpower, as well as other economic factors. However, in all cases an awareness of innovation level present in individual aspects of a company's operation may constitute a stimulus to implement improvements or even restructuring activities.

## 6.6. A Model of innovation audit

An attempt at a practical solution of the problem of evaluation and monitoring of the extent of business innovation is an original<sup>145</sup> idea that involves computer software designed to perform innovation audit. The extent of business innovation is usually assessed with respect to its potential to modify and improve the goods and services produced. The use of the concept of innovative potential in audit software is based on the assumption that companies constantly seek an optimal allocation of resources (staff, machines and equipment, technology, know-how) by way of continually rearranging them in order to seek innovative solutions with a market value. One may then assume that higher levels of these resources or their higher quality are crucial in deciding the potential capacity to create innovations. Their importance for the effective deployment of resources by a company consists in the learning process that occurs within it and the capacity to accumulate knowledge. These parameters have been taken into consideration when constructing the analysed model of innovation audit.

It needs to be underscored that organisational solutions invariably influence the extent to which available resources are used by a company. They are particularly noticeable in the case of human capital, which usually adjusts the character of its work to the principles adopted by company management in the area of remuneration and promotion systems. For example, broader freedom to experiment in certain groups of employees and acceptance of innovative research admitting the possibility of failure increases the chances of obtaining radical innovations. An appropriate staffing policy helps to achieve benefits that accrue from the presence of tacit knowledge, which is the effect of long-term accumulation of both positive and negative experiences. This kind of knowledge, owing to its limited codification possibilities, accumulates in the staff of a given organisation and may have a decisive impact in developing its competitive advantage. The absence in a given organisation of mechanisms that help to keep the most valuable members of its staff, from the perspective of its key resources may lead to a significant reduction of its innovation-generating capacity. Human resources go through a permanent process of learning, which has a major impact on the search for new kinds of resource allocations within a company. This learning process may be of an external nature and consist in the participation of individual staff members in various types of training courses or workshops, or of an internal one, consisting in the transfer of experience among individual staff members. Johnson notes that "technical change frequently requires dialogue or conversation, e.g. sequence of exchange of information among various people in various divisions and at various levels, within a company and among companies"<sup>146</sup>.

<sup>145</sup> Developed by the team Ł., Mamica, A., Machnik and P., Kopyciński as part of projects initiated by the Małopolska School of Public Administration, Cracow University of Economics.

<sup>146</sup> B. Johnson, *Institutional Learning*, (w:) B. Å. Lundvall, National Systems of innovation: Towards a theory of Innovation and interactive Learning, Pinter Publishers, London 1992, p. 31.

The extent of business innovation also has an impact of the establishment of task forces whose duty is to solve specific innovation-related problems. Membership in such teams may include staff from various divisions of a company as well as outside individuals. The factor that determines the level of business innovation and, at the same time, impacts the above-mentioned capacity for task-based problem solving is also the awareness of competition activity, reliability and usefulness of external partners. In this way, companies may reduce transaction costs as well as increase the likelihood of a successful completion of a given undertaking. This skill is also called “the capacity to develop and maintain a strong architecture indispensable for the production and use of knowledge from a wide variety of sources including employees, suppliers, clients and public units – which we call *the associational skill*”<sup>147</sup>. The problem of significance of the external environment in the process of developing a company’s own innovation potential was also raised in the Oslo Manual, which opines that “system-wide approaches to the issue of innovation move the focus of innovative policy towards the linkages among various institutions and analyse interactions in the process of producing new knowledge, and also its dissemination and use”<sup>148</sup>.

Owing to the fact that innovativeness of companies and products is a feature that requires a reference to the external environment, the proposed audit mechanism also comprises the presentation of the innovative potential of a given business entity against the best companies in a given sector worldwide and mean values for the sector in Poland and in the European Union. To that end, the software makes use of, among others, the data from specialised publications of Poland’s Central Statistical Office and European Sector Innovation Scoreboards.

Data regarding individual aspects of company operation is obtained from a series of interviews with company staff employed in various positions. This last assumption is to serve to detect possible divergences in the assessment of procedures applied by a given company by individual staff groups. Confronting various points of view regarding individual solutions used by a company may contribute to a more effective assessment. Data collected in this form (using questionnaire surveys) is then input in the dedicated software. Classifications of companies used in Poland do not fully overlap with the classifications used to evaluate business innovation in foreign publications (data contained in them is included in the software). For that reason, the software contains an automatic system that assigns the kind of business activity of the audited company to the most suitable category of companies that has international data for comparison.

The software has been developed around a scoring system that allows for a synthetic evaluation of innovation level of the audited company in seven following areas: organisation, market analysis and customer relations, products and services, R&D activity, human capital, financial management and level of technology. In each of these audit areas, appraised are individual solutions used in the company, selected parameters are compared with mean values for a given line of business as well as benchmarked against the sector’s leaders. The evaluation is influenced by the type of business activity and the size of the audited company. Fragmentary scores obtained in this way are then calculated in a way that permits the assessment of a given area on a scale from 0 to 100. The higher the score, the higher the mark given to the solutions that impact its innovation level. Apart from the evaluation of individual fields, the programme also permits the calculation of a synthetic innovation index, also scaled from 0 to a 100 points. During software development, a weighting system was used to facilitate a more accurate adjustment of scoring to the company specifics.

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<sup>147</sup> P. Cooke, K. Morgan, *The Associational Economy, Firms, Regions, and Innovation*, Oxford University Press, Oxford 1998, p. 17.

<sup>148</sup> *Podręcznik Oslo, proponowane zasady gromadzenia i interpretacji danych dotyczących innowacji technologicznych*, KBN, 1999, p. 16.





Fig. 6.1. Diagram of innovation audit areas  
Source: Author's own materials.

Innovation audit finishes with a report containing a synthetic index of a given company's innovative potential and fractional indicators reflecting individual areas of innovation. The document also comprises recommendations related to the possibility of increasing the company's innovation potential in the above-mentioned areas with a special focus on observed discrepancies among the opinions of individual staff groups regarding the solutions used by the company.

In evaluating the innovativeness of organisational solutions used by the audited company, the following issues are taken into consideration: issues regarding the system for motivating innovative behaviours of staff, the presence of mixed task forces responsible for specific projects and availability of up-to-date information. Knowledge and experience accumulated in a company in the course of its operation constitutes an important resource that can be used in the process of developing innovative solutions. This requires an efficient system for data collection, processing and coding. One of the goals of audit innovation is to assess the extent to which methods and techniques used by a company permit an effective use of its accumulated knowledge and experience. An important role in this respect is played by an IT reporting system, which helps to reduce the costs of data collection and processing, ensuring at the same time access to information about the changes that currently occur within the company. The opportunity to analyse these processes against the data from previous periods increases the chances that decisions made by the management are be right.

As far as the market analysis and customer relations field is concerned, the audit method presented here focuses in particular on the information about competition on various markets, participation in trade fairs and IT techniques applied in the process of communicating with the environment.

In the area of innovative products and services, assessed are the relationships concerning the sales volume of new and modernised products as well as their share in total sales of the company. Evaluated are the profitability of sales of individual products, the number of customer complaints as well as the company customer structure and their treatment.



R&D activity assessment focuses both on the volume and structure of expenses on research and development activities. Analysed is the nature of cooperation with R&D units and other research institutions. The audit procedure also examines the kinds of R&D contacts, including intermediary agencies and other companies.

The part of audit related to human capital involves the issues of adjusting the education level of workers to their responsibilities and accessibility of various forms of improving their professional qualifications. Analysed are also the nature of interpersonal relationships among different groups of employees as well as their perception of promotion prospects.

The technological aspect of audit involves the adjustment of machinery, equipment and technologies to the production processes in operation. The report indicates opportunities for more innovative solutions in terms of what the market has to offer or suggestions for cooperation with an appropriate R&D unit.

Innovativeness of the financial management of the audited company focuses not so much on the values of selected indexes that apply to its financial condition as on the occurrence and performance of these indexes. The process takes into account the extent to which the audited company takes advantage of innovation-related tax breaks. The final report contains indications of such opportunities as well as information on what the company has to do in order to qualify for such tax relief and/or preferential treatment. Additionally, the company obtains information concerning the available sources of financing innovative activities with a special focus on Community assistance.

The model of innovation audit discussed above draws on statistical comparison material not only from EU companies, but also from the most developed economies worldwide. Its advantage is a very comprehensive treatment of the issue of innovation – innovation determined by organisational solutions with a special focus on human capital.

# CHAPTER VII

## EVALUATION OF REGIONAL OPERATIONAL PROGRAMMES – GENERAL REFLECTIONS<sup>149</sup>

*MICHAŁ KUDŁACZ, MAREK REICHEL*

### 7.1. Introduction

In the 2007-2013 financial perspective, the programming process will be based on Community Strategic Guidelines produced by the European Commission, which constitute the foundations for the development of strategic documents by individual Member States and the ensuing operational programmes. One of the key documents providing conceptual organisation to the programming process in Poland is the National Strategic Reference Framework (NSRF). It includes a strategy whose implementation is expected to assist in achieving development goals, complete with a list of operational, sectoral and regional programmes with their respective financial allocations.

A particularly important role in the programming process was played by voivodship-level local governments (discussed in more detail in Chapter IV). They were entrusted with the preparation of regional operational programmes (ROPs), which operationalise the strategic goals of local governments as specified in their respective development strategies and described in the NSRF.

In very broad terms, fundamental goals of ROPs include improving the competitiveness of regional economies and the promotion of sustainable growth. These goals are intended to be achieved through the promotion of practice-oriented technological research, innovativeness and entrepreneurship, socio-economic development of regional and local communities, increased employment, improved transportation routes and protection of the environment.

These goals have been presented in accordance with the model contained in the guidelines issued by the Ministry of Regional Development: the diagnosis of the socio-economic situation of the region, its priorities and objectives, complexity of planned interventions with other programmes, financial plans broken down by year and priority, the sources of financing, the description of the programme implementation system and relevant annexes (including, among others, the indicative list of major projects, indicative lists of public assistance programmes, ex-ante evaluation of the macroeconomic effects and environmental impact assessment).

### 7.2. Methodological aspects of ROP evaluation

The process of ex-ante evaluation of Regional Operational Programmes was based on several assumptions, which, on the one hand, apply to the nature of assessed documents, and on the other hand, to the goal, scope and benchmarks formulated for the evaluations. The following principles were adopted for evaluation:

1. A ROP, by definition, is a programme that operationalises the NSRF, consequently, it must present full external compatibility with the latter. It was also assumed that it had to correspond with the voivodship development strategy.

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<sup>149</sup> Reflections presented in this chapter follow up from the participation of their authors in ex-ante evaluation of ROPs.

2. Ex-ante ROP evaluations are based on relevant documents and guidelines of the European Commission applicable to public interventions co-financed by the Structural Funds, especially concerning ex-ante evaluation<sup>150</sup>.

3. For the implementation of individual tasks that comprise ex-ante evaluation, sets of evaluation criteria have been formulated complete with related sets of evaluation questions.

4. Evaluation was based on the Methodological Report developed by WYG International Sp. z o.o.<sup>151</sup> and approved by the Ministry of Regional Development titled "Ocena szacunkowa projektów szesnastu Regional programów operacyjnych oraz Programu Operacyjnego Rozwój Polski Wschodniej na lata 2007-2013" (The Ex-ante evaluation of sixteen Regional Operational Programmes and the Development of Eastern Poland Operational Programme for 2007-2013).

### 7.2.1. Evaluation criteria

Evaluation consists in expressing judgements according to adopted evaluation criteria. These criteria comprise the following indicators: relevance, utility, efficiency, effectiveness, sustainability and cohesion. They are universally known since they constitute part of the description and evaluation model adopted by the European Community and the purposeful actions of public authorities geared towards socio-economic development. This model assumes that the starting points for interventions are identified needs and problems affecting a given community. On their basis, the objectives that serve to meet their needs are determined. Next, resources are mobilised thanks to which planned activities can be carried out, which change the reality in a way that meets the needs and solves the problems of a given community in a sustained and effective way.

It is therefore, important that the planned interventions are appropriately designed with reference to the identified needs and useful in terms of their actual impact on the broader public, environmental and economic demand. Interventions should also be effective, i.e. they should maximise the chance that their objectives will be achieved, and efficient in terms of resources used up to achieve the specified goals. Finally, the tangible impact of intervention results should be sustainable in terms of continuity of effects and benefits after its completion.

In various kinds of evaluations, criteria have different weight. For ex-ante evaluation, the main concerns are relevance and coherence.

The relevance criterion directly characterises the quality of a given strategic planning document (a ROP in this case) by assessing whether or not the choices made are relevant to the identified needs in terms of strategic objectives areas, priorities and implementation instruments.

The other key evaluation criterion typical of ex-ante evaluation is the coherence of planned interventions. In general, coherence is interpreted as concordant relationships among the constituent elements of a set. Consequently, the criterion requires the definition of elements whose coherence will be assessed. The responsibility of evaluators is to evaluate the internal and external coherence of a given ROP. While the evaluation of internal coherence does not

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<sup>150</sup> *(The) New Programming Period, 2007-2013: Methodological Working Papers*, Draft Working Paper on Ex-ante Evaluation. Draft: October 2005, Council Regulation (EC) No 1083/2006 of July 11, 2006, laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, Council Regulation (EC) No. 1080/2006, establishing provisions for the European Regional Development Fund (ERDF), of July 5, 2006, and repealing Regulation (EC) No 1783/1999, *The New Programming Period, 2007-2013: Methodological Working Papers Draft Working Paper (X). Indicators for monitoring and evaluation: a practical guide*, Procedury przygotowania programów operacyjnych for 2007-2013 w ramach NSRF. Zalecenia Ministerstwa Rozwoju Regionalnego, *Guide to the Evaluation of Socio-Economic Development*, [www.evaled.info/frame\\_guide\\_part2.asp](http://www.evaled.info/frame_guide_part2.asp)

<sup>151</sup> WYG International Sp. z o.o. was the institution that carried out the evaluation of ROPs at the behest of the Ministry of Regional Development.

require a broader commentary – it examines the linkages that hold among such elements of the plan as objectives, priorities, measures, undertakings, financial allocations and implementation system – it is worth focussing for a moment on the evaluation of external coherence.

Those responsible for programming always operate within a framework determined by strategic guidelines of a higher order. In programming practice, it usually means that a planned intervention in its textual layer does not contradict with the formulations of strategic documents of a higher order. Evaluation consists in references being made to numerical values. The statement that it is the values that constitute the basis and the most important reference of measurements leads to the conclusion that the evaluation of external consistency of a ROP may not be performed without a serious axiological reflection on the values contained in strategic documents of a higher order (their mission and the resulting inventory of values). Essentially, this is the thrust of guidelines for the evaluation of ROPs in the context of maximising Community added value. Each of the recommended evaluation areas is related to the adopted values that constitute the foundations of Community structural policy (socio-economic cohesion, sustainable development, values inherent in Community horizontal policies etc.).

The evaluation of coherence of ROPs took into consideration the complementary character of the planned interventions with sectoral horizontal programmes. However, in a situation where regional development is supposed to be implemented primarily through sixteen regional operational programmes, moreover, those programmes are built autonomously by the regions themselves, which does not favour the coordination of regional development processes, neither does it prevent the undertaking of mutually contradicted actions, it is important to analyse the mutual relationships (neutrality, contradiction, synergy) among individual ROPs and their aggregated input into NSRF implementation.

ROPs are a continuation and expansion of support offered under the Integrated Operational Programme for Regional Development and other programmes financed by Community and other, bilateral assistance funds, hence the assessment of coherence must also take into account the complementary character and continuity of interventions implemented before and those planned for 2004-2006.

### 7.2.2. Dimensions of evaluation

Programming a public intervention is a logical sequence of activities which start with a needs analysis, adopts an internally and externally consistent strategy of activities (objectives, priorities, allocation of resources), assesses its effects and impacts and finally determines the way the strategy is to be operationalised (implementation method).

Consequently, an evaluation of the quality of a programme should repeat the logic of the programming process and apply the measurements (criteria) to the effects obtained at each programming stage. In accordance with the National Development Plan (Article 59) and Article 46(3) of the General Directive concerning evaluating projects of an operational programme, the following key dimensions should be analysed:

1. Appraisal of the socio-economic analysis and its quality in the light of identified development needs of the region.
2. Evaluation of the economic rationale and internal coherence of the projection part of the operational programme.
3. Assessment of external coherence of the strategy with Community, national and regional policies.
4. Evaluation of the expected results and impacts.
5. Assessment of the proposed solutions for the implementation system of a given ROP.

### 7.2.3. Criteria for individual dimensions and evaluation questions

For each individual dimension, appropriate sets of criteria and evaluation questions have been adopted. These criteria have been described in more detail below and the basic evaluation questions have been provided (supplementary questions have been omitted due to their comprehensive nature).

For Dimension 1 – Appraisal of the socio-economic analysis and its quality in the light of identified development needs of the region – the following criteria have been adopted:

1. Relevance of the diagnostic areas selected.
2. Usefulness of the diagnosis.
3. Relevance and usefulness of the SWOT analysis.
4. Completeness of the diagnosis, including the SWOT analysis.
5. Internal consistency of the diagnosis.

For individual problem areas within this dimension, the following evaluation questions have been formulated:

– does the programme correctly identify the challenges, needs and development problems in the region in spheres supported by the programme, including particular needs and problems related to the territorial characteristics of the region?

– To what extent does the diagnosis constitute the basis for identifying and prioritising development objectives and the scoping of interventions?

– Does the SWOT analysis provide a link between the diagnosis and the ROP projection part?

– Are the basic and formal aspects of diagnostic descriptions sufficiently accurate?

– Are the diagnostic elements of the programme sufficiently coherent?

For Dimension 2 – Evaluation of the economic rationale and internal coherence of the projection part of the ROP – the following criteria have been adopted:

1. Transparency and complexity of the projection part of the programme.

2. Coherence of the diagnosis projection relationship, relevance of objectives and priorities in the light of the identified development conditions.

3. Effectiveness and efficiency of projected interventions and sustainability of the generated development processes.

4. Accuracy and relevance of financial projections.

The above-mentioned criteria have been translated into the following evaluation questions:

– Does the programme clearly define the actions (what), the goals (what for), the instruments (using what), the actors (by whom) and the timeframes for individual activities (when they will be undertaken)?

– Does the programme formulate relevant objectives and priorities with respect to the needs identified in diagnostic descriptions and in the SWOT analysis, including particular needs and problems related to the characteristics of the region?

– Does the ROP offer economically and socially justified methods of solving the problems identified in the diagnostic part?

– Are the ROP objectives realistic given the financial resources allocated to the different priorities?

For Dimension 3 – Assessment of external coherence of the strategy with Community, national and regional policies – only a single criterion has been adopted, i.e. consistency. It was elaborated into the following evaluation questions:

– Does the programme show internal inconsistencies?

– Does the programme observe the provisions of similar programmes or policies? (The question applies especially to those that constitute more general guidelines or programmes).

The evaluation criterion and ensuing questions applied especially to the examination of relationships that held between individual ROPs and the Community Strategic Guidelines, the National Strategic Reference Framework, the National Development Strategy, environmental programmes and policies as well as voivodship development strategies.

Evaluation of the expected results and impacts (Dimension 4) was conducted using a different procedure. ROP indicators were examined with respect to their completeness, methodological correctness as well as the possibility of their practical implementation. Moreover, they were compared with the indicators included in Community and national documents superior to the ROP. Analysed were also the values of individual ROP indicators in order to verify their economic rationale.

Dimension 5 – Appraisal of the proposed implementation systems – was analysed using the following set of criteria:

- institutional structures and organisational solutions for the ROP implementation system,
- material and non-material system resources,
- a system for project appraisal and selection,
- community added value (partnership, multi-year planning, monitoring, financial management as well as an exchange of views and creation of networks at international, national and regional levels).

These criteria have been translated into the following evaluation questions:

- Do the adopted legal and organisational solutions meet the Community and national regulations requirements of an operational programme co-financed by the Structural Funds?
- Is the implementation system designed in a way that ensures effective programme implementation and the achievement of its objectives?

#### 7.2.4. Evaluation techniques

The ex-ante analysis of ROPs was conducted using the following methods:

- documents analysis,
- in-depth individual interviews,
- a dedicated logical matrix,
- panel of experts,
- benchmarking,
- objectives and policies matrix.

An especially useful research technique, which is still relatively rarely used in evaluations, is the objectives and policies matrix. Therefore, it has been discussed below in more detail.

The main purpose in using this technique was to determine the kinds of relationships between pairs of objectives (priorities) and their relative strength. It permitted us to formulate suggestions concerning the extent to which adopted objectives overlap and to indicate the approximate hierarchy of their importance. In preparing the objectives (priorities) matrix, the following findings were taken into consideration:

1. The numbers indicate the impact of a given objective in a given line on the remaining objectives, i.e. on the objectives at the intersection of this line with successive columns. In other words, an attempt is made to answer the question to what extent the achievement of a goal placed in a given line can influence the achievements recorded for another objective listed in a given column. Therefore the figures entered in individual columns, resultants of such an approach, are interpreted as the degree of dependence on a given objective. This means that the matrix is not symmetrical.

