

INDICATORS AND INTEGRATED APPROACH IN EU COHESION POLICY *

*by Fabrizio Barca***

* Presentation drawn from the discussion paper “Outcome Indicators and Targets” prepared by Fabrizio Barca and Philip McCann (coordinators), Andrea Bonaccorsi, Monica Brezzi, Henri de Groot, José Enrique Garcilazo, Eric Marlier, Joaquim Oliveira, Mark Partridge, Andres Rodriguez-Pose, Matthias Ruth, Riccardo Scarpa, Frank Vanclay and Attila Varga (http://ec.europa.eu/regional_policy/sources/docgener/evaluation/performance_en.htm), and from the debate which has followed.

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A RARE WINDOW OF OPPORTUNITY IN COHESION POLICY ...

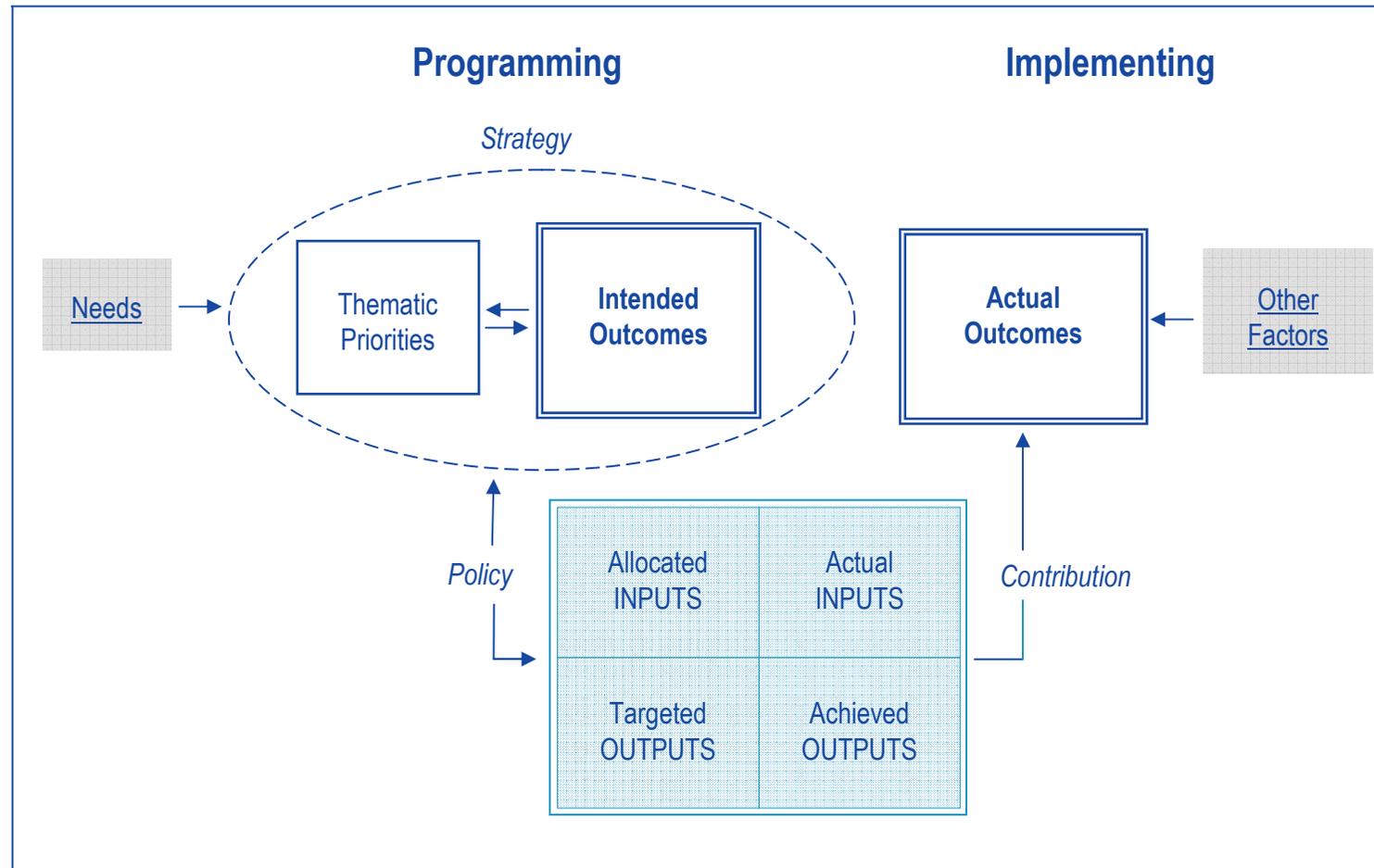
- **Growing demand** for EU policies to be more result-oriented due to the awareness of:
 - the very poor quality of data on “results”,
 - the failure to evaluate “what works” (impacts),
 - the failure of past attempts to set target-related incentives.

- **Technical advancements** and **political awareness** about the need to measure progress and well-being through a system of multidimensional indicators:
 - OECD-hosted global project on measuring progress,
 - Stiglitz-Sen-Fitoussi Report,
 - European Commission Communication “*GDP and beyond*”,
 - Member States’ Reports.

... NOT TO BE MISSED

- The opportunity exists to build inside EU cohesion policy **a culture of Monitoring and Evaluation focussed on ends rather than means.**
- It would at the same time:
 - focus the **attention** of policy makers on what European citizens really care about,
 - provide good politicians with better **tools to be re-elected**,
 - increase our learning on **which policies work**.
- But **we must “get the methodology right”**, otherwise wrong expectations will be created and then betrayed.