2. Relationships among the objectives are scored on a scale from (-5) as the strongest negative relationship, through (0) meaning a neutral relationship, up to (+5) in the case of the strongest positive relationships. A negative relationship holds when the accomplishment

of objective A creates adverse conditions for the accomplishment of objective B. A positive relationship describes the opposite situation, a condition that facilitates the achievement of objective B once objective A has been achieved.

3. The relationships among the objectives (and activities as well) may have a twofold character, i.e.:

- causal relationships (the achievement of objective B is conditional, to some extent, on the achievement of objective A; it may also be interpreted as the facilitation of achievement of objective B). In this case, the relationship between A and B usually is unsymmetrical and may take negative as well as positive values. A classical example is: innovativeness (A) and competitiveness (B) of a region (positive effect), innovativeness (A) and increased employment (B) (negative effect),

- overlapping objectives (the achievement of objective A is, to a certain extent, tantamount to the achievement of objective B). In this case, the relationship between A and B is usually symmetrical and positive (symmetry may only be upset by the differences in scales of A and B, respectively). A classical example is the quality of human capital (A) and the economic potential (B) of a region.

4. The distinction between the above relationships is introduced only to facilitate the process of evaluation. There is no need to distinguish between them in the scoring. The above discussion uses the expression “to a certain extent”. The responsibility of the evaluator is to determine this “extent”. It also means that the extreme scores (-5 or +5) apply to a situation whereby the extent is full (causality becomes a functional dependence or the objectives completely overlap).

5. The main utility value of an objectives matrix rests in the significance of sums of individual lines and columns, as explained below:

Notation:

$U_j$  – the extent of dependence of the  $j$ -th objective on all the other objectives altogether,

$W_i$  – the strength of impact of the  $i$ -th objective on the accomplishment of all the other objectives altogether,

$x_{ij}$  – the assessment of the strength of the relationship between the  $i$ -th and  $j$ -th objectives

-  $G < x_{ij} < G$

$G$  – the value adopted in advance that determines the limits of the range of marks (as was mentioned before, the range is (-5, +5)),

$n$  – the number of objectives considered.

Relationships:

$$W_i = \sum_{j=1}^n x_{ij} U_j = \sum_{i=1}^n x_{ij}$$

Interpretation:

$U_j \approx nG$  (maximum value) – there is no point in considering the  $j$ -th objective,

$U_j \approx -nG$  (minimum value) – the  $j$ -th objective cannot be achieved,

$U_j \approx 0$  the  $j$ -th objective must be taken into consideration ,

A monotonic ordering of indicators  $W_{ij}$  ( $i = 1, 2, \dots, n$ ) helps to prioritise objectives.

### 7.2.5. The Structure of ROP evaluation reports

The methodological aspects of ex-ante evaluation discussed in previous sections are directly reflected in the structure of ROP evaluation reports. Table 7.1 lists the titles of chapters (and sections) corresponding with individual tasks carried out in the process.

Table 7.1. The Structure of ROP evaluation reports

Chapter title	Chapter structure
1. Appraisal of the socio-economic analysis and its quality in the light of the identified development needs of the region	<ol style="list-style-type: none"> <li>1. General characteristics of the ROP content</li> <li>2. Relevance of selection of diagnostic areas</li> <li>3. Usefulness of the diagnosis</li> <li>4. Relevance and usefulness of the SWOT analysis</li> <li>5. Completeness of the diagnosis, including the SWOT analysis</li> <li>6. Internal consistency of the diagnosis</li> <li>7. Conclusions and recommendations</li> </ol>
2. Evaluation of the economic rationale of the strategy and internal consistency of the projection part of the operational programme	<ol style="list-style-type: none"> <li>1. General characteristics of the projection part of the ROP</li> <li>2. Transparency and completeness of the projection part of the ROP</li> <li>3. Consistency of the diagnosis-projection relationship and relevance of objectives and priorities in the light of identified development conditions</li> <li>4. Effectiveness and efficiency of planned interventions, sustainability of generated development processes</li> <li>5. Relevance of financial projects</li> <li>6. Conclusions and recommendations</li> </ol>
3. Assessment of external coherence of the strategy with Community, national and regional policies	<ol style="list-style-type: none"> <li>1. Opening remarks</li> <li>2. Coherence of the ROP with Community Strategic Guidelines</li> <li>3. Coherence of the ROP with the Lisbon Strategy</li> <li>4. Coherence of the ROP with the National Development Strategy</li> <li>5. Coherence of the ROP with the National Strategic Reference Framework</li> <li>6. Coherence of the ROP with the national environmental protection policy and the environmental impact assessment of the operational programme</li> <li>7. Coherence of the ROP with the voivodship development strategy</li> <li>8. Conclusions and recommendations</li> </ol>
4. Evaluation of the expected results and impacts	<ol style="list-style-type: none"> <li>1. Identification of indicators proposed for ROP priorities and objectives</li> <li>2. Completeness of indicators</li> <li>3. Proposals for addressing the lacks</li> <li>4. Evaluation of result and impact indicators with respect to their appropriate assignment</li> <li>5. Evaluation of the rationale behind the indicators</li> <li>6. Evaluation of the technical measurement capacity of indicators with respect to accuracy, frequency of measurement</li> <li>7. Evaluation of internal consistency of indicators</li> <li>8. Evaluation of the indicators' compliance with indicators used in higher-order programmes and co-dependent programmes</li> <li>9. Assessment of the feasibility of the proposed target values of the indicators</li> <li>10. Conclusions and recommendations</li> </ol>
5. Assessment of the proposed solutions for the implementation system of a given ROP	<ol style="list-style-type: none"> <li>1. General characteristics and assessment of the proposed ROP implementation systems</li> <li>2. Compliance of legal and administrative solutions with national and Community regulations</li> <li>3. Efficiency and effectiveness of the designed implementation systems</li> <li>4. Conclusions and recommendations</li> </ol>

Source: Author's own materials.

### 7.3. Evaluation of Regional Operational Programmes

The Team for the Evaluation of Regional Operational Programmes (hereafter called the Team), was selected in an open tender organised by the Ministry of Regional Development. One may then conclude that the Team was chosen in a competitive and transparent manner.

In the first stage of work on ex-ante evaluation, the Team organised two internal meetings devoted to the specification of work methodology. The meetings resulted in a methodological report that constituted the basis for further work.



Evaluation involved Regional Operational Programmes and their associated documents made available by voivodships (including the macro-economic evaluation of their impacts and the environmental impact assessments). During evaluation, cyclical internal meetings of the Team were held, during which the methodological aspects of work were discussed along with specific content-based issues.

As a result of the Team's work, working versions of reports were produced, which were then submitted to voivodships. Next, a consultancy meeting was convened, at which representatives of voivodship and evaluators had the opportunity to discuss contentious issues related to individual ROPs. The goal of the meeting was to achieve a consensus in regard of the most important recommendations made by the evaluators and how to best use them.

Following the meeting and further consultations, ROP formulations were gradually modified. The regions accepted most suggestions proffered by the evaluators. In the case of several voivodships, it was necessary to organise additional meetings in order to analyse the issues on which the views of the voivodships and the evaluators radically differed. Again, in most cases, both sides reached an agreement. Wherever it was impossible, the final ex-ante evaluation report contains a record of the existing differences of opinion accompanied by information about activities undertaken in order to eliminate them. There were also situations whereby evaluators recognised the voivodships' arguments and withdrew their initial critical remarks.

### 7.3.1. Remarks concerning the diagnostic part

The diagnostic parts of ROPs were based on the model description recommended by the Ministry of Regional Development. Therefore, a relatively high level of standardisation was achieved (despite the minor differences stemming from the uniqueness of individual regions as well as different approaches adopted for the purpose of presenting information by several voivodships).

Part One, the diagnostic part, consists in a general description of the socio-economic character of the region. Part Two contains the SWOT analysis, linking the diagnostic and the projection part. Part Three provides information about public assistance obtained by the region under national and foreign aid programmes. The analysis of the content of the diagnostic part of individual ROPs reveals a certain regularity in the presentation of data and information. In most ROPs, the descriptions included the following points: general information about the region, overview of social issues, information concerning the economy and the level of innovativeness of the voivodship economy and the condition of infrastructure influencing the competitiveness and cohesion in the region.

This section presents the most important data about voivodships, including their geographical location, administrative division, and characteristics of the natural environment as well as an outline of problem areas. The part devoted to social issues relates the most pressing social problems, describes the demographic structure of the region, the education and living conditions of residents, as well as the situation on the job market. In part three of the diagnosis, which is devoted to economic issues and innovativeness of regional economies, the small and medium-sized business sector is discussed, indicated are problems related to the research and development sector as well as information concerning investment opportunities in a given voivodship. Further, the part devoted to infrastructure and its role in determining the competitiveness and cohesion of a given voivodship, contains an outline of the regional situation with respect to transportation and power infrastructure, environmental protection, the information society, health status, as well as the educational potential, culture and sports.

The structure of the diagnostic parts of ROPs prepared by a number of voivodships differs from the one described above. This is best seen in the case of Malopolska Voivodship<sup>152</sup>, where a

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<sup>152</sup> Based on ex-ante evaluation of the Regional Operational Programme for Małopolskie Voivodship, Warszawa, November 2006, p. 30.

somewhat different rationale was adopted, i.e. demographics and the job market, education, the advancement of the information society and technological development, the economy, tourism and cultural heritage, technical infrastructure, the Kraków Metropolitan Area, urbanisation processes affecting Małopolska and problems of urban areas, rural areas and intra-regional differences, public services and interregional cooperation.

One of the most striking differences in the structure of presentation of data and information in the diagnostic part of respective ROPs rests in the number of descriptive chapters. For example, in Lubelskie Voivodship<sup>153</sup> ROP there are 4 parts (chapters), whereas Wielkopolskie Voivodship<sup>154</sup> has 8 parts subdivided into 14 chapters. The ROP for Mazowieckie Voivodship<sup>155</sup> contains one chapter subdivided into 26 sections.

Major differences were observed with respect to the quantity of data and the mode of their presentation. For example, in Dolnośląskie Voivodship ROP<sup>156</sup>, there are 7 tabular presentations and 7 maps, whereas the ROP for Kujawsko-Pomorskie Voivodship<sup>157</sup> has 8 maps and 11 tabular presentations. In the same document for Lubuskie Voivodship<sup>158</sup> there are 11 maps, 14 charts and 11 tables. Such a differentiation does not contribute to the development of an ideal model which would determine what scope of information and mode of presentation should be adopted, and what is definitely unacceptable.

It needs to be emphasised that most voivodships present their data not only as cross-sections for a given voivodship, but also as comparisons with Poland and the European Union. The ROPs also contain data viewed from a dynamic perspective, which allows for a strategic approach to evaluated issues.

Some of the diagnostic descriptions raised evaluators' doubts as to their insight value and accuracy of presentation. Comments in this area frequently relate to the absence of information that should be included in the diagnostic part since it may influence the projection part of the document, to the absence of clearly formulated determinants of socio-economic development of individual voivodships, to the less than comprehensive overview of the most important external development conditions, to the rather cursory treatment of prognostic analyses, the absence of sources of information and assessments quoted, too general presentation of issues related to rural areas as well as insufficient emphasis on the issues typical of a given voivodship (e.g. borderland and/or seaside location with their impact on opportunities, e.g. the use of renewable sources of energy). It needs to be noted, however, that most of these shortcomings were eliminated after evaluation.

In summary, it should be emphasised that the diagnostic part of ROPs is of a high quality. Descriptions are consistent and contain useful information. They offer the basis for determining the resources, phenomena and processes that combine to form the development potential of individual regions. These descriptions have a considerable educational value and constitute a good starting point for the projection stage. They are, therefore, methodologically sound and practically useful.

The SWOT analysis links the projection and the diagnostic parts. Generally speaking, it was presented in a manner similar to the diagnostic part, namely broken down by main problem areas, which, on the whole, match the areas of diagnostic description. They consist of at least

<sup>153</sup> Based on ex-ante evaluation of the Regional Operational programme for Lubelskie Voivodship, Warszawa, December 2006, p. 28.

<sup>154</sup> Based on ex-ante evaluation of the Regional Operational programme for Wielkopolskie Voivodship, Warszawa, November 2006, p. 30.

<sup>155</sup> Based on ex-ante evaluation of the Regional Operational programme for Mazowieckie Voivodship, Warszawa, November 2006, p. 28.

<sup>156</sup> See Regional Operational programme for Dolnośląskie Voivodship for 2007-2013, Wrocław 2006, pp. 4-50.

<sup>157</sup> See Regional Operational programme for Kujawsko-Pomorskie Voivodship for 2007-2013, Toruń 2007, pp. 5-29.

<sup>158</sup> See Regional Operational programme for Lubuskie Voivodship for 2007-2013, Zielona Góra 2007, pp. 5-45.

four main domains: social issues and human resources, the economy and innovations, the environment, infrastructure and spatial planning.

The quality of SWOT analyses was assessed as positive. Evaluators' comments emphasise the fact that the analyses reflect the strengths and weaknesses of respective regions and in most cases correctly identify relevant opportunities and threats. Moreover, the vast majority of conclusions ensuing from the analysis are supported by diagnostic descriptions. The categorisation of phenomena and processes related to the development context of a given region as well as their linkage with SWOT domains were assessed as appropriate in most instances.

The chapter devoted to the spending of funds obtained by regions under national and foreign public assistance programmes may also be considered an element of the diagnostic part of ROPs. By and large, they contained no information about the funds spent in the 2004–2006 programming period. In accordance to the n+2 principle, some projects which were underway at that time were not completed before the adoption of the ROP, therefore they could not have been included in the documents. As a result, they showed only the information regarding projects completed by the time ROP preparation was started. Consequently, evaluators could only partly express their opinion about this part of the ROP – there was no reason to include public assistance in the projection part of the ROP.

## 7.4. Evaluation of the projection parts

Projection parts of individual ROPs differ to a certain extent. Typically, this part contains four related elements:

1. Strategy of the Regional Operational Programme for 2007-2013.
2. A description of priorities co-financed by the European Regional Development Fund.
3. Financial plan of a given Voivodship Regional Operational Programme for 2007-2013.
4. The ROP management and implementation system for 2007-2013 for a given voivodship.

On the basis of information contained in the diagnostic part, each voivodship presented its objectives at various levels, financial resources to be spend on their achievement, as well as a descriptions of spending procedures and the description of changes made in the process. Usually, the structure of objectives in analysed ROPs was similar to the model presented in Figure 7.1. below.

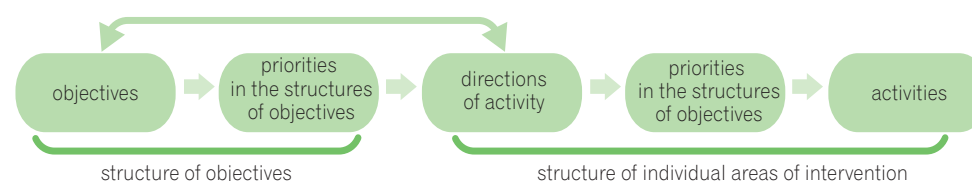


Fig. 7.1. The structure of ROP objectives at various levels of intervention

Source: Analysis prepared by the Team for the Evaluation of Regional Operational Programmes.

In introductory parts of their projections, voivodships usually included information about the vision of their development indicating the ways in which it will be achieved as a result of ROP implementation. In other words, this element of the projection part may be called ROP implementation system or its management plan. This is a methodological description containing information on institutional solutions in the area of ROP management and implementation, on monitoring and reporting principles, evaluation, as well as on promotion strategies. The most important sections of the projection part discuss the characteristics of objectives and priority

Table 7.2. A priority axes matrix for ROPs

Voivodship	Development of innovative businesses	Knowledge society	Metropolitan functions	Regional transportation system	Natural environment	Tourism and cultural heritage	Health care and public safety	Local road infrastructure	Local social infrastructure	Total
Development of innovative businesses	4	4	4	2	3	2	1	2	1	19
Knowledge society	4	4	4	2	3	2	3	2	3	23
Metropolitan functions	4	4	4	3	4	4	3	3	3	28
Regional transportation system	3	2	4	3	2	3	3	2	1	20
Natural environment	3	1	4	2	3	3	3	2	2	20
Tourism and cultural heritage	2	2	4	2	2	2	2	3	3	20
Health care and public safety	2	2	3	2	1	0	3	3	2	15
Local road infrastructure	2	2	3	2	2	2	2	4	4	19
Local social infrastructure	1	1	2	2	2	2	2	4	4	16
Total	21	18	28	17	19	18	19	21	19	

Source: *The Ex-ante evaluation of the Regional Operational Programme for Pomorskie Voivodship*, Warszawa, November 2006, p. 57.

axes, as well as the system of indicators and financial allocations, which have been discussed in other sections of this chapter.

Descriptions begin with an outline of objectives of a higher order, called strategic or primary objectives. Quite often, individual ROPs contain a single main objective. The presentation of these objectives varies. Sometimes they are presented in a synthetic manner, in other cases, they appear as narratives. Primary objectives are usually expressed in very general terms, which is to some extent understandable, but it precludes an unequivocal conclusion as to the most desirable directions of regional development. An analysis of their content demonstrates that the authors of individual ROPs attached a lot of importance to their agreement with the provisions contained in Community and national documents of a higher order.

Specific objectives (also called strategic goals) rank below primary objectives. Individual ROPs differ with respect to their number, which varies from several to a dozen. Usually, there are three specific objectives. When formulating these, regions attempted to emphasise their respective competitive advantages, e.g. Warmińsko-Mazurskie Voivodship sees its development opportunities in tourism, whereas Wielkopolska and Podkarpacie perceive their advantages in their borderland location. The latter is also the case with Zachodniopomorskie Voivodship, with the additional benefit of its seaboard location. Małopolskie, Mazowieckie, Wielkopolskie, Dolnośląskie, Łódzkie, Śląskie and Pomorskie Voivodships see their development opportunities in the presence of strong metropolitan centres or aggregations of cities (conurbations).

Specific objectives are closely related to economic development and entrepreneurship, innovativeness, expansion of infrastructure and environmental protection, as well as the elimination of barriers to development of the region or the quality of its social infrastructure.

Specific objectives result in priority axes (sometimes called priorities). They constitute an operationalisation of specific objectives. Consequently, their number varies from 6 to 12, depending on an individual ROP. It should be pointed out that the concentration principle should also apply to the level of priority axes, so the thematic scope should focus on the problem area that is the most important for a given voivodship. These axes should be consistent and functionally related to one another. In order to assess this principle, evaluators have built an objectives matrix and a priority axes matrix. Table 7.2 above shows a sample matrix.

The relationships among priority axes were scored on an 11-point scale, where /-5/ represents the most negative relationship between axes of interest, /0/ means a neutral relationship, whereas /+5/ indicates the best, most positive relationship.

In the analysis conducted using the objectives matrix, the impact of a single objective in a given line on all the other objectives is considered. In other words, an attempt is made to answer the question: To what extent can the achievement of a given objective influence the achievement of objectives listed in a given column? Columns, representing the resultant of such an approach, are interpreted as sources of impact. This means that the matrix is not symmetrical. The sum total of results for individual lines shows the importance of a given priority axis in terms of its impact on the remaining axes (the higher the total sum, the more significant the role of a given axis), whereas the sum total for individual columns shows the total dependence of a given priority axis on the remaining axes.

The technique outlined above was used to evaluate each ROP. The practical application of its results varied by voivodship. Some of them exploited them to a significant extent in order to improve their ROP quality; others did so only in a limited way. The comments quoted below are the most frequently noted observations by evaluators regarding the projection parts of individual ROPs:

- in general, the projection parts are correct, but need complementing and more descriptive accuracy,
- the diagnoses are consistent with projected objectives and development priorities in the context of identified region-specific conditions of development,

- the description of projected interventions justifies their evaluation as potentially effective and efficient. However, a full and reliable opinion in this respect is not possible without appropriate complements in the projection part,
- a complete assessment of relevance of financial projections is impossible owing to limited access to data.

Based on the comments above, evaluators formulated the postulates with a view to eliminating the imperfections identified. In their opinion, it is necessary:

- to complete the descriptions of specific objectives,
- to complete priority characteristics,
- to provide clear descriptions of activities, their characteristics, tools for their implementation as well as the preparation of indicators for their monitoring, to describe the types of projects implemented under each measure,
- to determine indicators for the primary objective and specific objectives, including definitions of their baseline and target values as well as the methods and frequency of measurement,
- to assess the output (product) and result indicators for individual development priorities with respect to their methodological correctness and assign to them baseline and target values,
- to prepare an indicative financial plan and an indicative inventory of major projects, an inventory of public assistance programmes and major projects.

Evaluators faced an important problem in that they were unable to fully evaluate the relevance and accuracy of financial projections, which was usually due to:

- the absence of indicators for the primary objective and the specific objectives,
- incomplete indicators for development priorities (first of all, the absence of baseline and target values),
- broad descriptions of tasks and sometimes incomplete linkage with the indicators,
- incomplete presentation of financial data.

In other words, the impossibility to compare the target values after the public intervention in question with available resources and accurately expressed intentions (activities) made all the comments as to the relevance and accuracy of financial projections essentially hypothetical.

The last element of the projection part of the document was devoted to the issues of implementation strategy of the programming activities. Their general description, partly due to the fact that parallel work was carried out at the central level and involved specific decisions in this respect, caused that evaluators had no substantial comments on this part of ROPs.

Despite the shortcomings mentioned above, the projection parts of individual ROPs were prepared as well as possible at that stage of project work. It should be remembered that when the ex-ante evaluation of ROPs was in progress, Poland's central government was working on the final formal and financial solutions decisive for the final shape of the ROP.

## 7.5. Assessment of external coherence

The assessment of ROP coherence with external documents constituted an integral element of the evaluation. On the one hand, evaluators had to assess whether the ROPs suffer from any internal contradictions. On the other hand, they assessed whether they permit the implementation of economic, social and spatial policies in accordance with the superior Community and national documents. As was mentioned above, the analysis involved the Community Strategic Guidelines, the revised Lisbon Strategy, National Development Strategy, the National Strategic Reference Framework, national policies and environmental protection programmes and the voivodship development strategies.

To begin with, the documents listed above differ with respect to their character, thematic scope and the territorial impact. This differentiation naturally gave rise to a number of various complications.

### 7.5.1. Community Strategic Guidelines on Economic, Social and Territorial Cohesion for 2007-2013

The following comment may serve as a general opinion concerning the coherence of ROPs with Community Strategic Guidelines<sup>159</sup>: "Owing to the level of generality of the CSG document, which stems from its character, an accurate assessment of whether support areas proposed by the ROPs are consistent with these contained in the CSG is not possible. However, it should be observed that the general construction of specific objectives (strategic), priority axes (priorities) and the proposed support framework (an intervention area that ranks below priority axes in the hierarchy of objectives and priorities) contained in the ROPs is consistent with the overall philosophy of the Community Strategic Guidelines".

In other words, the comprehensive nature of CSG, its scope and character cause that these documents are difficult to compare with respect to possible contradictions contained in their conceptions. Therefore, no contradictions were observed among the documents, which, in turn, means that the arrangements contained in programmes under comparison have been observed.

The ex-ante evaluation report of Lubelskie Voivodship ROP<sup>160</sup> reads: "In assessing the external consistency of diagnostic decisions of the ROP for Lubelskie Voivodship (ROP WL) with diagnostic observations contained in the CSG, it is necessary to emphasise the different nature of these documents:

- their scope (CSG apply to the full range of interventions of EU cohesion policy, whereas ROP WL applies to its part),
- their functional character (CSG is a document that organises activities geared towards strengthening cohesion, whereas the ROP WL constitutes one of the instruments that serve to achieve the objectives of the former),
- the territorial range of interventions (CSG involve the area of the European Union, whereas ROP WL affects Lubelskie Voivodship). A practical implication of this diversity is an indirect possibility of assessing the coherence of diagnostic ROP WL with CSG.

In the CSG, diagnostic observations constitute the rationale for the guidelines. The number of these observations is significant and their content matches the significance of diagnostic arrangements described in ROP WL".

This observation confirms the earlier observations of the relationships between the ROPs and the CSG.

### 7.5.2. The Lisbon Strategy

As is the case with the CSG outlined above, the ROPs contain direct references to the Lisbon Strategy. For example, the ROP for Warmia & Mazury<sup>161</sup> reads: "Considering the issue of internal consistency of the ROP for Warmia & Mazury (ROP W&M) in its diagnostic domain, it is worth mentioning the objective premises that determine the scope of consistency with the Lisbon Strategy. They stem from the rank and character of both documents. The Lisbon Strategy, a document whose conceptual outline is much broader than the ROP W&M, and therefore contains a number of activities whose implementation goes beyond the area of activity and competencies of a region". In other words, it means that, as was the case with CSG coherence analysis, the scale, scope and character of documents make it impossible to

<sup>159</sup> See *The Ex-ante evaluation of the Regional Operational Programme for Pomorskie Voivodship*, Warszawa, November 2006, pp. 64-65.

<sup>160</sup> See *The Ex-ante evaluation of the Regional Operational Programme for Lubelskie Voivodship*, Warszawa, op. cit., pp. 72-76.

<sup>161</sup> See *Ex-ante evaluation of the Regional Operational Programme for Warmińsko-Mazurskie Voivodship*, op. cit., pp. 78-79.

compare them effectively. However, a partial comparative analysis may be undertaken, with a special focus on the issues of cohesion, first of all, on the absence of contradictions in the documents discussed. The ROP W&M reads<sup>162</sup>: "In the case of problem areas common to both documents, a positive correlation may be observed. Both documents perceive the need to modernise the technical infrastructure as an important factor that contributes to socio-economic development. The issues of supporting research and development activities related to the needs of the economy are also perceived in similar ways. Similar observations refer to the issues of developing innovation and information technology as well as the use of natural resources in an environmentally friendly way. Diagnostic comments related to the postulates of improving the adjustment capacity of the workforce and the flexibility of the job markets and investment into human capital through developing professional training are less consistent. This may be due to the fact that these issues have been accorded a more extensive treatment in the Human Capital Operational Programme".

In consideration of the above comments, one must conclude that external coherence of ROP W&M with the Lisbon Strategy is clearly observable. However, it is difficult to document it in detail owing to the methodological difficulties listed above.

### 7.5.3. The National Development Strategy

The National Development Strategy (NDS) constitutes the fundamental document that determines the objectives and priorities in the area of Poland's socio-economic development and enumerates its necessary conditions. Therefore, its provisions are superior to these of individual ROPs.

Individual ROPs do not always contain overt references to the National Development Strategy. Whenever they do occur, the issue is hardly ever given a separate description. Usually, they appear as comments that accompany the descriptions of primary objectives of ROPs and their linkage with the concept of development contained in the NDS. Despite that, it should be noted that all ROP provisions show a clear correlation with the NDS.

### 7.5.4. The National Strategic Reference Framework

Given the role of the National Strategic Reference Framework (NSRF) in the system of programming public interventions co-financed by the Structural Funds, the issue of ROP coherence with the document had a special significance.

ROP analysis results show that NSRF provisions have been widely used in their preparation. ROPs contain a number of references to issues emphasised by the NSRF regarding the creation of favourable conditions for improved competitiveness of the economy based on knowledge and entrepreneurship that ensures growth in employment and improved social, economic and spatial cohesion.

For example, the ex-ante evaluation report for Śląskie Voivodship ROP<sup>163</sup> reads: "Both the NSRF and ROPs perceive the problem of increasing impoverishment and social exclusion as well as the low quality of health care and poor health condition of Poles". Both analysed documents exhibit a high degree of correlation in their most important diagnostic and projection findings. Also mentioned are low investment in research and development and the unsatisfactory innovation condition of the economy combined with low levels of entrepreneurship. Both documents emphasise the role of the knowledge-based economy and the importance of research and development for the implementation of new technologies. The stage of development of information society was evaluated in an identical manner.

<sup>162</sup> Ibidem, pp. 78-79.

<sup>163</sup> See *The Ex-ante evaluation of the Regional Operational Programme for Śląskie Voivodship*, Warszawa, November 2006, pp. 60-61.



### 7.5.5. Ecological policy and nationwide environmental protection programmes

Important documents that lay down the principles for Poland's ecological policy with which the ROPs were compared, are the following:

– The Environmental Policy for years 2003-2006 with the perspective for years 2007-2010, which updates and specifies the provisions of the long-term II National Ecological Policy, first of all in relation to priority directions of Community actions in the area of the natural environment,

– The Executive Programme to II Ecological Policy for years 2002-2010, which is an operational document for the policy.

ROP evaluators noted the difficulties inherent in the assessment of ROP consistency with the above-mentioned documents. To a considerable extent, it was due to numerous amendments to the regulations laying down the provisions for Poland's ecological policy.

A mention must also be made of the different territorial reach of the documents under discussion. Documents that lay down the principles for the ecological policy involve the national dimension, whereas ROPs focus on specific regions, which, to a certain extent, makes it difficult to compare them.

As was pointed out in the ex-ante evaluation report for Podlaskie Voivodship ROP<sup>164</sup>, the documents discussed "indicate the need to improve – construct anew or thoroughly modernize the existing technical infrastructure that serves to protect the environment, but fails to meet specific requirements. There is a clear perception of the need to intensify environmental protection activities in recognition of the fact that the condition of the environment in Poland differs unfavourably from the situation in most EU Member States. Both documents emphasise the promotion of sustainable economic development. They also draw attention to the need to undertake intensified activities in order to preserve Poland's entire natural and cultural heritage. Similarly, apart from the above-quoted general diagnostic formulations other ROP provisions for Podlaskie Voivodship are in agreement with the diagnostic conclusions described in national documents".

The coherence of the remaining ROPs with documents discussed in this section has been assessed equally highly. With the above information in mind, one may declare that the ROPs are externally coherent with the above-mentioned national documents governing Poland's ecological policy.

### 7.5.6. Voivodship Development Strategies

Each ROP refers to its individual Voivodship Development Strategy (VDS). ROP authors took special care to ensure that this document be consistent with the strategic directions for regional development. Each ROP contained a comparison of its objectives with development priorities set out in the VDS.

It is difficult to offer an unequivocal opinion as to the coherence of these two documents. In an attempt to formulate certain general observations, one needs to conclude that ROP authors have strongly emphasised the relationships among them, trying to ensure their logical and conceptual consistency. One must conclude that for the most part these attempts have been successful.

For example, the ex-ante evaluation report for Świętokrzyskie Voivodship ROP<sup>165</sup> contains the following remark: "The coherence between the VDS and the ROP for Świętokrzyskie Voivodship (ROP WS) does not raise any reservations. As was emphasised a number of times,

<sup>164</sup> See *The Ex-ante evaluation of the Regional Operational Programme for Podlaskie Voivodship*, Warszawa, November 2006, pp. 84-86.

<sup>165</sup> See *The Ex-ante evaluation of the Regional Operational Programme for Świętokrzyskie Voivodship*, Warszawa, November 2006, pp. 58-59.

the VDS constitutes the starting point for the preparation of ROP WS". Moreover, in the ROP WS document a separate portion of text was included describing the relationships between the Programme and the VDS: "The Regional Operational Programme for Świętokrzyskie Voivodship for 2007-2013 as an instrument for the implementation of the Development Strategy for Świętokrzyskie Voivodship". The part outlined the relationships among the specific objectives of the ROP and the VDS objectives and priorities, which were considered convergent by the Team for the Evaluation of ROP WS.

The Mazowieckie Voivodship ROP<sup>166</sup> reads, in turn, that "The Regional Operational Programme for Mazowieckie Voivodship, as was remarked in the introduction, constitutes a reflection of the development policy implemented by the Voivodship Government, based on the Mazowieckie Voivodship Development Strategy until 2020, which indicates a high degree of coherence of these two documents". The programme offers a tabulated comparison between ROP priorities and the Strategy, showing a high degree of correspondence between the two. Further it is stated that "the only objective of the Strategy that is not reflected in the Programme is the stimulation of development of Warsaw's metropolitan functions. The Programme focuses more attention on the stimulation of development of smaller voivodship cities (such as the capital cities of former voivodships) with some of the available funds assigned to their development. Some activities in this respect were planned in the Strategy as part of the Development and Modernisation of Non-metropolitan Areas Objective". This means that there are certain areas of incompatibility, which do not undermine the overall coherence of the documents under review.

In summary, it may be concluded that the documents discussed show a relatively high degree of coherence. Certain minor discrepancies identified in the process of analysis do not change the overall positive evaluation.

## 7.6. Evaluation of the expected results and impacts

The main aim of this part of ROP analysis was to assess the rationale behind the indicators proposed for the operational programme and the feasibility of achieving their target values. The analysis was conducted twice. Results of the first, central evaluation of the system of indicators can be found in ex-ante evaluation reports dated November 2006. Conclusions drawn at the time indicated recommended the following:

1. To provide complements and modifications to the list of ROP indicators.
2. To perform a new, thorough analysis of coherence of output and result indicators, as mandated by European Commission's reporting requirements.
3. To determine the baseline and target values for all indicators.
4. To complement the output and result indicators.
5. To provide contextual indicators.
6. To complement the system of indicators with dynamic indicators.

Drawing on the above-mentioned conclusions and recommendations and on the responses to evaluation questions presented in Table 7.3, the evaluation of the system of indicators was performed.

The purpose of the complementary analysis<sup>167</sup>, as was the case with the main analysis, was to assess the rationale behind the indicators proposed in the operational programme and the feasibility target values being achieved.

The evaluation of priority-quantifying indicators proposed in the ROP was performed first and foremost from the perspective of quantifiability of ROP plans with respect to the domain of impact, completeness and internal consistency of indicators, as well as their relevance

<sup>166</sup> See *The Ex-ante evaluation of the Regional Operational Programme for Mazowieckie Voivodship*, Warszawa, November 2006, pp.62-63.

<sup>167</sup> Reports on complementary evaluation were completed in March 2007.

and coherence with the systems of indicators to be found in other important programming documents, and whether it is feasible that these indicators will achieve their targets. Evaluation was conducted in three domains:

1. Usability and methodological correctness of proposed indicators.
2. Internal consistency of proposed indicators.
3. External coherence of proposed indicators.

Table 7.3. Responses to evaluation questions regarding the proposed system of indicator

Evaluation questions/ Voivodships	Dolnośląskie	Kujawsko-Pomorskie	Lubelskie	Lubuskie	Łódzkie	Małopolskie	Mazowieckie	Opolskie	Podkarpackie	Podlaskie	Pomorskie	Śląskie	Świętokrzyskie	Warmińsko-Mazurskie	Wielkopolskie	Zachodniopomorskie
Are the indicators defined correct and justified in principle?	Yes	Yes	Yes	Yes	Yes	Partly	Partly	Partly	Partly	Partly	Yes	Yes	Yes	Partly	Yes	Partly
Are the programme indicators logically related to the objectives and priorities?	Partly	Yes	No	Partly	Yes	Partly	Partly	Partly	Partly	Partly	Yes	Yes	Yes	Partly	Partly	Partly
Are the cause-effect relationships between outputs, results and impacts correctly defined?	Partly	Yes	No	Partly	No	Partly	Partly	Partly	Partly	Partly	Yes	Yes	Partly	Partly	Partly	Partly
Are the indicators defined consistent within the programme and with indicators contained in the NSRF?	Partly	Yes	Yes	Partly	Yes	Partly	No	Yes	Partly	Partly	Yes	Yes	Yes	Yes	Yes	Yes
Are the defined indicators measurable and available? are the costs of their production not excessive?	Yes	Yes	Yes	Partly	Yes	Partly	Yes	Yes	Partly	Partly	Yes	Yes	Yes	Yes	Yes	Yes
Can these indicators and their target values form the basis for future monitoring and evaluation of the operational programme in question?	Partly	No	No	No	No	Yes	No	Partly	Partly	Partly	Yes	Yes	Partly	No	Yes	Partly
Are the target values feasible to achieve and what is the chance of their achievement in the light of the operational programme?	Partly	No	No	No	No	Yes	No	No	No	No	Yes	Yes	No	No	Yes	Partly

Yes  No  Partly  Evaluation impossible 

Source: Author's own materials.

Most frequently mentioned conclusions that ensued from the analysis of the usability and correctness of the system of indicators were as follows:

1. The proposed indicators draw on the proposed system of indicators promulgated by the European Commission<sup>168</sup>.

<sup>168</sup> (The) *New Programming Period, 2007-2013: Indicators for monitoring and evaluation: A practical guide, Methodological Working Papers, Draft Working Paper*, European Commission, DG Regional Policy, 23 January 2006, pp. 27-30.

2. The completeness of indicators varies considerably, but generally speaking, there are too many indicators.
3. The indicators usually describe adopted priorities in a comprehensive manner, but they require complementation in terms of their baseline and target values.
4. The definitions of individual indicators are usually clear and their interpretation is not difficult.
5. The indicators are economical and their measurement should not be problematic.

#### **Internal consistency of the proposed indicators**

When evaluating internal consistency of indicators, evaluators had to take into account the logic of relationships between indicators and objectives and priorities as well as assess the correctness of cause-effect relationships among the outputs, results and impacts.

The examination of linkages of indicators with objectives and priorities revealed that there were no major problems. Likewise, conclusions from the analysis of the cause-effect relationships in the output-result-impact chain were generally positive. Admittedly, there were errors in the categorization of individual indicators into appropriate groups (output, result and impact indicators), but they were only incidental.

#### **External consistency of the proposed indicators**

External consistency of indicators was evaluated with respect to three aspects. First of all, the consistency of indicators of evaluated ROPs with indicators contained in the NSRF was assessed. Secondly, analysed was the feasibility of their target values in the light of the evaluation of the macroeconomic effect. Thirdly, the feasibility of target values of indicators in the light of proposed financial allocations was evaluated.

Based on the analysis of indicators designed under ROPs and the NSRF, it was noted that NSRF indicators have a more general character than ROP ones. This is due to the fact that NSRF indicators refer to Poland as a whole, whereas ROPs are, to a certain extent, NSRF components and respond to specific problems of individual regions. Systems of indicators for discussed documents should be considered convergent owing to the absence of contradictions between them.

In evaluating the proposed target values, an important drawback was observed in that there were no descriptions of assumptions behind the target values of proposed indicators. For that reason, determining the feasibility of the proposed values was made more difficult.

The systems of indicators for the ROPs under discussion were evaluated positively. The evaluation indicated practical utility and methodological soundness of the adopted indicators as well as their relatively high level of internal and external consistency. Recommendations included the need to verify individual indicators with respect to their assignment to a proper group (outcomes or results), their assessment by way of constructing paired comparisons – an outcome indicator vs. a result indicator. It was also postulated that ROPs be complemented with information explaining how values are assigned to individual indicators (e.g. by drawing on the evaluation of macroeconomic impact).

## **7.7. Evaluation of the proposed ROP implementation systems**

ROP implementation systems are usually described in separate chapters of analysed documents. The descriptions typically start with initial comments, which review the legal basis for ROP implementation systems.

The descriptions of programme implementation refer in general terms both to individual institutions and processes that occur within the systems (e.g. the ROP coordinating institution, the managing authority, intermediary institutions etc.) or focus on individual processes of the implementation systems (e.g. financial management, certification, control).

All the analysed ROPs observe Community and national regulations in the area of monitoring and implementation. As a matter of fact, they almost faithfully reflect the provisions and recommendations contained in these documents. The relatively high level of generality of descriptions of ROP implementation systems contributed to a sense of dissatisfaction. One must remember that alongside ROP evaluation, which was mentioned above, Poland's central government was working on system-wide solutions for the management of the Structural Funds. Under the circumstances, it was difficult to expect a thorough description.

The process of evaluating the effectiveness and efficiency of ROP implementation systems involved, first of all, the identified options of institutional implementation structures. The evaluation was performed on the basis of expert opinions prepared for the Ministry of Regional Development<sup>169</sup>. Three options<sup>170</sup> of institutional implementation structures were proposed, of which the most effective proved to be Option III (or, under certain circumstances, Option II). Performance evaluation comprised the following aspects:

1. The financial system.
2. The monitoring system.
3. The project selection system.
4. Partnership formation.

Other aspects of evaluation, such as the capacity of regional administration to implement a given ROP, the issues of organisation of work, flexibility, experiences in the implementation of the Structural Funds, sharing the knowledge and experiences of among project staff and the certainty of maintaining competence – cannot usually be analysed owing to the lack of complete and objective data and information.

Generally speaking, ROP implementation systems were in agreement with relevant Community and national regulations, but, as mentioned above, their description was so general that the formulation of unambiguous assessments was made more difficult. The analysis of descriptions warrants the opinion that the designed activities were generally correct, effective and efficient. It should be mentioned, however, that to a certain extent this opinion is undermined by the responses to evaluation questions, discussed in more detail below. Among the recommendations formulated by evaluation experts, the following can be mentioned as examples:

- emphasising functional relationships among the elements of the management system,
- more accurate presentation of duties and responsibilities of individual players of the management process,
- complementing descriptions of the evaluation unit within the managing authority,
- complementing the descriptions of the ROP Monitoring Committee,
- more accurate presentation of the financial system and payment initiation procedures.

The discussion and assessment of the ROP implementation and monitoring system is presented below in a tabulated form (Table 7.4).

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<sup>169</sup> K. Pylak, T. Klimczak, K. Gurbiel, *Badania wspierające plan działań na rzecz zwiększenia potencjału administracji samorządowej, zmierzającego do zapewnienia właściwej realizacji ROP 2007-2013*, research study commissioned by the Ministry of Regional Development, WYG International Sp. z o.o., Warszawa, July 2006.