THE LOGIC



output = measurable policy actions whose intended task is to produce outcomes
outcome = the specific dimension of the well-being and progress of people that is expected to be modified by policy actions

MONITORING AND EVALUATION OF OUTCOMES: THE PROCESS (I)

- I. When choosing a policy action, choosing also its **intended outcome**: *Which dimensions of the well-being and progress of people in the region motivate policy action?* Example: a mix of
 - mobility (*to be improved by infrastructures*),
 - competence (*to be improved by more/better education*),
 - SMEs rationing (*to be reduced by subsidised loans*),
 - cross-border understanding (*to be improved by territorial cooperation*).

- II. For any outcome, selecting through a deliberative process one or more **outcome indicators**: *Which aspect/s of the intended outcome should be focused on and can be measured?* Examples:
 - travelling time from X to Y and/or frequency of lethal accidents (*for mobility*),
 - average result of a test in a given topic and/or share of students in the last quintile of a test in a given topic (*for competence*),
 - share of rationed firms according to a specific measure (*for SMEs rationing*),
 - share of people in a given community knowing about the legal framework of a trans-border community (*for cross-border understanding*).

MONITORING AND EVALUATION OF OUTCOMES: THE PROCESS (II)

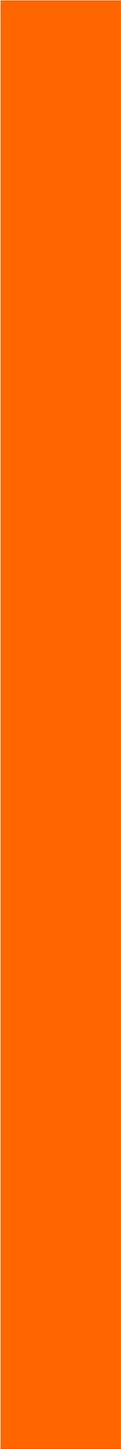
- III. For any outcome indicator, establishing a **baseline** (i.e. *the value, and possibly the trend, of the indicator before policy intervention*) and, whenever possible, a **target** (i.e. *the value of the indicator which policy actions aims to achieve*).
- IV. For any outcome indicator and target, describing how the planned policy action is expected to produce the chosen target (the **theory of change**).
- V. For any outcome indicator, measuring and **reporting** about progress, in an open way.
- VI. For all policy actions, evaluating, according to ex-ante plans and through appropriate techniques, *whether and by what extent changes in outcome indicators are the result of policy action* (**impact evaluation**). Counterfactual impact evaluation should be used whenever possible.

A CLEAR-CUT DISTINCTION

- **Outputs** are largely within the means of specific policy-makers:
 - ⇒ they can be held responsible for failure to achieve,
 - ⇒ **output indicators can be used to link incentive and sanctions to targets.**

- **Outcomes** are largely beyond the means of any specific policy-maker due to the existence of “other factors” and to our very limited knowledge on the “true theory of change”:
 - ⇒ automatic incentives and sanctions are risky,
 - ⇒ **outcome indicators can be used to promote policy-makers attention and public debate on ends rather than on means.**

- **Impacts** can be assessed by using outcome indicators as inputs:
 - ⇒ **impact assessment can be used as a way of learning about what works and why (not as a way to evaluate policy-makers).**



METHODOLOGICAL PRINCIPLES TO BE MET BY OUTCOME INDICATORS

International and EU experience set the methodological principles that outcome indicators must satisfy:

- **Reasonable:** clearly representing a feature of the outcome.
- **Normative:** having an accepted interpretation of what is a “favourable” change.
- **Robust:** reliable, and statistically and analytically validated.
- **Responsive to policy:** potentially responsive to policy in a significant way (not remote).
- **Feasible:** not imposing too large a financial burden, if any.
- **Debatable:** timely available to the public and subject to revision.

MORE ON THE PRINCIPLE “RESPONSIVE TO POLICY”

- An outcome indicator must be such that its **potential responsiveness** to policy action is great enough to expect the policy action to produce (*rebus sic stantibus*) a statistically significant change.
- The **time** needed for responsiveness to take place can be **short or long**, i.e. the indicator might change at different stages of the causal chain produced by policy action.
- Setting outcome indicators and targets is then radically different from setting a dashboard of **context indicators** whose purpose is to describe the context in which policy action takes place.
- Not all **regional statistics** can then be used as outcome indicators. The two sets have a relevant intersection but differ.

EMBODYING THE PROCESS IN THE COHESION POLICY FRAMEWORK

- Each Member State and Region would choose, for each thematic priority in each **Operational Programme**, the appropriate indicators satisfying a set of compulsory methodological principles. Each OP would also contain:
 - a baseline for each indicator;
 - outcome targets, whenever possible;
 - a commitment to require outcome indicators for each project (no reporting duty to the Commission).

- The **Partnership contract** would contain:
 - all the outcome indicators and targets of the Operational Programmes;
 - links between these and the National Reform Programme and analysis of contribution to Europe 2020 strategy;
 - a commitment to give yearly account of progress for all indicators in the Annual Report.

OUTCOME INDICATORS, PLACE-BASEDNESS AND INTEGRATION

Outcome indicators satisfy place-basedness because:

- they **are selected** with reference to specific policy actions and contexts,
- **at programme level**, they make it possible to monitor the progress of the programme as a whole, reflecting the complementarities and interdependencies of different policy actions,
- **at project level**, they allow any properly integrated project to be monitored through a basket of several indicators capturing different dimensions of well-being.

CONCLUSIONS

- The path to reform is clear. But we are not there yet.
- Relevant obstacles still exist:
 - a **sanctioning mood** that mistakes «Monitoring and Evaluation» for «Audit and Control»,
 - a conservative attitude of several Member States and Regions,
 - the present scarcity of human resources (at both European and National/Regional level) with the appropriate skills to deal with the new metric.
- **Overcoming these obstacles requires strong political willingness by all innovators in the next eighteen months.**