<sup>170</sup> Option I: Division of responsibilities: the managing authority (MA) is the ROP Management Department of the Marshal Office (UM), responsible for the management and coordination of activities. The roles of intermediary institution (IP) and implementing institution (IW) are performed by relevant departments within the Marshal Office, which implement either the entire priority or less than a priority, a single (or several) measures from various priorities. Option II: the ROP Management Department of the Marshal Office is the managing authority, which deals with the management and coordination of IP and IW activities, with IP and IW being institutions outside the Marshal Office. Option III: the ROP Management Department of the Marshal Office fulfils the function of the managing authority, bearing responsibility for the management and independent implementation of all priorities/measures. There are no IP or IW.

Table 7.4. Responses to evaluation questions related to ROP implementation and monitoring systems

Evaluation questions/ Voivodships	Dolnośląskie	Kujawsko-Pomorskie	Lubelskie	Lubuskie	Łódzkie	Małopolskie	Mazowieckie	Opolskie	Podkarpackie	Podlaskie	Pomorskie	Śląskie	Świętokrzyskie	Warmińsko-Mazurskie	Wielkopolskie	Zachodniopomorskie
Do the adopted legal and organisational solutions meet the requirements of an operational programme co-financed by the Structural Funds in terms of national and Community regulations?																
Is the implementation system designed to implement the programme efficiently and effectively achieve its objectives?																
Is the division of implementation responsibilities clear and correct?																
Do the currently observed staffing and technical base levels ensure effectiveness and professionalism of performance and cost effectiveness in the context of ROP tasks?																
Does the regional/central administration have sufficient capacity to implement the operational programme in question?																
Is the institutional structure of the system and organisation of work, workload and flexibility, effective? Does it improve the efficiency of resource management and have a positive impact on the relevance of objectives?																
Do the experiences of implementation of pre-accession funds, structural funds, the transfer of know-how, development of human resources and the certainty of maintaining competence ensure the highest possible effectiveness of the system?																
Does the proposed financial system ensure maximum efficiency of programme implementation?																
Does the proposed monitoring system ensure maximum efficiency of programme implementation?																

Evaluation questions/ Voivodships	Dolnośląskie	Kujawsko-Pomorskie	Lubelskie	Lubuskie	Łódzkie	Małopolskie	Mazowieckie	Opolskie	Podkarpackie	Podlaskie	Pomorskie	Śląskie	Świętokrzyskie	Warmińsko-Mazurskie	Wielkopolskie	Zachodniopomorskie
	Does the system for project assessment and selection ensure the highest possible level of efficiency (good, relevant, low-cost strategic projects), effectiveness (appropriate number of projects, the speed of assessment) and transparency (insight in individual stages of assessment and the possibility to react)?															
Does the implementation system of the operational programme take into appropriate consideration the principle of partnership and the division of responsibilities in accordance with the Polish law?																
Do the partnership, multi-year planning, monitoring, financial management, as well as the exchange of experience and international, national and regional networking contribute to Community added value?																

Yes  No  Partly  Evaluation impossible 

Source: Authors' own materials.

The evaluation study discussed above warrants the following summary comments:

1. A vast majority of voivodships have observed national and Community regulations in their proposed legal and organisational solutions. Very few voivodships have not met this requirement in full.

2. A significant number of regions do not have a management system in place that would ensure an effective implementation of their ROP.

3. Descriptions of implementation systems are incomplete.

4. There are reservations about the proposed solutions in the financing of ROPs. The negative assessment of most voivodships in this respect was due to the lack of specific information concerning their financial systems.

5. The experience to date of the implementation of assistance and structural programmes has not translated into an adequate development of regional potential and mechanisms that would ensure efficient implementation of subsequent programmes.

Finally, it must be clearly noted that the flaws and shortcomings detected in evaluated ROP implementation systems are not due to the ignorance or errors of those responsible for programming, but have to be attributed to external circumstances. At the time, ROP implementation systems were being developed, so regions were not fully aware of system-wide solutions to be ultimately adopted.

## 7.8. Conclusions

In general, conclusions concerning the methodology used to perform the ex-ante evaluation of ROPs are positive. The evaluation process and its results appear to confirm such an opinion. An advantage of the methodology adopted was the inclusion of a number of varied research techniques, which both helped to create a comprehensive database and facilitated internal verification of information and data collected in this way. Another advantage of this methodology was also a high level of its formalisation. Precise definitions of criteria, domains and evaluation questions facilitated the process itself and constituted a solid foundation for the categorisation and objectivisation of assessments. Moreover, this complex task was completed in a short time despite the changing external circumstances (parallel central government work in the same area).

Looking at the results of the ex-ante evaluation of ROPs from the perspective of their diagnostic, programming and management quality, one must respect the effort put into the programmes by their authors. Despite the number of specific critical remarks concerning individual ROP documents formulated by evaluators, they definitely deserve to be evaluated positively. Their analysis indicates the presence of a certain peculiar regularity, which may also be interpreted as an indicator of the institutional potential of Poland's regional administration. Accordingly, the diagnostic parts of ROPs were generally of a high standard and offered a lot of valuable insight. Similar comments apply to the parts devoted to ROPs' consistency with the superior Community and national programming documents. Despite the critical remarks, the projection parts of individual ROPs must also be assessed positively. ROPs' elements requiring the most substantial changes and improvements were related to their implementation systems.





# CHAPTER VIII

## PREPARATION AND EVALUATION OF REGIONAL OPERATIONAL PROGRAMMES IN SELECTED EUROPEAN UNION MEMBER STATES

TOMASZ GEODECKI

### 8.1. Introduction

The present chapter is an attempt to classify programming and evaluation systems of regional operational programmes (ROPs) in five selected EU Member States. The selection of these countries – Spain, Lithuania, Germany, Hungary and Italy – results from the INCASIS partnership structure<sup>171</sup>. Solutions applied in Poland have been omitted from the discussion since they are described in some detail in chapters IV and VII.

Analysed is the system preparation and evaluation regional programming documents and measures in the framework of two first objectives of assistance (Objective 1 and Objective 2) in 2000-2006 as well as the Convergence and Regional Competitiveness and Employment Objectives in 2007-2013<sup>172</sup>.

In comparison with the previous programming period, the discussion focuses on mid-term evaluation and its updating in the old EU Member States<sup>173</sup>, and in the new programming period, on ex-ante evaluation. In the case of Lithuania, owing to the absence of regional programmes, the discussion only applies to evaluation at the central, state level. The chapter concludes with descriptions of specific evaluation undertakings of actions financed by the Structural Funds.

The content of this chapter is based on information supplied by INCASIS project partners and on data obtained from other specialised institutions from partner countries<sup>174</sup>.

### 8.2. Preparation and evaluation of operational programmes in 2000-2006 and 2007-2013: Community regulations

The European Union Cohesion Policy is often described as a regional policy. This term, although somewhat lacking in accuracy, since a significant portion of aid is directed to the financing of structural investment of transregional importance, is justified, since in 2000-2006, out of EUR 233.7 billion as much as EUR 171.8 billion<sup>175</sup> (almost three-quarters of the total) was allocated based on the regional criterion under Objectives 1 and 2, respectively (The European

<sup>171</sup> *Institutional Capacity for Assessing the Impact of The Structural Funds*.

<sup>172</sup> The discussion has been narrowed down in this way since the regional criterion of granting aid applies in the framework of these Community objectives. Moreover, they consume a majority of the Structural Funds.

<sup>173</sup> Programmes in countries that joined the EU on May 1, 2004, were not subject to this requirement.

<sup>174</sup> The following persons made special contributions to this chapter: Federica Givone (CSIL, Lombardy, Italy), Izaskun Jimenez (DEBEGESA, Basque Country, Spain), Asta Leoniene (Vilnius Municipal Office, Lithuania), Enrica Montu (LAMORO, Piedmont, Italy), Claudia Schulte (Ministry of Economy, Nordrhein-Westfalen, Germany) and Zsolt Benedek (National Development Agency, Budapest, Hungary). The author assumes full responsibility for any errors or misrepresentations that may appear in this chapter.

<sup>175</sup> Prices current as at 1999, Cohesion Fund contribution included.

Commission, 2004a, pp. 180, 186)<sup>176</sup>. In the 2007-2013 programming period, over 77% of the total funds will be allocated on the basis of the regional criterion<sup>177</sup>.

The programming of Community structural aid in 2000-2006 was governed by the Council Regulation (EC) No 1260/1999 of June 21, 1999, laying down general provisions on the Structural Funds. Each of the EU Member States was supposed to outline its development priorities and a strategy to meet them in respective national development plans<sup>178</sup>. On their basis, the Member States negotiated with the European Union the documents called Community Support Framework (CSF), which in a synthetic formal, described the structure and financial resources implemented in 2000-2006 operational programmes<sup>179</sup> or single programming documents<sup>180</sup>. Individual regions of Member States could independently allocate a significant portion of these funds, although a sizeable chunk was still at the disposal of central governments, depending on the conditions prevailing in individual countries. For example, in new EU Member States, operational programmes were usually managed at the central level, whereas in the old Member States most of those were managed<sup>181</sup> by regional authorities. This resulted, among other things, from the fact that some of the regions of EU15 developed to the extent that made them ineligible for assistance under Objective 1, which was designated for regions whose GDP per capita was below 75% of EU average. Such regions were eligible for assistance under Objective 2, which had a much smaller allocation than Objective 1 (ca. EUR 22 billion compared with EUR 151 billion in 2000-2006 for EU25). As such, they were not subject to the national Community Support Framework (Article 15.1 of Council Regulation No 1260/1999). On completion of negotiations with the Commission, each programme had a programme supplement prepared, in which specific provisions were made for the financial resources and a list of beneficiaries of each so-called intervention areas, geared towards the attainment of the same objective.

The process of preparation of operational programmes for the 2007-2013 programming period was based on somewhat different premises. Programming documents prepared by Member States were based on Community Strategic Guidelines<sup>182</sup> that contain the list of EU development priorities (in general terms, they are: infrastructure, knowledge-based economy and employment). The programming procedure in the new period is relatively simple. The Member States do not have to prepare initial strategic documents, such as development plans. Pursuant to Community Strategic Guidelines and Council Regulation (EC) No 1083/2006 of July 11, 2006<sup>183</sup>, each Member State prepared their own National Strategic Reference Framework (NSRF), which, in accordance with Article 27 of Council Regulation No 1083/2006, contain, among other things, an analysis of their socio-economic situation, strategic development priorities and the list of operational programmes for the Convergence and Regional competitiveness

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<sup>176</sup> Objective 1 regions are those whose per capita GDP is less than 75% of the Community average. Objective 2 eligible areas, according to Article 1 of the Council Regulation (EC) No 1260/99, include "areas undergoing socio-economic change in the industrial and service sectors, declining rural areas, urban areas in difficulty and depressed areas dependent on fisheries".

<sup>177</sup> Calculations based on: the European Commission, Investing in regions and EU Member States, DG REGIO presentation, January 2006.

<sup>178</sup> Pursuant to Articles 9, 15 and ff. of Council Regulation No 1260/1999.

<sup>179</sup> Articles 9 and 17 of Council Regulation No 1260/1999.

<sup>180</sup> Those under EUR 1 billion were presented as single programming documents, others as operational programmes.

<sup>181</sup> Proportions between regionally and centrally managed programmes differed by Member State. This issue shall be analysed in more detail in subsequent sections of this chapter.

<sup>182</sup> It is one of the elements of *Integrated Guidelines for Growth and Jobs* for 2005-2008. Other elements apply to rural development and fisheries, which have been excluded from EU's Cohesion Policy in the new programming period.

<sup>183</sup> Council Regulation (EC) No 1083/2006 of July 11, 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.

and employment objectives<sup>184</sup>. No supplements to operational programmes are anticipated. At the same time, owing to the adoption of the principle of “single programme – single fund”, the number of programmes has increased significantly. In consequence, a number of regions prepared two programming documents: one for the European Regional Development Fund, the other for the European Social Fund.

Both in 2000-2006 and in 2007-2013, the regulations governing evaluation of operational programmes were contained in among the general provisions. They are discussed in more detail in Chapter III. Worth mentioning are certain procedural solutions which had a special impact on regional programming documents in the area of evaluation.

As was the case with other operational programmes in 2000-2006, actions financed by the Structural Funds implemented by regional authorities pursuant to Council Regulation 1260/1999 (Articles 40-43) were subject to ex-ante, mid-term and ex-post evaluations. The last one is the prerogative of the European Commission, but the institutions that prepare the programmes are responsible for ex-ante and mid-term evaluations. Mid-term evaluation was performed by independent experts, and its results were submitted to the Monitoring Committee of the Community Support Framework<sup>185</sup>. Descriptions of relevant procedures were mandatorily included in the programming documents. Evaluation results were made available to the public – interested parties and to institutions.

From the perspective of regional operational programmes, the most important changes in the new programming period (Articles 47-49 of Council Regulation No 1083/2006) involve the abandonment of mid-term evaluation (as well as its update) for the sake of ongoing evaluation and the cancellation of the obligation to employ outside experts for the performance of mid-term evaluation. The new regulation contains only the provision that the evaluation be carried out “by experts or bodies, internal or external, functionally independent of the certifying and audit authorities<sup>186</sup>”. The regulation does not specify standards for evaluation procedures, which is tantamount to relinquishing the duty to provide its accurate description in the programming documents.

### 8.3. Factors that determine the management and evaluation systems in regional operational programmes

To a large extent, both programming and evaluation of operational programmes constitute the responsibilities of regional authorities of Member States. Although the most important partner of the European Commission in the management of structural assistance are central authorities, council regulations laying down general provisions concerning The Structural Funds impose on them the duty to observe the principle of partnership. Accordingly, all the actions pursued with financial assistance from the Structural Funds, should occur “in the framework of close cooperation” between the Commission, each Member State and competent regional and local authorities<sup>187</sup>. Moreover, “the partnership shall cover the preparation, financing, monitoring and evaluation of assistance”.

It does not mean, however, that in all the Community countries the ranges of freedom enjoyed by respective regional authorities in the area of programming and evaluation of assistance and its effects are similar. Both above-mentioned regulations clearly state that the principle of partnership applies “where appropriate and in accordance with current national rules and

<sup>184</sup> Equivalent of Objective 1 and Objective 2 of assistance in 2000-2006, bearing in mind that in the case of the latter, assistance may be granted to regions regardless of whether they contain depressed areas, hence the difference from Objective 2.

<sup>185</sup> Council Regulation No 1260/1999, Article 42.

<sup>186</sup> Council Regulation No 1260/1999, Article 47.3.

<sup>187</sup> Council Regulation No 1260/1999, Article 8, and Council Regulation No 1083/2006, Article 11.

practices". Regional autonomy in the preparation, management and evaluation of operational programmes is influenced by a host of factors.

Firstly, the most important factor is the extent of decentralization of power. The group of countries discussed includes Germany, which is a federal state with strong legislative competences of union lands, which have their own constitutions; Spain and Italy – two countries, which gave their regions a far-reaching autonomy in a number of aspects of their operation; and two unitary states – Lithuania and Hungary<sup>188</sup>. The degree of decentralization of power results primarily from the size and ethnic variety of a given country. In this respect, a clear division runs between the new Member States and the old EU15. Germany (population 82.4 m), Italy (58.8 m) and Spain (43.8 m) are large countries by European standards, whereas Hungary (population 10.1 million) and Lithuania (3.4 m) are relatively small<sup>189</sup>. Moreover, the borders of the new Member States reflect to a greater extent ethnic divisions, which resulted from the two changes in borders in the 20th century, and also owing to the mixing of populations after World War 2 and, in consequence, a significant blurring of regional differences.

Secondly, although there is a correlation between the autonomy of regional authorities measured by their legislative powers and the independence of regions in the management and evaluation of The Structural Funds, there is no direct relationship, since the principles concerning management with EU assistance have been developed to a certain extent independently of other country-specific solutions. For example, in Poland the political basis for regional independence for 2007-2013 have changed little compared with 2004-2006, but as a result of the policy of decentralisation of implementing EU assistance, voivodship autonomy in the area of utilisation of this assistance has considerably increased (at the moment, voivodship authorities prepare and monitor regional operational programmes). Another case in point emerges from the comparison between Spain and Italy. Although the former has granted its regions more autonomy, the management of EU assistance in each autonomous region is partly the responsibility of central authorities, while Italian regions eligible for assistance under Objective 2 were more independent in this respect.

Based on regional independence in the area of programming, the following types of programming can be distinguished<sup>190</sup>:

- Independent programming by regions that enjoy a considerable autonomy. Such an approach is characteristic of federal states and some regional ones. Regional authorities independently prepare operational programmes with little interference on the part of central/federal governments. This was the case with German Lands and Italian regions under Objective 2, at the moment regions eligible for assistance under Regional competitiveness and employment,

- Programming done by regions, but coordinated at the central level in order to ensure a relatively homogenous structure of documents and to guarantee certain minimal standards nationwide. Such an approach is characteristic of at Spanish communities and Italian regions that fall under the Convergence Objective,

- Programming done by central authorities. This approach is typical of multi-regional programmes – centrally coordinated and implemented in a number of regions. Such programmes have

<sup>188</sup> The division between federal and unitary states rests on legislative powers of the internal constituents of a given country and participation of the regions in central decision-making; see I. Pietrzyk, *Polityka regionalna Unii Europejskiej i regiony...*, op. cit. The group of composite states includes federal states (e.g. Austria, Germany, Belgium) and regional ones (Spain and Italy). In regional states, regions do not participate in the decision-making process at the central level.

<sup>189</sup> Although this regularity is true of the countries under discussion, it is not always the case outside of this group, since of equal importance are the historically developed institutional solutions in the area of regional government autonomy. Accordingly, France, a relatively populous country (population 60 m) is a unitary state, whereas much smaller Austria (8 m) is a federal one.

<sup>190</sup> J. Bachtler, M. Ferry, C. Mendez, J. McMaster, *The 2007-2013 Operational Programmes: A Preliminary Assessment*, "IQ-Net Thematic Paper", No. 19(1), 2007.

been implemented in all the countries under discussion except for Lithuania, where, as in a number of other smaller EU countries, only centrally managed programmes are implemented. The absence of regional programmes results from too small a population that does not warrant administrative divisions into regions with a high degree of autonomy (at least in terms of management of Community assistance). This approach also applies in countries where regional governments play a minor role, e.g. in Hungary<sup>191</sup>.

Thirdly, the independence of regional authorities in the area of evaluation has not always been a reflection of independence in the management of regional programmes. For example, even though Poland's regions are managing authorities of their respective regional programmes, the ex-ante evaluation of regional programmes was carried out for each of the 16 voivodships under a single commission of the Ministry of Regional Development, which is the managing authority of the NSRF.

Moreover, the extent of involvement of regional authorities in the evaluation of their actions is decided by the so-called "evaluation culture". In this case the basic line of division runs between the old and the new EU Member States, if the number of evaluations performed were to be taken as the indicator of such an involvement. In the new Member States, regions did not independently implement regional programmes in 2004-2006, with ex-ante evaluation of 2007-2013 being in some countries the first ever evaluation of regional programmes. The countries of the old EU15 can be divided into those that already had a developed tradition of evaluating regional policies, which were performed regularly irrespective of the EU funds and those that had no experience in this respect. The former group is represented by, among others, Germany, whereas the latter, in which the evaluation of regional policy has been gaining strength owing to the impact of regulations governing The Structural Funds, is represented by Italy and Spain.

## 8.4. Solutions in the area of preparation and evaluation of regional operational programmes in selected EU Member States

This section deals with solutions adopted by EU Member States in the area of preparation and evaluation of regional operational programmes. Since in each case the degree of independence of regional authorities is the administrative system of a given country, the descriptions of each country start with their administrative divisions and the outline of region's autonomy. This is followed by the breakdown of assistance in 2000-2006 and 2007-2013 and its implementation systems, which are issues of key import for the systems of evaluation of operational programmes.

### 8.4.1. Spain

Spain belongs to the group of composite regional states<sup>192</sup>. In accordance with its Constitution of 1978, regions may enjoy a broad autonomy, provided that the interested communities (or nationalities) express their will to that effect. Initially, it entailed a broad autonomy for Catalonia, the Basque Country and Galicia, and then the status of autonomous communities (*Comunidades Autónomas*) was conferred on other regions. Currently, Spain consists of 17

<sup>191</sup> In 2004-2006, none of the new Member States had regional operational programmes, but in the new programming period some of them, e.g. Hungary decided that they should prepare them, albeit after a lengthy period of hesitation. Poland, instead of a single multi-region development programme, in 2004-2006 there were 16 regional operational programmes. Likewise, the Czech Republic in 2007-2013 will implement regional programmes.

<sup>192</sup> The term used to distinguish these from unitary states. The term *federal* would suggest an association with federal states, whereas composite countries include also the so-called regional states with a smaller range of regional autonomy than is the case with federal states (cf. Pietrzyk 2002).

Table 8.1 Operational programmes in Spain: Objectives 1 and 2, 2000-2006

Operational programme	Region	The Structural Funds (contribution in EUR million)
Regional operational programmes, Objective 1		
Andalucia Ob.1	Andalusia	8,186.02
Asturias Ob.1	Asturia	1,397.91
Canarias Ob.1	Canary Islands	1,927.50
Cantabria Ob.1	Cantabria	309.61
Castilla y Leòn Ob.1	Castile and Leon	3,294.66
Castilla La Mancha Ob.1	Castile - La Mancha	2,199.56
Ceuta Ob. 1	Ceuta (municipality)	80.50
Comunidad Valenciana Ob.1	Valencia	2,865.47
Extremadura Ob.1	Extremadura	2,225.18
Galicia Ob.1	Galicia	3,581.26
Melilla Ob.1	Melilla (municipality)	60.97
Murcia Ob.1	Murcia	1,187.43
Total ROP, Objective 1		27,316.07
Regional operational programmes, Objective 2		
Aragon Ob.2	Aragon	319.53
Baleares Ob.2	Balearic Islands	94.34
Cataluña Ob.2	Catalonia	1,289.00
La Rioja Ob.2	La Rioja	44.29
Madrid Ob.2	Madrid	412.00
Navarre Ob.2	Navarre	95.00
País Vasco Ob.2	Basque Country	613.11
Total ROP, Objective 2		2,866.76
Total regional operational programmes, Objectives 1 and 2		30,182.83
Multiregional programmes, Objective 1		
Local development		1,120.30
Fishery		1,570.93
Employment promotion		3,581.94
Entrepreneurship and continuing education		1,626.62
Combating discrimination		339.64
Agricultural production and ecological produce systems		1,554.81
Research, development and innovation		1,693.32
Technical assistance		17.04
Competitiveness and the development of production environment		1,864.08
Vocational training system		131.97
Information society		446.57
Total multiregional programmes, Objective 1		13,947.20

Source: *Strategic Evaluation on Innovation and the Knowledge Based Economy in Relation to the Structural and Cohesion Funds, for the Programming Period 2007-2013*, The European Commission, July 2006.

autonomous communities whose political status differs with respect to autonomy<sup>193</sup>. This is a compromise between the consideration of separatist tendencies of some communities and efforts made in order to preserve the unity of the country. In the last two years (since 2004) the demands of Catalan separatists met with favourable response and strengthened the autonomy of this community within the Spanish Crown.

Accordingly, Spain is divided into 17 autonomous communities (and two districts – enclaves in Northern Africa with a similar status to communities – Ceuta and Melilla) independent in the areas of education and taxation. The legislative bodies are assemblies of deputies (*asamblea*), with executive powers resting with councils headed by chairpersons. Regions divide into provinces, and these into districts – their structures are both local government and state administration. The legislative bodies of provinces comprise representatives elected by district councils, which, in turn, are elected by direct popular vote.

Structural assistance to Spain in 2000-2006 was divided as follows:

- For Objective 1, under 12 regional operational programmes<sup>194</sup> and 11 multiregional operational programmes,
- For Objective 2, under 7 regional operational programmes (Table 8.1).

This means that each of the 17 autonomous communities, plus Ceuta and Melilla, had its own regional programme.

In general, out of the 44 EUR billion from the Structural Funds designated for Objectives 1 and 2, over EUR 30 billion were spent under regional operational programmes, i.e. ca. 68%. The aid granted to Spain in 2000-2006 totalled over EUR 54.6 billion (in 2004 prices).

The relatively fast pace of economic development of Spain caused that some of its regions exceeded the per capita GDP assistance eligibility limit under the previous Objective 1 (currently Convergence). Consequently, in the 2007-2013 programming period, structural assistance (including the Cohesion Fund) for Spanish regions will be significantly smaller and will amount ca. EUR 31.5 billion in 2004 prices, i.e. ca. EUR 23 billion less than the previous programming period (Table 8.2.).

Table 8.2. Structural assistance to Spain in 2000-2006 and 2007-2013 (in EUR million)

2004-2006		2007-2013	
The Cohesion Fund	12,357	The Cohesion Fund	3,242
Objective 1	34,796	Objective: Convergence	18,680
		Phasing-out	1,431
Phasing-out	325	Phasing-in	4,483
Objective 2	2,926	Objective: Regional Competitiveness and Employment	3,125
Objective 3	2,363		
Community initiatives	1,904	European Territorial Cooperation	496
Total	54,671	Total	31,457

The data is expressed in 2004 prices in order to facilitate comparison with the new programming period and, therefore, may differ from data in Table 8.1.

Source: *Cohesion Policy 2007-2013, Spain*, Inforegio factsheet, October, [www.europa.eu](http://www.europa.eu)

<sup>193</sup> The historical communities of Catalonia, the Basque Country, Galicia and Andalusia enjoy greater autonomy.

<sup>194</sup> In one region, Cantabria, transitional aid for regions, which have recently exceeded the per capita limit of 75% of average EU GDP.



Organisational changes regarding assistance include, first of all, the reduction in the number of programmes managed at the central level. In the new programming period, centrally coordinated operational programmes are Research, Development and innovation, Knowledge economy and Technical assistance<sup>195</sup>. In the Spanish NSRF (*Marco Estratégico Nacional de Referencia de España 2007-2013* – MENR) the allocation of funds from the first above-listed programme between autonomous regions was decided *a priori*. Moreover, two multiregional programmes have been planned, financed by the ESF (Adaptation and Employment, Combating Discrimination).

The remaining funds will be divided among the autonomous regions, of which four belong under the Convergence Objective, four are the so-called phasing-out regions (i.e. those to lose a Convergence Objective status for reasons of the statistical effect)<sup>196</sup>, three phasing-in regions (i.e. those to lose the status of a Convergence Objective since they exceeded the GDP per capita limit) and eight more affluent regions under the Regional Competitiveness and Employment Objective. On top of that, each community will implement two operational programmes co-financed by the ERDF and the ESF. Generally speaking, Spanish regions will be implementing programmes totalling ca. 72.3% of funds granted to the state under the two most important assistance objectives.

Regional operational programmes in Spain belong to a group of programmes prepared at the regional level, but centrally coordinated. Such a solution was adopted for 2000-2006 as well as in the new programming period. The programmes are jointly managed by regional authorities and the General Directorate for EU Funds in the Spanish Ministry of Economy and Finance, although, formally speaking, the managing authority is the Ministry itself. The central level decides as to the allocation structure for priority axes of regional programmes, whereas autonomous communities select the projects, perform financial control and ensure proper evaluation of programmes and programming documents. Therefore, despite the formal control of the Ministry, regions enjoy a substantial degree of independence in the preparation and evaluation of their programmes.

In 2000-2006, coordination of evaluation activities in the regions was ensured by Evaluation Technical Groups (EGT) set up by the institution managing assistance (the Ministry of Economy and Finance), separately for the ERDF and ESF. These groups comprised representatives of the European Commission, their national managing authority, representatives of regions concerned and other autonomous communities.

Mid-term evaluations of programmes and their updates<sup>197</sup> were conducted by independent external evaluators appointed by regional authorities pursuant to relevant regulations governing public procurement. EGT in association with the managing authority prepared dedicated evaluation guidelines, which, apart from the general Community Regulations No 1260/1999 in the previous programming period and No 1083/2006 in the new one, constituted the basis for the evaluation of regional programmes. Accordingly, programmes were subject to fairly uniform evaluation criteria. The EGT functions was also to establish a platform for the cooperation between the European Commission, the Member State and regions as well as the exchange of experience in the area of evaluation. Positive experiences with the EGT have led to the preservation of this mode of coordinating the evaluation of regional programmes in the new programming period.

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<sup>195</sup> Based on *Marco Estratégico Nacional de Referencia de España*, April 2007.

<sup>196</sup> Statistical increase in per capita GDP in the regions of the “old” Member States as compared with EU average as a result of reduction of the average due to the accession of new, poorer Member States. For this reason, the per capita GDP in some EU regions exceeded 75% of the average for EU25, although it is still lower than the average for EU15.

<sup>197</sup> In 2000-2006, operational programmes implemented in the EU15, apart from mid-term evaluation in 2003, were also subjected to its update in 2005.

In the new programming period, 11 regional operational programmes co-financed by the European Social Fund under the Regional Competitiveness and Employment Objective were subjected to a joint ex-ante evaluation (such an option is provided for by Article 47 item 2 of Council Regulation No 1083/2006). At the behest of the managing authority, evaluation was carried out by the consultancy company Red2Red. Separate evaluation was carried out on the programmes under the Convergence Objective. Similar principles applied to the ex-ante evaluation of programmes co-financed by the ERDF.

Evaluation reports are submitted to the Spanish Ministry of Economy and Finance, which, as the managing authority is directly responsible to the European Commission for the spending of the Structural Funds. The reports are usually published on government websites of autonomous communities.

#### 8.4.2. Lithuania

The administrative division of Lithuania into 10 districts (*apskritis*, pl. *apskritys*) and 60 municipalities (*savivaldybė*, pl. *savivaldybės*) has no fundamental significance either for programming or management of assistance funds, since this occurs at the central level. Owing to the size of the country (population 3.48 m in 2001), the entire area of the country has been classified as a single region NUTS level 2. On account of the low per capita GDP (40.8% of EU average in 2001), the entire country was included under Objective 1, and assistance from the Cohesion Fund.

The utilisation of assistance funds in 2004-2006 owing to the relatively small amount of allocation, was included in a single programming document (SPD), which stipulated four main areas of support: Energy and infrastructure (38.8% of total resources), Human resources (18.3%), Competitiveness of the economy (24.8%), Development of rural areas, agriculture and fishery (15.1%) and others (3.0%)<sup>198</sup>. The Structural Funds committed totalled EUR 743 million, and the Cohesion Fund – EUR 602 million (in 2004 prices).

In the new programming period, Lithuania was granted EUR 6.08 billion, since as a NUTS level 2 unit it still did not reach 75% of the average per capita GDP for UE-25. Out of these, EUR 2.03 billion will come from the Cohesion Fund, and the balance of EUR 3.96 billion from the Structural Funds for the Convergence Objective (Table 8.3).

Table 8.3 Structural assistance to Lithuania in 2000-2006 and 2007-2013 (in EUR million)

2004-2006		2007-2013	
The Cohesion Fund	602	The Cohesion Fund	2,029
Objective 1	743	Objective: Convergence	3,955
Objective 2	0	Regional Competitiveness and Employment	0
Objective 3	0		
Community initiatives	34	European Territorial Cooperation	97
Total	1,379	Total	6,081

\* 2004 prices.

Source: *Cohesion Policy 2007-2013, Lithuania*, Inforegio factsheet, October, [www.europa.eu](http://www.europa.eu)

Such a significant increase in structural assistance makes it impossible to include it under a single programming document. In 2007-2013, Lithuania will implement four operational programmes: Human Resources Development (13.8% of the total), Strengthening Cohesion

<sup>198</sup> Calculations based on *Strategic Evaluation on Innovation and the Knowledge...*, op. cit.

(39.1%), Economic Development (45.7%) and Technical Assistance (1.4%)<sup>199</sup>. Accordingly, none regional operational programmes have been planned.

In 2004-2006, the managing authority was the Ministry of Finance, with other appropriate ministries appointed as intermediate bodies in the implementation of sectoral actions. The managing authority also supervised the organisational aspect of evaluation. Also in 2007-2013 programming period, the managing authority of the NSRF (*Nacionalinė bendroji strategija*) is the Ministry of Finance.

The fundamental legal act that determines the organisational structure, the competencies and management methods in organisational units responsible for evaluation is Government Order No 649 of May 31, 2001, which also regulates the system of management of EU funds. Among the directives issued by the Ministry of Finance regarding evaluation, it is worth mentioning those concerning the principles for project selection and evaluation, governing the Technical assistance priority of the Lithuanian single programming document and establishing the single programme evaluation management group.

In the previous programming period, among the most important evaluations were the ex-ante evaluation of Lithuanian single programming document carried out by an independent team of evaluators from the Centre of Strategic and Evaluation Services. The Ministry also ordered two thematic evaluations in regard of the effectiveness of the implementation of the single programming document and future directions of EU support. According to the persons responsible for the evaluation of the Lithuanian programming document, the most important function of evaluation was the verification of effectiveness and efficiency of interventions followed by the improvement of management of The Structural Funds and the verification of assumptions behind the development policy.

### 8.4.3. Germany

Germany is a classic example of a federal state, which is reflected in the official name itself – the Federal Republic of Germany. Extensive autonomy of its regions is primarily the effect of institutional solutions imposed by the Allies in the Constitution of 1949. An important role was also played by the surviving echoes of the political divisions of the German states before 1871, although the borders of individual states were drawn to a large extent in an arbitrary manner. The primary territorial division is into 16 union states. They enjoy extensive legislative autonomy in all areas that are not clearly reserved for the federal authorities. The states have their own constitutions, parliaments and are represented in one of the chambers of the German parliament – the Bundesrat. Smaller units of local government are districts (*Kreise* and *Landkreise*) and municipalities (*Gemeinde*). Additionally, in Western States, counties are grouped in government districts (*Regierungsbezirke*)<sup>200</sup>.

Some of the German union lands are larger than quite a few Member States<sup>201</sup>, hence most of them (NUTS level 1) have been divided into smaller units for the sake of the Community's Nomenclature of Territorial Statistical Units – NUTS level 2, whose GDP per capita is a key factor in their inclusion in Objective 1 group regions or not (2007-2013, Convergence Objective). Nevertheless, operational programmes involve the level of lands, which, in the political system of the Republic have the broadest powers to conduct the regional development policy.

In 2000-2006, funds allocated to Germany for the development of poorer regions (Objective 1) were spent under six regional and three multiregional operational programmes. One of them focused on the development of transportation infrastructure, whereas the other – on the

<sup>199</sup> *Nacionalinė bendroji strategija*, draft, November 2006. Figures apply to the ESF, ERDF and the Cohesion Fund.

<sup>200</sup> I. Pietrzyk, *Polityka regionalna Unii Europejskiej w praktyce państw członkowskich*. Wydawnictwo Akademii Ekonomicznej w Krakowie. Kraków 1999, pp. 218-219.

<sup>201</sup> E.g. the population of Nordrhein-Westfalen is 18 million, whereas that of Bavaria is 12.3 million (2001).

development of human resources (Table 8.4). Additionally, a dedicated Fisheries Programme was implemented. Assistance to areas of Germany suffering from socio-economic difficulties, granted under Objective 2, was implemented through 11 regional operational programmes at the level of federal states. Under Objective 3 of assistance, these regions implemented part of a federal programme co-financed by the European Social Fund.

Table 8.4. Operational programmes in Germany: Objectives 1 and 2, 2000-2006

Operational programme	Region	The Structural Funds (contribution in EUR million)
Regional operational programmes, Objective 1		
OP Berlin	Berlin (East)	716.99
OP Mecklenburg-Vorpommern	Mecklenburg-Western Pomerania	2,562.31
OP Sachsen-Anhalt	Saxony-Anhalt	3,500.45
OP Thüringen	Thuringia	3,011.14
OP Sachsen	Saxony	5,070.61
OP Brandenburg	Brandenburg	3,090.22
Total regional OP, Objective 1		17,951.72
Regional operational programmes, Objective 2		
Baden-Württemberg	Baden-Württemberg	102.07
Bayern	Bavaria	560.46
Berlin	Berlin (West)	401.29
Bremen	Bremen	117.96
Hessen	Hesse	191.56
Niedersachsen	Lower Saxony	766.02
Nordrhein-Westfalen	Nordrhein-Westfalen	1,012.82
Rheinland-Pfalz	Rhineland-Palatinate	178.20
Schleswig-Holstein	Schleswig-Holstein	269.59
Hamburg	Hamburg	6.45
Saarland	Saarland	178.57
Total regional OP, Objective 2		3,682.92
Total regional OP, Objectives 1 and 2		21,634.64
Multiregional programmes, Objective 1		
OP Human resources		1,749.57
OP Transport		1,661.00
OP Fishery		104.43
Total federal and multiregional OP, Objective 1		3,515.00

Source: *Strategic Evaluation on Innovation and the Knowledge...*, op. cit. and *Gemeinschaftliches Förderkonzept 2000-2006*<sup>202</sup>.

<sup>202</sup> Both figures are expressed in 2004 prices in order to facilitate comparison.

The data presented above demonstrates that regarding the assistance granted to Germany based on the regional criterion (Objective 1 and 2), regional authorities managed ca. 85.7% of total resources.

In 2007-2013, the Structural Funds and the Cohesion Fund will finance development objectives in Germany to the amount of EUR 23.4 billion, compared with EUR 28.8 billion in 2000-2006 (Table 8.5)<sup>203</sup>. However, the division of the Structural Funds among individual operational programmes will be quite similar, except for the absence of a separate programme for East Berlin. Almost one-half of the total amount (46.5%) will be transferred to Convergence Objective regions, 16.5% to the phasing-out regions, with slightly under 37% to Regional Competitiveness and Employment Objective regions. Regions are thus responsible for the utilisation of ca. 91.8% of assistance under these two objectives. The list of German operational programmes implemented in 2007-2013 can be found in Annex (at the end of this chapter).

Table 8.5 Structural assistance to Germany in 2000-2006 and 2007-2013 (in EUR million)

2004-2006		2007-2013	
The Cohesion Fund	0	The Cohesion Fund	0
Objective 1	17,594	Objective: Convergence	10,527
		Phasing-out	3,761
Phasing-out	667	Phasing-in	0
Objective 2	3,875	Objective: Regional Competitiveness and Employment	8,349
Objective 3	5,058		
Community initiatives	1,639	European Territorial Cooperation	754
Total	28,833	Total	23,391

The data is expressed in 2004 prices in order to facilitate comparison with the new programming period and, therefore, may differ from data in Table 8.4.

Source: *Cohesion Policy 2007-2013, Germany*, Inforegio factsheet, October, [www.europa.eu](http://www.europa.eu)

In the previous programming period, the managing authority in the Community Support Framework for Objective 1 in Germany (GFK – *Gemeinschaftliches Förderkonzept 2000-2006*) was the Ministry of Economy and Technology (*Bundesministerium für Wirtschaft und Technologie* – BMWT). Institutions that prepared and managed regional operational programmes were the appropriate ministries of the union lands. They were also responsible for the evaluation of operational programmes.

Mid-term evaluations of individual programmes were ordered by their managing authorities, i.e. appointed ministries of individual lands. The information obtained from the managing authority of the regional operational programme in Nordrhein-Westfalen suggests that the regions had a very broad autonomy in organising and contracting mid-term evaluations (in 2003) and their updates two years later. The managing authority for the Community Support Framework did not coordinate this process, whereas the guidelines on evaluation followed by the regions and evaluators are Community documents (Council Regulation No 1260/1999 and the European Commission's working documents). According to the provisions of the Community Support Framework, mid-term evaluations are the responsibility of individual managing authorities, which cooperate in this respect with the European Commission<sup>204</sup>.

Mid-term evaluations in Objective 1 regions were usually carried out by consortia made up of several institutions, mostly research institutions and consultancy companies. A review of the

<sup>203</sup> *Gemeinschaftliches Förderkonzept Ziel 1 und Ziel 1 – Übergangunterstützung in Deutschland 2000-2006*.

<sup>204</sup> *Gemeinschaftliches Förderkonzept 2000-2006*, p. 206.

composition of those consortia points to an oligopolistic structure of the ROP market – most of those institutions participated in more than one evaluation (Table 8.6). It is interesting to note the absence of competition on the part of institutions from other countries<sup>205</sup>.

Table 8.6 Institutions carrying out mid-term evaluations of regional operational programmes in Germany in 2003

OP	Evaluators
Berlin	<ul style="list-style-type: none"> <li>• Prognos AG, Basel (project management)</li> <li>• ZENIT GmbH, Mülheim</li> <li>• IfLS – Institut für ländliche Strukturforchung</li> </ul>
Brandenburg	<ul style="list-style-type: none"> <li>• Kienbaum Management Consultants GmbH, Berlin (project management)</li> <li>• TAURUS GmbH, Trier</li> <li>• Landgesellschaft Sachsen-Anhalt e.V., Magdeburg</li> </ul>
Mecklenburg-Western Pomerania	<ul style="list-style-type: none"> <li>• MR Gesellschaft für Regionalberatung GmbH, Delmenhorst (project management)</li> <li>• GEFRA – Gesellschaft für Finanz- und Regionalanalysen, Münster</li> <li>• IfS – Institut für Stadtforschung und Strukturpolitik GmbH, Berlin</li> <li>• FBAE – Forschungsstelle für Berufsbildung, Arbeitsmarkt und Evaluation, Berlin</li> <li>• Arbeitsgemeinschaft freier Gutachter, Bonn/Rostock</li> </ul>
Saxony	<ul style="list-style-type: none"> <li>• IfS – Institut für Stadtforschung und Strukturpolitik GmbH, Berlin (project management)</li> <li>• ISG – Institut für Sozialforschung und Gesellschaftspolitik GmbH, Dresden</li> <li>• Landgesellschaft Sachsen-Anhalt e.V., Magdeburg</li> <li>• MR Gesellschaft für Regionalberatung GmbH, Delmenhorst</li> <li>• GEFRA – Gesellschaft für Finanz- und Regionalanalysen, Münster</li> </ul>
Saxony-Anhalt	<ul style="list-style-type: none"> <li>• ISW – Institut für Strukturpolitik und Wirtschaftsförderung, Halle-Leipzig (project management)</li> <li>• Landgesellschaft Sachsen-Anhalt e.V., Magdeburg</li> </ul>
Thuringia	<ul style="list-style-type: none"> <li>• GEFRA – Gesellschaft für Finanz- und Regionalanalysen GbR, Münster (project management)</li> <li>• IfS – Institut für Stadtforschung und Strukturpolitik GmbH, Berlin</li> <li>• FBAE – Forschungsstelle für Berufsbildung, Arbeitsmarkt und Evaluation, Berlin</li> <li>• MR Gesellschaft für Regionalberatung GmbH, Delmenhorst</li> <li>• Ruhr-Universität Bochum, Prof. Dr. Karl</li> <li>• Transformationsprozesse und Strukturpolitik (TraST), München/Dresden</li> </ul>

Source: GEFRA (2003), *Halbzeitbewertung des Gemeinschaftlichen Förderkonzeptes 2000-2006*.

Evaluation of the entire GFK (CSF) was ordered by the Federal Ministry of Economy and Technology, while the update of the mid-term evaluation of Community Support Framework, was ordered by the Federal Ministry of Finance. Mid-term evaluation reports were submitted to the monitoring committee and then sent to the European Commission, as provided by Article 42 of Council Regulation No 1260/1999.

Likewise, in the new programming period, ex-ante evaluation was performed by external experts at the behest of land authorities, although Council Regulation No 1083/2006 provides for the possibility of the evaluation being carried out by the regions independently. Since NSRFs, as different from CSFs, are more of a strategy that outlines priorities of the nationwide policy concerning regions than of a management tool, in German NSRFs (NSRP – *Nationaler Strategischer Rahmenplan*)<sup>206</sup> the system of evaluation of operational programmes was not regulated.

Among the functions fulfilled by the evaluation of regional operational plans, the most important was the verification of effectiveness of interventions.

<sup>205</sup> Among the evaluation reports reviewed, the Author of this chapter has found one written by an institution from outside Germany. It was an update of mid-term evaluation for Bavaria, which was performed by an Austrian company.

<sup>206</sup> *Nationaler Strategischer Rahmenplan für den Einsatz der EU-Strukturfonds in der Bundesrepublik Deutschland 2007-2013*.

#### 8.4.4. Hungary

The area of Hungary is divided into seven regions and 43 smaller territorial units composed of 19 comitats (*megyék*, pl. *megye*), 23 municipal comitats (*megyei jogú város*) and the city of Budapest. The lowest level of the administrative division comprises 168 districts.

This three-tier division has been in force since the relevant regulations came into effect in 1998, but regions were the latest to be established, among others, to facilitate planning and utilisation of EU assistance. The regions are NUTS level 2 units and include:

- Northern Hungary – Észak-Magyarország,
- Northern Great Plain – Észak-Alföld,
- Southern Great Plain – Dél-Alföld,
- Central Hungary (including the capital city Budapest) – Közép-Magyarország,
- Middle Transdanubia – Közép-Dunántúl,
- Western Transdanubia – Nyugat-Dunántúl,
- Southern Transdanubia – Dél-Dunántúl.

Hungary is a unitary state, with regions playing a relatively small part in 2004-2006 programming. Their establishment served mainly the statistical purposes of Community policies. Politically speaking, regions are represented by regional councils. Their members are specially delegated representatives of the comitats and other local government units as well as ministers involved in regional development policy. As was stated in the National Development Plan 2004-2006<sup>207</sup>, among the most important tasks of the regional development policy is to strengthen their institutional system through, among others, establishing their elected bodies and budgets.

In the 2004-2006 programming period, all Hungarian regions were classified as Objective 1 regions. The Hungarian National Development Plan did not envisage operational programmes independently prepared and managed by regions. Instead, a Regional Development Operational Programme was developed, which was managed, apart from the remaining four operational programmes, at the central level (Table 8.7).

Table 8.7. Operational programmes in Hungary: Objective 1, 2000-2006

Operational programme	The Structural Funds (contribution in EUR million)
Economic competitiveness	429.01
Protection of the environment and infrastructure	327.25
Development of human resources	562.82
Agriculture and the development of rural areas	317.22
Regional development	359.42
Total operational programmes, Objective 1	1,995.71

Source: *Strategic Evaluation on Innovation and the Knowledge...*, op. cit.

In 2007-2013, structural assistance to Hungary will be eight times larger than in the previous period and will total EUR 22.39 billion, compared with EUR 2.84 billion in 2004 prices (Table 8.8)<sup>208</sup>, but it needs to be noted that one region, Central Hungary, owing to increased affluence, will lose the right to receive aid under the Convergence Objective (formerly Objective 1) and will be receiving transitory assistance, which is granted to regions eligible under the Regional Competitiveness and Employment Objective.

<sup>207</sup> *Hungarian National Development Plan 2004-2006*.

<sup>208</sup> In both cases the Structural Funds and the Cohesion Fund, *Cohesion Policy 2007-2013, Hungary*, Inforegio factsheet, October, [www.europa.eu](http://www.europa.eu)

Table 8.8 Structural assistance to Hungary in 2000-2006 and 2007-2013 (in EUR million)

2004-2006		2007-2013	
The Cohesion Fund	1,101	The Cohesion Fund	7,570
Objective 1	1,639	Objective: Convergence	12,622
		Phasing-out	0
Phasing-out	0	Phasing-in	1,860
Objective 2	0	Objective: Regional Competitiveness and Employment	0
Objective 3	0		
Community initiatives	97	European Territorial Cooperation	343
Total	2,837	Total	22,395

The data is expressed in 2004 prices in order to facilitate comparison with the new programming period and, therefore, may differ from data in Table 8.7.

Source: *Cohesion Policy 2007-2013, Hungary*, Inforegio factsheet, October, [www.europa.eu](http://www.europa.eu)

Assistance from the Structural Funds has been divided into 5 national, 3 interregional and 7 regional operational programmes<sup>209</sup>. In general, Hungarian regions co-manage ca. ¼ of the total amount, however, under the Competitiveness Objective (formerly Objective 2), a smaller proportion of funds was devoted to national and interregional programmes, which was the case in EU15. Regional programmes for six regions under the Convergence Objective will consume ca. 18.8% of aid committed to this objective, whereas the operational programme for Central Hungary comprises ca. 72.24% of funds granted under the Regional Competitiveness and Employment Objective. Despite the setting up of regional operational programmes, the managing authority for all of them in the National Agency for Development (NAD)<sup>210</sup> – a department of the managing authority of regional operational programmes. This is because the preservation of a centralised management system will serve to improve the effectiveness and efficiency of implementation of interventions and increase the transparency of assistance management processes.

The call for tenders for the ex-ante evaluation of Hungarian NSRF 2007-2013 was announced in December 2005. The contract was awarded to the consortium HBF Hungaricum Gazdasági, Tanácsadó és Szolgáltató Kft., Ex-ante Tanácsadó Iroda Kft. and MEGAKOM Stratégiai Tanácsadó Iroda Kft. Evaluation started in March 2006.

As a managing authority, NAD is responsible for ex-ante evaluations of regional operational programmes in 2007-2013. Regional authorities did not participate in the preparation of evaluation procedures, although they supplied socio-economic data concerning the situation in individual regions and participated in the process of evaluation itself carried out by various external evaluators, separately for each programme.

NAD representatives opined that the most important function of evaluation was the verification of effectiveness of interventions, followed by the accountability function of authorities. Other functions, including the fulfilment of Community requirements, were considered less important.

#### 8.4.5. Italy

Italy belongs to a group of composite regional countries, with a substantial degree of regional autonomy (although a little smaller than in the case of federal states). This is guaranteed by the Constitution of 1947, whose provisions constitute a reflection of the de-centralisation tendencies in reaction to the omnipresent centralisation of government during the Mussolini era. The autonomy of regions is also an expression of interregional ethnic differences, which manifest themselves, among others, as the rich variety of dialects.

<sup>209</sup> Based on *The New Hungary Development Plan 2007-2013*, May 2007.

<sup>210</sup> Which is the case with all the remaining Hungarian operational programmes.



Table 8.9. Operational programmes in Italy: Objectives 1 and 2, 2000-2006

Operational programme	Region	The Structural Funds (contribution in EUR million)
Regional operational programmes, Objective 1		
ROP Basilicata	Basilicata	848
ROP Calabria	Calabria	2,131
ROP Campania	Campania	4,281
ROP Puglia	Apulia	2,947
ROP Sicilia	Sicily	4,284
ROP Sardegna	Sardinia	2,118
ROP Molise	Molise	201
Total regional operational programmes objective 1		16,804
Regional operational programmes, Objective 2		
JDP Abruzzo	Abruzzo	194
JDP PA Bolzano	Bolzano Province*	34
JDP D Emilia-Romagna	Emilia-Romagna	128
JDP Friuli Venezia giulia	Friuli-Venezia Giulia	101
JDP Lazio	Lazio	388
JDP Liguria	Liguria	201
JDP Lombardia	Lombardy	209
JDP Marche	Marche	131
JDP Piemonte	Piedmont	510
JDP Toscana	Tuscany	336
JDP PA Trento	Province of Trento*	18
JDP Umbria	Umbria	157
JDP Valle d'Aosta	Aosta Valley	17
JDP Veneto	Veneto	298
Total regional operational programmes, Objective 2		2,721
Total regional operational programmes, Objectives 1 and 2		19,525
Multiregional programmes, Objective 1		
NOP Technical assistance		373
NOP Education		537
NOP Development of local enterprise		2,248
NOP Research		1,323
NOP Safety		631
NOP Fishery		122
NOP Transportation		1,905
Total multiregional operational programmes, Objective 1		7,138

\* Before 2003, Trento–Upper Adige consisted of the autonomous province Bolzano/Bozen and Trento.

Source: *Strategic Evaluation on Innovation and the Knowledge...*, op. cit. and *Cohesion Policy 2007-2013, Italy*, Inforegio factsheet, October, [www.europa.eu](http://www.europa.eu)

At first, five regions enjoyed more autonomy than others since they differed the most from other in ethnic or language terms (Sicily, Sardinia, the Aosta Valley, Trento-Upper Adige, in the 1960s, Friuli-Venezia Giulia – special regions). In the 1970s, the 15 remaining ordinary regions were created<sup>211</sup>.

Each region has an elected council, which constitutes the legislative body, and the executive body, headed by a chairperson elected by popular vote. Regions divide into provinces, and these divide into districts. Between the regional level and the province level, there is no hierarchical dependence.

Italian regions constitute level 2 of Community Nomenclature of Territorial Statistical Units for statistical purposes (NUTS level 2). They are the key level that manages Community structural assistance.

In the 2000-2006 programming period, assistance under Objective 1 of structural aid was granted to Italian regions under seven regional and seven multiregional (national) operational programmes with a sectoral character. Regions that utilise Community assistance under Objective 1 were those located in the south of the country (Mezzogiorno) (without Abruzzo – Objective 2, and Molise – phasing out) (Table 8.9). Moreover, the remaining regions are eligible for assistance under Objective 2. In these regions, the documents that constitute the basis for the use of European assistance are single programming documents (SPD). In 2000-2006, programmes under Objective 2 in Italy involved, to varying degrees, 14 remaining regions (Table 8.9).

The data presented above indicated that in 2000-2006 regions managed ca. 73% of funds granted to Italy under Objective 1 and 2 of assistance (EUR 19.5 billion out of 26.7 billion).

In 2007-2013, assistance to Italian regions will amount to EUR 25.58 billion, compared with EUR 28.8 billion in 2000-2006 in 2004 prices (Table 8.10), but aid to poorest regions will decrease only slightly.

Table 8.10. Structural assistance to Italy in 2000-2006 and 2007-2013 (in EUR million)

2004-2006		2007-2013	
The Cohesion Fund	0	The Cohesion Fund	0
Objective 1	20,561	Objective: Convergence	18,820
		Phasing-out	387
Phasing-out	175	Phasing-in	877
Objective 2	2,784	Objective: Regional Competitiveness and Employment	4,749
Objective 3	4,134		
Community initiatives	1,147	European Territorial Cooperation	750
Total	28,801	Total	25,583

\* 2004 prices.

The data is expressed in 2004 prices in order to facilitate comparison with the new programming period and, therefore, may differ from data in Table 8.0.

Source: *Cohesion Policy 2007-2013, Italy, Inforegio factsheet*, October 2006, [www.europa.eu](http://www.europa.eu)

The number of operational programmes implemented in Italian regions will considerably increase owing to the abandonment by the Commission of multi-fund integrated programmes. As a result, each region prepared two programmes: one co-financed by the ERDF and the other with the ESF. The breakdown of Italy's Structural Funds by operational programmes is shown in annexe. Calculations based on the Italian NSRF (*Quadro Strategico Nazionale 2007-2013*<sup>212</sup> – QSN) demonstrate that the financial resources for ROP implementation in the new programming

<sup>211</sup> The difference among these types of regions rests mainly in the rank of their statutes and some of their responsibilities. In special regions, some of them may have an exclusive character, whereas in ordinary regions their legislation is only complementary with respect to nationwide legislation. See I. Pietrzyk, *Polityka regionalna Unii Europejskiej w praktyce...*, op. cit., p. 230.

<sup>212</sup> Ministero dello Sviluppo Economico, *Quadro strategico nazionale per la politica regionale di sviluppo 2007-2013*, March 2007.

period amount to ca. 72.3% of the Structural Funds under the Convergence and Regional Competitiveness and Employment Objectives. Regions under the Convergence Objective will manage ca. 64.4% of Community assistance (others being national and interregional programmes), whereas better-developed northern regions will independently manage 99.5% of the amounts designated for improving competitiveness and employment in those regions.

In the 2000-2006 programming period, the managing authority for the Community Support Framework for the entire country was the Ministry of Economy and Finance (Department of Development Policies and Cohesion). It was responsible for coordinating assistance and the laying down general regulations and guidelines, among other things, in the area of monitoring and evaluation of assistance. Regions cooperated with the Ministry at the stage of preparation of operational programmes. At the implementation stage, they fulfilled the role of ROP managing authorities ROP (Objective 1) and single programming documents (Objective 2)<sup>213</sup>. In this respect, regional authorities enjoyed a substantial degree of autonomy, which was greater in the case of regions under Objective 2, which were not subject to the CSF. These regions could independently determine priority axes, whereas in the programming documents for Objective 1 regions development priorities were decided at the central level.

The participation of sub-regional authorities (provinces and districts) in the programming process is ensured under the so-called partnerships for development, which support and survey the preparation process, and then co-manage the regional operational programmes. At the same time, the provinces can act as intermediary institutions with respect to beneficiaries by e.g. putting themselves forward as certifying institutions.

In 2007-2013, the managing authority for the assistance funds in Italy is the Ministry of Economic Development, which took over the above-mentioned Department of Development Policies and Cohesion in early 2006. The preparation of programming documents under NSRF 2007-2013, pursuant to guidelines of February 2005, occurred in three stages:

- Stage I – completed in 2005, regions and ministries prepared initial strategic documents preceded by thematic seminar meetings,
- Stage II – central and regional administration developed the technical and administrative NSRF project,
- Stage III – the project was subject to political debate and was eventually approved by the joint conference of central and regional authorities as well as the Committee for Economic Planning in December 2006. This version was then sent to the European Commission.

In the new programming period, regional authorities have a greater autonomy in the area of management of Community assistance, since regional operational programmes may be less detailed, programme complements are not required, either.

The evaluation of the National Development Plan 2000-2006 was conducted at the behest of the managing authority, i.e. the Ministry of Economy and Finance. Mid-term evaluation was conducted by Vision&Value, the London School of Economics and Political Science. At the regional level, authorities could independently select their external evaluator. However, this did not mean that evaluation of the development policy in Italian regions was entirely outsourced beyond the structures of regional administration. In 1999, in all Italian regions dedicated NUVAL (*Nucleo di Valutazione e Verifica degli Investimenti Pubblici*) cells were set up, whose responsibility is to help the evaluation of the public investment process. They are usually composed of experts in the area of evaluation, and are headed by a representative of regional authorities. Their responsibilities include the preparation of methodological guidelines on evaluation and provision of management support to the evaluation process, as well as evaluation training and promotion of evaluation culture of public actions. Regions could independently decide as to the status of these cells.

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<sup>213</sup> For example, in the partner regions they were: in Piedmont, Department of Economy, in Lombardy, General Directorate for the Industry and the Economy (2000-2006), MSP and Cooperation, currently, for the ERDF it is the same unit, but the ESF is managed by the Directorate for Education, Training and Employment.

The evaluation of Objective 1 operational programmes in individual regions, mainly Mezzogiorno, although subject to the same Commission guidelines, was more detailed than in the northern regions, according to the guidelines of the managing authority. In their case, evaluation procedures were coordinated by the Evaluation of Public Investment Unit (UVAL – *Unità di Valutazione degli Investimenti Pubblici*) created in 1999 in order to strengthen the evaluation potential and ensure an appropriate level of performance. It operates within the structures of the Ministry of Economy and Finance (currently, the Ministry of Regional Development), helping central and regional administration in the area of ex-ante, mid-term and ex-post evaluations, as well as to give appropriate direction to Community structural assistance. Its activities focus on the provision of methodological background and studies carried out for the sake of public policies, administrative innovations and the evaluation of programmes and projects. At the same time, it was the coordinating institution for the National Evaluation System, which developed the principles for the evaluation of operational programmes. For the 2000-2006 programming period, they were e.g. *Guidelines on mid-term evaluation of regional operational programmes under Community Support Framework 2000-2006, Objective 1*, and *Guidelines on mid-term evaluation of regional operational programmes under Community Support Framework 2000-2006, Objective 1* (of June 2001).

Methodological guidelines on evaluation prepared by UVAL for Objective 1 regions also offered an inspiration to some other Objective 2 regions. Likewise, in these regions the mid-term evaluation of single programming documents was performed by independent external evaluators (listed in Table 8.11).

Table 8.11. Institutions carrying out mid-term evaluations of regional operational programmes in Italy in 2003

Region	Evaluating institution
Abruzzo	S.I.M
Bolzano Province*	IZI SpA - AOPLLIS - DISAMIS srl
Emilia-Romagna	CLES
Friuli-Venezia Giulia	ERNST&YOUNG FINANCIAL ADVISOR srl
Lazio	RTI (Ecoter, Cles, Resco)
Liguria	ECOSFRA
Lombardy	GRUPOP CLAS
Marche	CLES
Piedmont	ECOTER
Tuscany	CLES
Trento Province*	IZI SpA - AOPLLIS - DISAMIS srl
Umbria	RESCO
Aosta Valley	ATI CERTET
Veneto	ECOSFERA

Source: Information obtained from the Italian partners in the INCASIS project.

In the Italian evaluation market, there are specialised evaluators who have taken part in a number of tenders, which reflects a certain similarity to the German market.

Mid-term evaluation reports and their 2005 updates were submitted to the Monitoring Committee made up of a European Commission representative, public and regional partners and then sent to the European Commission.

In the same way, the guidelines on the evaluation of regional operational programmes 2007-2013 were developed by the Evaluation Unit in the Italian Ministry of Regional Development (e.g. Indicators for the ex-ante evaluation of regional operational programmes 2007-2013 of November 2006), based on Council Regulation (EC) No 1083/2006 and its methodological working documents. In comparison with the previous programming period, currently, there is no need to contract for evaluation services with outside experts, accordingly, evaluations may be carried out by NUVAL units for each region.

Evaluation of regional programming documents in Italy fulfils a number of functions with varying degrees of importance for different institutions involved in the process of programming and evaluation of assistance. For example, a representative of a regional evaluation unit in Piedmont underscored the importance of evaluation for the accountability of authorities and the verification of effectiveness and efficiency of public interventions, while the evaluator of the Piedmont single programming document (Ecoter) focussed on the role of evaluation for the improvement of assistance management processed in the new programming period.

## 8.5. Individual characteristics of programming systems and evaluations of regional operational programmes in selected EU Member States: A Synthesis

When summarising the management and evaluation systems of regional operational programmes in individual EU Member States, it is possible to isolate a number of their characteristic features, such as: the presence or absence of regional programmes, the share of regional programmes in the total volume of assistance, and independence of regional authorities in the management of assistance funds. Such manifestations of regional autonomy, usually deriving from the regional governments' range of authority, influence such qualities as the independence of regions in programme evaluation, the presence of a coordinating unit at the central level, or the degree of subordination of evaluation to national guidelines. The summary also involves relevant experience (or lack thereof) in the evaluation of regional operational programmes and the evaluation functions listed above (cf. Table 8.12).

Table 8.12. Individual characteristics of programming systems and evaluations of regional operational programmes in selected EU Member States

Characteristic		Spain	Lithuania	Germany	Hungary	Italy
Presence of ROPs	2000-2006	yes	no	yes	no	yes
	2007-2013	yes	no	yes	yes	yes
ROPs as % of funds for Objectives 1 and 2	2000-2006	68.4	n.a.	85.7	0	73.2
	2007-2013	72.3		91.8	23.2	72.3
ROP evaluation		yes	no	yes	yes	yes
Central coordination in ROP preparation and evaluation	2000-2006	yes	n.a.	no	no regional	yes, for Objective 1
	2007-2013	yes		no	yes	yes, for the Convergence Objective
Experience in ROP evaluation		yes	n.a.	yes	before 2007, no	yes
Indicated main functions of evaluation		no data available	effectiveness assessment of an intervention	effectiveness assessment of an intervention	effectiveness assessment of an intervention	effectiveness assessment of an intervention

Source: Author's own analysis.

1. With respect to programmes implemented at the regional level, one may isolate the group of old EU Member States – Spain, Germany and Italy, where most assistance funds are implemented under regional programmes, and the new Member States – Lithuania and Hungary, where no regional programmes were implemented in 2004-2006. In 2007-2013, increased assistance and more experience with the management of The Structural Funds persuaded the bigger ones of the new Member States, including Hungary, to prepare regional programmes. As far as Lithuania is concerned, owing to the size of its population, even a significant decentralisation of power does not require the decentralisation of management of the Structural Funds.

2. The division into countries that acceded to the European Union before and after May 1, 2004, respectively, has had the most impact on the share of regional programmes in total amounts of assistance committed to Objectives 1 and 2. In the old Member States group, the proportion between funds committed to Objective 1 and Objective 2, respectively, played a crucial role in this regard. Under Objective 2, regions were entitled to independently spend much more on their own programmes than was the case under Objective 1, in which case a considerable proportion of funds was designated for the implementation of centrally managed multiregional programmes. Accordingly, in 2000-2006, Spanish regions had ca. 68.4% of those funds at their disposal, Italian ones ca. 73.2%, while German ones over 85%. In the new programming period, increased involvement of regional authorities in the management of assistance is perceived (see Table 8.12). In general, this phenomenon is rooted in Community regulations (currently, most funds have been granted to regions under Regional Competitiveness and Employment Objective than was previously the case with Objective 2 regions; the original proposal of the Commission was even more generous), whereas in the case of Spain this development is due to the growing affluence of its regions as compared with EU average. In the new programming period, Hungary has committed some funds (23.2%) to the implementation of regional programmes.

3. As far as independence in the preparation of programmes is concerned, the greatest autonomy is enjoyed by German union lands. In Italy, the preparation of operational programmes for Objective 1 regions was centrally coordinated, while programming documents under Objective 2 were not subject to the Community Support Framework. Likewise, in the current programming period, regions under Regional Competitiveness and Employment Objective have preserved a far-reaching autonomy in the preparation of their operational programmes. In Spain, regions co-manage the assistance with a considerable degree of autonomy, even though formally speaking their managing authority is the Ministry of Finance. In the new Member States, Lithuania and Hungary, all programmes, both in the previous and current programming periods, have been centrally managed, including the new regional programmes implemented in Hungary.

4. On account of the implementation of regional programmes in the previous programming period, regions of the old EU Member States enter the new programming period with a certain amount of experience in the area of evaluation. Evaluation of each programme and evaluation update in the middle of the programming period in addition to the requirement to employ independent experts in the process have contributed to the development of the evaluation services market in those countries. Germany and Italy have seen the rise of several research and consultancy companies that specialise in evaluation services (the author of this chapter was unable to access similar lists for Spain). In the new Member States, the evaluation market has only just started to develop, but the scale of structural assistance to these countries in 2007-2013 arouses the interest of both home companies and those operating in EU15, especially with a view to the shrinking allocations to more developed countries. The future of the evaluation services potential remains an open question, since evaluations can now be conducted by specialised organisational units of administration. One may only express certain doubts as to the actual

objectivity of evaluation thus conducted, although the relationship between the tenderers and managing organisations did not guarantee full objectivism either.

5. The conduct and coordination of evaluation is also, to a large extent, a derivative of the centralisation of management of regional operational programmes<sup>214</sup>.

In a federal model of fund management, characteristic of Germany, regions are in effect autonomous in the area of evaluation. Union lands are bound by Community regulations.

The issues of evaluation in Italian Objective 1 regions in 2000-2006 were regulated by the Community Support Framework. Procedurally speaking, the evaluation of regional operational programmes is coordinated by the Evaluation Unit at the Ministry of Economy and Finance (UVAL). Its guidelines, apart from Community guidelines, are binding in regard of evaluation of these programmes. Objective 2 regions enjoyed greater autonomy in regard of the preparation and ordering of evaluations. At the same time, they enjoyed methodological support on the part of the federation of evaluation units (NUVAL) operating in each Italian region.

Spanish autonomous regions enjoy considerable independence in ordering evaluations, although the procedures and methodology of the process was determined by technical evaluation groups set up for the ERDF and the ESF, with members from the European Commission, the central managing authority and representatives of regions. Their activities are coordinated by the national EU assistance managing authority (Ministry of Economy and Finance).

In Hungary, evaluations of regional programmes were conducted by the central managing authority – the National Development Agency, which ordered evaluation directly on the basis of Community guidelines.

6. Evaluation of regional policies focuses on the following aspects: assessment of effectiveness and efficiency of public activities, fulfilment of the accountability principle on the part of authorities, the improvement of management procedures in the future, and the verification of principles behind the policies. At the same time, it is often said that one of the most important motives behind evaluation is the fulfilment of formal requirements imposed by Community regulations. In partner regions of the INCASIS project, the most frequently indicated role of programme evaluations was to verify the effectiveness and efficiency of interventions. Further down the list was the improvement of management processes, with relatively little weight attached to accountability of authorities and the verification of assumptions behind the policies. The fulfilment of formal requirements related to the management of the Structural Funds was rarely indicated as a reason for undertaking evaluation. However, the analysis undertaken by Bachtler demonstrates that in most EU Member States regular research into the effects of policies was initiated in the wake of management of Community structural assistance<sup>215</sup>. Therefore, it is open to debate whether the initiative of regional administrations without Community involvement would have led to the development of a system for the evaluation of programmes and their effectiveness. From this perspective, one of the undeniable achievements of EU Cohesion Policy is the promotion of evaluation culture and inspiring the interest of public managers in measuring the effects of public interventions.

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<sup>214</sup> At least in the group of countries under discussion, since e.g. in Poland, decentralisation of programme preparation was not accompanied by a similar decentralisation of their ex-ante evaluations.

<sup>215</sup> Except for the United Kingdom and Holland, which undertook research into regional policy earlier, independently of Community regulations. See also J. Bachtler, *Quot erat...*, op. cit.

## 8.6. Annex

Table A. ERDF and ESF funds designated for the implementation of regional operational programmes in Spain in 2007-2013 (million euros, 2004 prices)

<i>Objective: Convergence and phasing-out</i>		
Operational programmes	Fund	million euros
regional	ERDF	14.418
regional	ESF	2.139
interregional	ERDF	2.971
interregional	ESF	3.109
Total		22.637
<i>Objective: Regional competitiveness and employment, and phasing-in</i>		
regional	ERDF	4.740
regional	EFS	1.203
interregional	ERDF	928
interregional	EFS	1.607
Total		8.478

Source: Marco Estratégico Nacional de Referencia de España 2007-2013, April 2007, pp. 168, 169.

Table B. ERDF and ESF funds designated for the implementation of regional operational programmes in Spain in 2007-2013 (million euros, current prices)

<i>Objective: Convergence and phasing-out</i>	
Operational programmes	million euros
regional	13.232
federal	2.846
Total	16.078
<i>Objective: Regional competitiveness and employment</i>	
regional	7.247
federal	2.162
Total	9.409

Source: Internet brochure, <http://www.bmwi.de/BMWi/Redaktion/PDF/M-O/nsrp-strukturfoerderung-2007-2013,property=pdf,bereich=bmwi,sprache=de,rwb=true.pdf>



Table C. ERDF and ESF funds designated for the implementation of operational programmes in Hungary in 2007-2013 (million euros, 2004 prices)

<i>Objective: Convergence</i>		
Operational programmes	Fund	million euros
regional	ERDF	4.304
regional	ESF	0
interregional	ERDF	282
interregional	ESF	3.142
national	ERDF	6.520
Total		14.248
<i>Objective: Regional competitiveness and employment</i>		
regional	ERDF	1.467
regional	ESF	0
interregional	ERDF	76
interregional	ESF	487
Total		2.031

Owing to the fact that figures have been rounded, amounts given in individual lines do not always add up to the amounts given in the box "Total".

Source: The New Hungary Development Plan: National Strategic Reference Framework of Hungary 2007-2013, May 2007, pp. 135, 136.

Table D. ERDF and ESF funds designated for the implementation of operational programmes in Italy in 2007-2013 (million euros, 2004 prices)

<i>Objective: Convergence and phasing-out</i>		
Operational programmes	Fund	million euros
regional	ERDF	11.121
regional	ESF	2.807
interregional	ERDF	1.319
national	ERDF	5.442
national	ESF	950
Total		21.640
<i>Objective: Regional competitiveness and employment, and phasing-in</i>		
regional	ERDF	3.146
regional	ESF	3.150
national	ESF	29
Total		6.325

Owing to the fact that figures have been rounded, amounts given in individual lines do not always add up to the amounts given in the box "Total".

Source: *Quadro Strategico Nazionale 2007-2013 – Italia*, March 2007, p. 208, 209.

# CHAPTER IX

## SAMPLE EVALUATIONS CARRIED OUT IN SELECTED EUROPEAN UNION MEMBER STATES

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### 9.1. Introduction

Evaluation constitutes one of the fundamental elements of a strategic approach to managing public policies. Its quality directly translates into the degree of effectiveness and efficiency of development activities undertaken in order to build a competitive and innovative economy and undertakings geared towards improved social and environmental cohesion. Enhanced evaluation culture among EU Member States suggests their increasing awareness that without a reliable and objective evaluation of public interventions undertaken with a view to foster broadly conceived socio-economic development, this development will be much less dynamic and of lesser quality.

Over the last dozen years, EU Member States have intensified research into new approaches, methods and mechanisms of evaluating public interventions at the Community level and at the levels of individual Member States and their regions. This process is especially visible regionally and locally. It results not only from the increasing role of regions, but also in the increased share of local authorities in the development and implementation of public policies. This decentralisation, founded on the practical application of the subsidiarity principle, has shown the need to support the competencies, resources and institutions that can contribute to the development of evaluation potential at the regional level.

This section reviews selected examples of good solutions and practices in the area of evaluation used by regions participating in the INCASIS project. Most of them were identified by partners participating in the project and described in the *Catalogue of Tools*. accounts include evaluation methods and procedures, as well as the development of structures that serve the process.

The Spanish contribution is the periodic evaluation of Regional Strategy for Scientific Research, Technology Development and Innovation in Castile and Leon. From Lithuania comes the example of involvement of public authorities in the programme of professional development related to the implementation of the Structural Funds. The solution from Germany concerns the application of benchmarking to evaluation studies, presented as a case study of Nordrhein-Westfalen and its comparison with two regions in Scotland. Hungary presents a practical improvement of a computerised records system that serves to collect data for the monitoring of implementation of the Structural Funds. In the case of Italy, the example involves the setting up of a nationwide evaluation network that integrates the activities of local, regional and central administrations geared towards the development of their evaluation potential.

### 9.2. Spain

An example of a useful practice is the periodic evaluation of the Regional Scientific Research, Technological Development and Innovation Strategy in the autonomous regions of Castile and Leon. Currently, this community is the largest region in Europe that used Community support under Objective 1 of the Structural Funds (until 2006). The region under consideration is primarily agricultural, with the economy dominated by small, traditional firms operating on the local market, with a limited capacity for innovation and development. In response to the need to modernise and support development, one of Europe's first regional innovation strategies

was developed. In 1994-1997, the region became involved in the network of regions cooperating on the Regional Technology Plan. In 2001, experiences from this initiative helped to establish a commission responsible for the coordination of research work. In 2002, the first Regional Research Strategy was prepared and later combined with the Regional Innovation Strategy to form the Regional Scientific Research, Technological Development and Innovation Strategy (RSBRTI). Currently, this is a single document that integrates in 8 chapters the issues related to research, technology and development. The implementation of the strategy was subject to monitoring as well as mid-term and ex-post evaluation in 2003-2006.

Dedicated mechanisms of data collection and a set of indicators to illustrate attainment of goals were developed to facilitate the monitoring and evaluation of the RSBRTI. Measurements of strategy implementation constituted the basis for amendments and modifications. The Department of the Economy, General Directorate of Statistics, was responsible for the monitoring and evaluation of the strategy. Its important task was to develop indicators with respect to the strategy impact on the region's economy, and, equally important, development of indicators for self-evaluation. In such a general monitoring system, two key indicators were introduced (Table 9.1).

Table 9.1. Key indicators of the Regional Strategy for Research, Development and Innovation for 2002-2006 in Castile and Leon

Indicator	Description	Value in 2000	Value in 2006
Public expenditure Research, Development and Innovation in Castile and Leon	Public expenditure research, development and innovation as a proportion of the budget	1.2%	2.4%
Total expenditure research development and Innovation w Castile and Leon	Research & development and innovation expenditure as part of regional GDP (market prices)	1.76%	2.4%

Source: *Regional Scientific Research, Technological Development and Innovation Strategy for Castile and Leon*.

Indicators of innovation activity in the region have been divided into direct and indirect ones.

Direct indicators:

- Increased provision of services (in terms of turnover) by the Centres of Technology,
- Selection of pilot companies for research and development activities,
- Number of cooperation projects among companies supported under the Strategy,
- Number of new knowledge-based or technology-based companies set up as a result of promotional activities initiated by the regional authorities Castille y Leon under the Strategy,
- Number of companies involved annually in training workshops related to the implementation of the Strategy (the rationale behind this indicator is to increase the number of companies participating in research and/or innovation training),
- Public research & development expenditure in the region (as a proportion of the total budget).

Selected indirect indicators:

- Share of research & development sector employees among economically productive residents in the total amount of local workforce,
- Number of patents registered in the region,
- Participation of regional operators in Community research programmes,
- Additional financing for the Strategy from trans-national funds and programmes,
- Active commercial sources of financing for research.

Consistent monitoring showed that the strategy helped to effect huge mobilisation of individuals and institutions associated with research, technological development and innovations. Among others, over 800 companies were contacted and encouraged to express their opinions. Evaluation of strategy implementation became the basis for the planned improvements of the process, including technological audits, workshops and training sessions. On this basis, public support was planned, including individual work plans for specific companies and knowledge management instruments have been developed (*economic intelligence*).

Evaluation of RSBRTI results indicated that a consensus was reached among the key actors in the region as to the role of research and innovation in the development of regional economy, and as to the kinds of undertakings in this area that should be initiated. As a result, it was possible to improve the quality of cooperation of institutions involved in the implementation of the RSBRTI and the process of coordinating its implementation.

Statistical data support the positive evaluation of changes in the region:

- In terms of economic indicators, Castile and Leon ceased to be an Objective 1 region of the Structural Funds,
- As expected, Centres of Technology succeeded in doubling their turnover,
- The number of knowledge-based companies increased,
- Public spending on research and technologies doubled,
- A high effectiveness of public spending was achieved (according to estimates, EUR 1 of subsidy has attracted EUR 3 of private investment),
- Planned annual budget spending on scientific and technological research was increased and exceeded, the target level of 2.4% was achieved in 2005, i.e. a year ahead of plan.

Thanks to the evaluation of the efficiency and effectiveness of public spending, Castile and Leon established criteria that enable the rationalisation of the innovation support network, which resulted in consolidation of this network and a reduction in the number of innovation support centres from 33 to 6. Currently, over 5 thousand employees work in technology parks. These parks employ 15% of the regional research & development sector. However, the indicator representing the number of new companies set up in the region is lower than the national average, which suggests that the results of research activities do not translate into the creation of new companies. In the region, only 2% of companies belong to the sector of advanced and semi advanced technologies, but they account for 70% of regional spending on research. Evaluation demonstrated that the Castille and Leon research community is underrepresented as far as participation in Community framework programmes is concerned. At the same time, owing to the fact that local branches of nationwide companies were excluded from the survey, it is quite possible that the difference with respect to the utilisation of Community funds is not that large.

Recommendations made as a result of monitoring and evaluation of strategy implementation were generalised and presented by the network of innovative regions in Europe<sup>216</sup> as a recommended mode of presentation for other regional strategies for innovation, including:

- The publication of indicators directly after the adoption of the final document at the stage of preparation of a regional innovation strategy,
- Annual update of indicator values based on available data,
- Preparation of a mid-term report containing currently available data, survey/audit results (if planned),
- Publication of the final report after 3-5 years, including:
  - A full report on undertaken activities and results achieved, and
  - Recommendations for further activities.

The case of Castille and Leon shows how monitoring and evaluation that accompanied the implementation of the Regional Innovation Strategy in 1997-2000 contributed to the

<sup>216</sup> Innovating Regions in Europe (1997), *RIS Methodological Guide* (IRE Secretariat) <http://www.innovating-regions.org/download/RIS%20RITTS%20guide%20methodological%20guidelines.pdf>.

continuation and strengthening of the process of modernisation of the economy by creating and implementing the Regional Scientific Research, Technological Development and Innovation Strategy in 2002-2006. Regularly conducted evaluations of strategy implementation showed the extent to which its objectives had been achieved and contributed to the mobilisation of a broad circle of individuals and institutions in favour of its implementation. Relevance and simplicity of indicators helped to measure success and played an important role mustering the efforts of public authorities in fulfilling the commitments contained in the adopted documents.

### 9.3. Lithuania

Lithuania offers an example of commitment of public authorities to the development of evaluation potential by means of comprehensive organisational, administrative and educational activities rooted in pre-accession assistance programmes. Experience of consultancy aid and the development of institutions for the implementation of Community Structural Funds in Lithuania under the PHARE<sup>217</sup> programme became the starting point for evaluations of the Structural Funds in 2004-2006 and in 2007-2013. Efforts to strengthen the institutional and administrative potential were directly associated with the improvement of the process of evaluation of the Structural Funds as well as with international cooperation in the area of exchanging experiences with EU Member States. This tool was implemented by twinning and/or technical assistance projects. Based on the example included in the *Catalogue of Good Practices* prepared by the partners of the INCASIS project, selected experiences related to the PHARE programme can be indicated as sources of expertise in the preparation of ex-ante evaluation programming documents for 2004-2006. They also served to carry out two evaluations within that period: evaluation of the effectiveness of implementation of the Lithuanian single programming document and evaluation of future areas of assistance from the Structural Funds.

Instruments of pre-accession assistance, although relatively limited in terms of scale, played an important role in the preparation for the administration of the Structural Funds. First of all, they contributed to the development of a new approach to administration activities in the area of evaluation. They also supported the acquisition of knowledge about the financial instruments, procedures, the selection of projects and evaluation criteria, prioritisation resulting from strategic needs, evaluation and monitoring of activities. Positive outcomes of this cooperation contributed to the initiation by the Lithuanian Ministry of Finance of activities aimed at the strengthening of the evaluation potential in 2007-2013.

Topical training sessions in this area were attended by the staff of the following institutions, among others: President of the Republic of Lithuania's Office, the Parliament of the Republic of Lithuania, Government Office, ministries, other public institutions and local government units.

The training activities included the following:

- Training of office staff (improving their professional skills),
- Training aimed at the improvement of administrative skills,
- Training of higher-rank public administration managers,
- Training programme for political advisors,
- Training programme for the strengthening of institutional management,
- Trainer training.

Moreover, the Lithuanian Institute of Public Administration participates in international programmes and projects in the area of developing public administration. It offers consultancy and organisational services, as well as support to state and local government institutions.

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<sup>217</sup> Under the PHARE programme, Lithuania implemented, among others, activities aimed at the strengthening of the institutional and administrative potential and investments in the implementation of *Acquis Communautaire*.

To sum up, the example of manifold efforts on the part of the central government and other institutions, such as the use of international consultancy, institutional development, preparation of methodology materials and a comprehensive training programme in evaluation, one may notice determination in Lithuania's drive to improve the quality of management and implementation of the Structural Funds.

## 9.4. Germany

Germany presents an interesting practice of mid-term comparative evaluation. This novel approach to cooperation in the area of evaluation of the Structural Funds based on international exchange of experiences was applied in an Objective 2 region – Nordrhein-Westfalen in the 2000-2006 programming period. The evaluation was carried out by Institut Arbeit und Technik of Gelsenkirchen (as the lead partner) and Österreichisches Institut für Raumplanung of Vienna. The assessment was conducted using a uniform methodology in Nordrhein-Westfalen and was compared with the evaluation studies conducted in two regions – East and West Scotland.

Based on a long-standing history of cooperation, regional authorities decided to perform comparative studies that first of all involved the extent of integration of horizontal issues into the mainstream Objective 2 programmes. An important element of the process was to evaluate the cohesion and quantitative extent of objective achievement in the area of direct benchmarking of horizontal priorities. Evaluation was based on on-site research in participating regions, which contributed to the transfer and exchange of experiences in the area of implementation of the Structural Funds, and, as a result, strengthening of mutual learning of public institutions<sup>218</sup>.

The methodology of evaluation was based on a number of interesting and innovative solutions:

- The inclusion of elements of comparative evaluation into mid-term evaluation,
- The evaluation of horizontal issues focused on the practical process of mainstreaming,
- Cooperation and mutual support between public administration at the regional level and private sector evaluators and cooperation between the public and commercial sectors.

The undertaking was initiated as a partnership of three regions. Its starting point was the signing of an agreement in 2001 between the Scottish Enterprise Agency under the patronage of the Scottish Executive and the Ministry of the Economy and Labour of Nordrhein-Westfalen. Partners from three regions were invited to cooperate on the basis of a strategic document Partners in Development, which encouraged partners to learn from one another. When describing positive examples of activities conducted in those regions and organisations that operate in them, at the same time differences were highlighted, considering it helpful in the understanding of the regional context. Moreover, identified and clearly demarcated were the areas in which the process of mutual learning should be most effective. It was recognized that the process of diffusion of knowledge and experiences would considerably contribute to the strengthening of the evaluation potential public administration units in cooperating regions.

The methodological basis for this cooperation was constituted by the participation of the above-mentioned regions in the IQ-Net<sup>219</sup> cooperation network, where they focused on cooperation on mid-term evaluation. There were a number of reasons, but the most important one was the observation that regulations governing the time, the process and the methodology

<sup>218</sup> Downes, Trenkler-Fraser, Taylor S. (2003), *Mainstreaming the Horizontal Themes in the Objective 2 programmes of Nordrhein Westfalen, East and West Scotland: Comparative Report*, Report to the Scottish Executive and the Ministry for Economy, SMEs, Technology and Transport (Ministry of Economy and Labour) of the Land Nordrhein Westfalen (NRW), Ekos and European Policies Research Centre, Glasgow.

<sup>219</sup> IQ-Net is a network of Objective 1 and 2, which exchange experiences in the area of implementation of public programmes. It is managed by the European Policies Research Centre, Strathclyde University (EPRC) in Glasgow. More details about the network can be found at [www.eprc.strath.ac.uk/iqnet](http://www.eprc.strath.ac.uk/iqnet).

of evaluation are similar in all three regions. This increased the chances for the establishment of benchmarks and, at the same time, offered opportunities to compare them. Another argument was the very positive evaluation of implementation of the Structural Funds in Scotland and Nordrhein-Westfalen by the European Commission. Consequently, the undertaking was a great opportunity to boost the educational and dissemination value of the joint effort.

Assessment was carried out as a comparative mid-term evaluation in the above-mentioned Objective 2 regions. Mid-term and comparative evaluations coincided in time and included contextual analyses, stakeholder research, and data processing, results and questionnaire research. The fundamental part of the evaluation was benchmarking of selected horizontal issues, with a view to stimulating debate and reflection on the reality of implementation of the Structural Funds and their local and regional contexts, with a special focus on horizontal issues. As a result of the process, practical tips for programming authorities have been developed in the area of spending public funds. At the same time, the comparison focussed on regional similarities and differences in the approach to mainstreaming, permitting the comparison of technical implementation of these assumptions and an exchange of good practices. In particular, research concerned gender mainstreaming and principles for sustained development.

Cooperation in the area of comparative evaluation between Nordrhein-Westfalen and the two regions of Scotland involved:

- Reaching agreement on the terms of reference of evaluation and research activities,
- Defining the scope of evaluation to ensure the production of data necessary for a comparative study,
- Encouragement to disseminate and use in practice evaluation results, which entailed participation in the processes of evaluation of end users of research results.

The preparation of evaluation involved the following activities:

- Preparatory meetings, at which the methodology was agreed on and work was organised,
- Meetings of evaluators who represented evaluation teams in the above-mentioned regions, at which the scopes of evaluation in individual regions were presented,
- Preparation of an initial report presenting evaluations in all regions, based, among other things, on discussions with project managers,
- Reaching agreement on internal procedures of the team of evaluators on horizontal issues in the communication with participants of the programmes co-financed by the Structural Funds, integration of horizontal objectives in the process of programme implementation, use of indicators to identify the extent of implementation of horizontal issues, results achieved, aspects of development of the institutional potential that serves to undertake horizontal issues during the programming process,
- Organising the opening seminar in order to build the basis for the exchange of information in the process of evaluation, determining the terms of reference for the evaluation and its instruments, and initiate the learning process, including cases studies. The most important result of this exercise was the clarity and agreement on the topics to be included in the benchmarking process,
- Preparation of the amended initial report based on the decisions made during the opening seminar,
- Evaluation proper carried out on the basis of the amended initial report, evaluators performed the benchmarking analysis,
- Organisation of a closing seminar devoted to a discussion and dissemination of results of the benchmarking process in the mid-term evaluation. Effective dissemination supported the attainment of actual added value resulting from the performance of a part of mid-term evaluation in an innovative way,
- Presentation of the benchmarking report based on the information from broader evaluation, the benchmarking report presents the evaluation of the horizontal issues agreed on before. The

aim of the report was to show them in a broader context of implementation of development programmes, to facilitate their practical application by project managers.

Evaluation results were presented in public in three participating regions. The research was regarded by the European Commission as exceptionally interesting and offering valuable solutions<sup>220</sup>. Innovative elements of good practices concerned various elements of evaluation of programming The Structural Funds, benchmarking and interregional cooperation. This initiative has shown the emergence of a strong and active German-Scottish partnership, both among the evaluation teams and other stakeholders and recipients of evaluation.

## 9.5. Hungary

An interesting example of practice that facilitates monitoring and evaluation in Hungary is the Uniform System for Monitoring Information (Egységes Monitoring Információs Rendszer – EMIR)<sup>221</sup> – IT support for managing data and evaluations. The good practice presented here, identified under the INCASIS programme, involves improvement in the processing of information necessary for the efficient implementation of projects co-financed by the Structural Funds and IT support for their evaluation. The software calculates total project costs, expenses incurred, instalment payments and final accounts, both in euro and in the national currency for each regional office responsible for the preparation and implementation of projects, contracts and individual activities or their elements. During project evaluation, each step of project evaluation is recorded, with the procedure of application processing being executed by a single official and controlled by his/her superior.

The IT solution EMIR contains basic data on projects, including e.g. data of individuals who apply for financing under the Operational Programme for Agriculture and the Development of Rural Areas (ARDOP), which lets the office track down quickly and easily complete information about individual projects. The information includes, among other things, detailed project descriptions, annual financial plans (for five consecutive years) as well as information about project staffing levels. EMIR also registers all the steps of the implementation process from the moment of application until registration.

In order for the system to operate effectively, it is necessary to use and develop the system of information management. Individual organisational units regularly submit reports on their activities to the management. The reporting system ensures the flow of information that verifies the cost-effective and efficient activity. The system facilitates the verification of implementation of management decisions, and also supplies data for the planning of future activities.

The decision to grant support involves the following steps: receipt of application, opening and verifying whether the application documents are complete, checking legibility, verifying cost elements, ex-ante on-site control, analysis of resources, evaluation of application (business plan), feasibility study, risk analysis and evaluation and scoring of applications based on selected criteria. Finally, the team responsible for granting the funds decides which applications will obtain it.

System performance is best measured by the projection of operating costs for each million forint of disbursed support, therefore the system of information management contains the data on factors that have an impact on the fluctuation of this indicator.

Institutionally, EMIR is affiliated with the Presidential Coordination Department. Its responsibility is to coordinate the flow of information in order to record it in a uniform information

<sup>220</sup> The European Commission, *Ocena śródkresowa w regionach celu 1 i 2 – Rosnący potencjał ewaluacyjny*, Raport DG ds. Polityki Regionalnej sporządzony we współpracy z Grupą Techniczną ds. Ewaluacji, November 2004, <http://www.funduszestructurelne.gov.pl/NR/rdonlyres/4E41CBAE-F849-48BE-BAC9-0614753930AA/24504/EwaluacjanmidtermwregionachCelu1i5.pdf>

<sup>221</sup> [www.nfh.hu/emir/eng/](http://www.nfh.hu/emir/eng/)



system and later, to access it. The EMIR software is available to the staff of other institutions, first of all those who deal with application processing, payment authorization, local control staff and national decision-making bodies. Individuals differ in terms of access to functions of the software. Users may only access the network using their passwords, which should be changed at regular intervals.

Despite delays in the implementation and initial bugs, EMIR will constitute the basis for the monitoring system in 2007-2013 of sectoral operational programmes<sup>222</sup>. Undisputed merits of the system once operational and ongoing improvements were crucial in making this decision. Currently, EMIR permits the recording of parameters of project implementation, its financial status and staffing levels, the verification of implementation status of management decisions as well as supplies data for the planning of activities. The reporting system ensures the flow of information that attests to the efficiency and cost-effectiveness of public spending.

## 9.6. Italy

The process of strengthening the evaluation potential at regional level in Italy has been supported by the creation of a national cooperation network of evaluation units. The need to integrate evaluation activities in Italian public administration was perceived both by the central and the local government sides of the Government and Regional Commission and followed up on the resolution of CIPE (Interministerial Committee for Economic Planning).

Such a possibility is provided for by Act No 144 of May 17, 1999<sup>223</sup>. In accordance with this regulation, all the public administration units at the central and regional level combine into a network of evaluation departments in order to improve the quality and effectiveness of the process of planning development policies by public administration<sup>224</sup>. This network represents an interesting institutional innovation, which supports the nationwide community of evaluators in improving their skills. At the same time, it is formally independent of direct political or administrative supervision. The legal basis for its operation, especially Act No 144, express the will of the public authorities to decentralise public investment and improve the quality of public administration. The act determines the tasks and functions of evaluation units, whose principal goal should be to provide consultancy services in the decision-making process, managing the monitoring of the investment process and a gradual broadening of the approach to evaluation used in the implementation of structural onto other areas of operation of public administration.

The Prime Minister's executive order of September 10, 1999, issued upon consultation with the Government and Regional Commission, laid down the basic requirements for the setting up of evaluation departments. The regulation provided for the distinction between the functions of evaluation units in local governments and evaluation departments operating within central government administration. The network was to provide a vital functional connection among the various evaluation departments, allowing them to share best practices, expertise, methodological resources and evaluations of tools used for the improvement of the quality of public investment in order to better use the available financial resources. The Government and Regional Commission were entrusted with the task of preparing more specific guidelines on the setting up of the network. The Commission approved them in February 2000, presenting the responsibilities of each department. It provided for a more active role of the Joint Technical Committee established by the Commission in October 1999, and given the responsibility to

<sup>222</sup> Social Renewal Operational Program 2007-2013 CCI number: 2007HU05UOP001, Budapest, December 2006.

<sup>223</sup> Act no144 of 17/05/1999, "Misure in materia di investimenti, delega al Governo per il riordino degli incentivi all' occupazione e della normativa che disciplina l' INAIL, nonche' disposizioni per il riordino degli enti previdenziali" (G. U. n. 118 del 22 maggio 1999 - Suppl. Ord. n. 99)

<sup>224</sup> M. Florio, *Network Evaluation: Thinking on the implementation Process*, UNIMI Economics Working Paper No. 03.2004. available at <http://ssrn.com/abstract=610923> or 10.2139/ssrn.610923

promote, provide consultancy services for the newly-created evaluation departments, to assist in the programming and development of an integrated evaluation network and to supervise professional training. Practical examples of such actions are post-graduate evaluation studies. The network is designed as a federated structure, in which each evaluation department has similar functions, although it has a broad range of freedom in the selection of tools.

Another step leading to the strengthening of the network was the ruling of the Constitutional Court of 2001 that underscored the important and innovative role played by evaluation departments, which, among others, contribute to the levelling out of differences among Italian regions in the area of external evaluation. The agreement between the central government and the regions for the setting up of the network was made in October 2002. The agreement stipulates, among other things, the institution of a General Convention as one of the ways to manage the network and the participation of representatives of each unit with decision-making powers as well as the representation of the Government and Regional Commission as the body that facilitates central – local government negotiations. The General Convention is responsible for defining goals for the network as well as the approval and periodic review of its operation. The Convention also plans annual meetings and supervises the coordination and operation of the network. Operational responsibilities and current matters are handled by the specially designated Steering Committee.

The Joint Technical and Scientific Committee appointed by the Government and Regional Commission prepared a document containing guidelines on the setting up and starting activities by evaluation units. The Committee was also responsible for the support and central administration of evaluation departments as well as the provision of consultancy services in their operation. Regions may choose their own approaches in the process of starting their own evaluation units. Some regional administrations opted for the more flexible approach and set up their own evaluation units by ad-hoc resolutions of their legislatures. Other regions chose to establish their evaluation units as part of the implementation system of the Structural Funds. The place of each evaluation unit within each regional administration differs by region. In some regions, evaluation units are excluded from the decision-making processes and consult at the behest of the administration. Still others integrated them into other organisational structures complementing the administrative function. It is interesting to note that regional administration perceived their evaluation units as cells that were to help them to overcome the mistakes made at the stage of programming public funds.

Before the network started its operation, a feasibility study was carried out. Its guiding assumptions were at a later stage approved by the Government and Regional Commission. The assumptions included:

- the affiliation of the network with public administration units responsible for its formation,
- the establishment of a federated structure with full autonomy of its members,
- simultaneous management and coordination functions to be fulfilled by the network, with a joint promotion function,
- exchange of information on individual activities, such as evaluation of the Structural Funds, conducting feasibility studies and a system for the collection of monitoring data,
- the creation of a joint IT platform to facilitate and speed up the exchange of information.

The responsibilities of evaluation departments included technical support for the entire decision-making process of local and regional administration in order to improve and optimise its activity, especially in the area of programming, implementation and monitoring of public interventions. The feasibility study proposed the adoption of a unitary structure of the network divided into sub-networks or thematic networks in order to ensure a better response to the different needs of administration and improve the adaptation capacity of the entire structure.

Such segmentation may facilitate the development of mutual associations and contribute to the synergy effect by developing links with other, similar networks. In more detail, the feasibility study suggests the following list of products to be offered by the network to its members<sup>225</sup>:

- to provide services related to project coding for the public monitoring system,
- to seek out tools related to the programming, monitoring and evaluation,
- to search and update library systems with important information on programming, monitoring and evaluation,
- to create a database with statistical information important for programming, monitoring and evaluation,
- to collect and disseminate information on evaluation,
- to create a database of working documents gathered from network users,
- to set up an online forum and virtual communities of users,
- to organise trade fairs and workshops,
- to regularly publish a newsletter and press releases about network activities.

In the case of some activities, e.g. the online forum, an active participation on the part of its users is required. Other steps lead to a more active cooperation among network users who cooperate on joint activities and projects. Mutual trust and willingness to participate in the network is a necessary condition, which can at a later date be supported by joint promotion activities.

On April 17, 2003, the Government and Regional Commission initiated the operation of the network based on 33 evaluation units (NUVAL) affiliated with central government and regional administration units. On the same day, in Rome, the first meeting of the network was held with participating representatives of central and regional administration and ISTAT (Italian Institute of Statistics). This meeting triggered a discussion on the achievements and experiences in the area of public investment, programming, monitoring and evaluation.

The network established its steering committee responsible for the development and implementation of its annual plan of action. The same committee provides consultancy services, monitors cost-effectiveness and manages the evaluation resources. Since 2001, research into evaluation has been financed by the central budget, depending on their performance. The criteria taken into consideration when making budget decisions are, among others, the quality of professional preparation expected by the superiors and the performance of evaluation functions. Apart from the above-mentioned bodies, the technical division was set up in order to implement operational directives issued by the steering committee.

A successful founding of a network combining individual NUVAL evaluation units affiliated with various public institutions of the regional and national level required the introduction of an appropriate legal framework, ensuring adequate financial resources and the capacity to affect the process of programming public spending. Experience from this undertaking may be interesting for supporting evaluation culture and providing it with practical support.

Accordingly, the example of Piedmont illustrates both the dilemmas inherent in evaluation at the regional level as well as opportunities for cooperation at the national level. The Evaluation and Verification Group of Public Investment (*Nucleo di Valutazione e Verifica degli Investimenti Pubblici*) is a group of experts appointed by the region's authorities to evaluate public funds. The structure of NUVAL in the region of Piedimonte comprises two elements:

1. The Steering and Coordinating Committee composed of managers and officials of various departments in the region (as the decision-making component). The Committee meets at least three times a year. Its President and managers represent the Planning Department of the Piedmont region.

2. Consultants divided into higher-ranking experts and a team of junior analysts.

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<sup>225</sup> M. Florio, University of Milan and CSIL, Center for Industrial Studies, The Evaluation Units Network: a note on a recent institutional innovation in Italy.

The Piedmont NUVAL unit has three main goals:

- to provide methodological consultancy on evaluations carried out by the regional government departments,
- to provide managerial support in the implementation of evaluation task,
- to train the staff of evaluation units in monitoring and evaluation activities.

Efforts of the Steering and Coordination Committee have contributed to increased institutional potential to conduct evaluation. NUVAL has broadened its range of activities by the setting up of a technical support group composed of higher-ranking experts identified by the Planning Department of the Piedimonte Region and approved by the Steering and Coordination Committee. The group includes:

- an expert in the analysis of public policy,
- an expert in project evaluation and the selection of methods and systems of evaluation,
- an expert in the programming and evaluation of projects,
- an expert in evaluation related to environmental protection,
- three experts selected by specialised regional agencies,
- an expert in socio-economic issues representing IRES Piedimonte,
- an IT and monitoring systems expert – CSI Piedmont,
- an expert in financial aspects of evaluation – Finpiedmont.

The external experts mentioned above work for NUVAL 4 per month (1 day per week). Annually, three plenary sessions are held in preparation to the Steering and Coordinating Committee sessions. More frequent meetings are held in smaller groups devoted to specific issues related to evaluation.

In order to assist such a broadly conceived work plan, in March 2003 a team of junior analysts was set up. They have been recruited both from regional administration staff and external research and evaluation projects consultants. They all have university degrees in economics or statistics and work full-time for NUVAL in close cooperation with senior experts. It is anticipated that within five years, they will be able to work directly with the Steering and Coordination Committee. The cooperation outlined above also occurs in a broader group of regions in order to ensure nationwide exchange of experiences, knowledge and technical skills.

The benefits of NUVAL presence in Piedmont include:

- improved exchange of experiences in the area of evaluation and monitoring as part of regional public administration,
- improved procedures for data collection and processing,
- dissemination of innovative evaluation methods in large circles of stakeholders (managers and higher-ranking officials of various regional departments, specialized regional agencies, the Turin Polytechnic (*Politecnico di Torino*)).

Success in the setting up of evaluation units in Piedmont required the introduction of an appropriate legal framework, ensuring adequate financial resources and the capacity to affect the process of programming public spending. However, it is worth mentioning two threats. One of them consists in the existence of a network of specialists operationally integrated with public administration, which, in consequence, results in external pressure that may compromise the independence of their evaluations. The other concerns the network as an autonomous community of professionals, which may diminish its influence on the operation of the administrative apparatus as such. The very conception of a community of professionals entails a certain danger, which may be its transformation into an informal lobby within public administration. The multitude of planning objectives coupled with indecision on the part of legislators in the area of evaluation responsibilities secures a differentiated approach, but is also a threat to the operation of the network. The network of evaluation units is in Italy both an institutional and cultural experiment. Its aim is not to create a closed technocratic elite, but

to infuse evaluation culture into the programming process and ongoing improvement of the functioning of public administration.

## 9.7. Summary

The above presentation offers some practical examples how to discharge the obligation of evaluating regional policies, which reflects diversified approaches to the issue of spending public funds. The process of planning and conduct of evaluation at regional level faces limitations in terms of access to an inventory of tools as well as good methods for evaluating regional development policies that would permit ongoing comparison and development of these tools. There are not enough benchmarks and reference points for the subsequent evaluation of the tools themselves to facilitate the replication and transfer of collected experiences among the users of evaluation – regional authorities and other stakeholders who order evaluation research.

A common feature of the practices discussed is the dissemination of the new approach to evaluation as an important element that contributes to the development of policies based on impartial and standardised methods of evaluation and self-evaluation, useful in making certain political choices. The idea is to highlight the mutual dependencies between evaluation and actions, if not the entire administration, at least its part responsible for the implementation of tasks related to the Structural Funds, or more broadly, with regional development.

The fulfilment of the evaluation duty may be viewed as a process closely integrated with the quality of functioning of the entire administration. Accordingly, it may become a good opportunity to present instruments supporting the improvement of public policies, not only to meet the requirements imposed by the European Commission. The examples reviewed above may not only perform an important role in the process of consultation, but also contribute to the strengthening of evaluation culture postulated by the European Commission at local and regional levels.

The instruments reviewed in this chapter permit the conclusion that the countries and regions discussed above have implemented good or even best practices, which may be referred to when searching for solid, tried and tested models worth applying in practice. Where evaluation culture is more advanced, evaluation goes beyond the simple auditing and measuring the extent of implementation of tasks and develops into an integral part of the process of shaping and programming public policies.

In conclusion, all examples presented above reflect the great potential that evaluation has to offer to regions and local authorities. Such an evaluation culture constitutes added value of European assistance, but it needs to be strengthened further by direct contacts, cooperation and exchange of information.

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## Akty prawne

- Projekt rozporządzenia Rady, ustanawiającego ogólne przepisy dla Europejskiego Funduszu Rozwoju Regionalnego, Europejskiego Funduszu Społecznego i Funduszu Spójności.
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