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INDICATIVE GUIDELINES ON EVALUATION METHODS : EX ANTE EVALUATION

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INTRODUCTION

This guidance document is aimed at national, regional and local authorities in charge of programming 2007-2013 Community structural interventions and specifically at those responsible for organising evaluation. It provides guidance which will also be of use for the evaluators who are appointed to carry out the evaluations.

The working paper clarifies, in an indicative way, the contents and organisation of an ex ante evaluation. It builds on the practice gained in ex ante evaluation during the 2000-2006 programming period while taking into account the new regulatory context for the 2007-2013 period, in terms of the content of programmes and requirements for their evaluation. Member States should use the guidance flexibly, adapting it to their specific requirements in order to ensure that the ex ante evaluation meets their needs.

The purpose of ex ante evaluation is to optimise the allocation of resources and to improve the quality of programming. Ex ante evaluation should be an interactive process whereby judgement and recommendations are provided by experts on the content of programmes drawn up by those responsible for their composition. It should be also an iterative process whereby the recommendations of the experts are taken into account by the planners in subsequent drafts of different parts of programmes. In this regard, it is important to facilitate a constructive dialogue between the people responsible for programme formulation and the experts. Of course, the relevant public authorities have responsibility for the contents of the final text of the programme.

At the end of this interactive process, the final ex ante evaluation report draws together the work undertaken and is forwarded to the Commission with the programme. It therefore provides an important input for the understanding of the strategy and the allocation of financial resources which will be the subject of negotiations with the Commission.

The first part of this working paper outlines the role of ex ante evaluation in the context of the new Structural Funds Regulation. It outlines the evaluation criteria for the ex ante evaluation, the main evaluation questions which the evaluation should answer. This section should help those responsible for programme development to define the ex ante evaluation and should also help to focus the work of the evaluator. Parts Two and Three of the working paper provide guidance on the key components which should be covered and the process of undertaking the ex ante evaluation.

Finally, annexes provide guidance on particular issues to consider if a Member State decides to undertake ex ante evaluation of a national plan or National Strategic Reference Framework and on the examination of the external coherence of programmes co-financed interventions by the European Social Fund, as well as Strategic Environmental Assessment in the context of the ex ante evaluation.

PART 1: THE COUNCIL REGULATION (EC) 1083/2006 AND THE ROLE OF EX ANTE EVALUATION

Council Regulation (EC) 1083/2006 of 11 July 2006 proposes a more strategic approach to the programming of Funds and their expenditure with a greater focus on performance and results. Cohesion policy now forms an integral part of the re-launched Lisbon Strategy and the resources of cohesion policy need to be mobilised to support the achievement of the Lisbon objectives. An important element of the new approach to programming and the ex ante evaluation is to ensure that cohesion policy contributes in the most effective way possible to the achievement of the Lisbon goals and to make that contribution more visible.

1.1 THE NEW PROGRAMMING STRUCTURE

For the 2007 programming period, the following steps in programming are foreseen:

- **Community Strategic Guidelines:** The Regulation provides for the Commission to produce Community Strategic Guidelines to guide the process of drawing up national strategies and Operational Programmes. The Community Strategic Guidelines strengthen the linkage between the Structural and Cohesion Funds and the Lisbon Agenda, as the Funds represent a significant funding source for the achievement of the Lisbon objectives.
- **National Strategic Reference Framework:** Member States are required to draw up a National Strategic Reference Framework for the Funds which outlines the strategy to be adopted for the different objectives. It also provides a list of Operational Programmes and indicative financial allocations. This strategic document will create the link at national level between the Community Strategic Guidelines and the national reform programme of the Lisbon Strategy.
- **Operational Programmes:** Programmes also become more strategic, focused more strongly than in the past on the priority level. There is no requirement for a Programme Complement.

Although the programming requirements become more strategic, there will still be a need for a process of detailed planning of activities to take place in each Member State and region in order to give effect to the strategic choices made. Plans for measures and activities to be funded will need to be drawn up by Managing Authorities in order to implement and monitor the Operational Programmes. This level of detail will no longer be the subject of negotiation with and decision by the Commission.

1.2 REGULATORY REQUIREMENTS FOR EX ANTE EVALUATION

Council Regulation (EC) 1083/2006 requires an ex ante evaluation for each Operational Programme under the Convergence Objective, while for the Regional Competitiveness and Employment Objective, ex ante evaluation is required covering all the Operational Programmes, or an evaluation for each Fund, or an evaluation for each priority axis or an evaluation for each Operational Programme. For the Territorial Co-Operation Objective, an ex ante evaluation is required covering either each Operational Programme or several Operational Programmes.

Ex ante evaluation is to be carried out under the responsibility of the authority responsible for the preparation of the programming documents. It aims “to optimise the allocation of budgetary resources under operational programmes and improve programming quality. It shall identify and appraise medium- and long-term needs, 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” (Article 46(2)).

1.3 EX ANTE EVALUATION AND THE NATIONAL STRATEGIC REFERENCE FRAMEWORK

Developing a National Strategic Reference Framework is a complex task which implies extensive preparatory work, including research, policy debate and consultations. Some Member States have decided to draw up national development plans and subject these to ex ante evaluation as part of the process leading to the formulation of the National Strategic Reference Framework. Other Member States have decided to undertake an ex ante evaluation of the National Strategic Reference Framework. The Commission strongly supports these approaches, particularly for large Convergence Objective Member States, and suggests that the five key components and the process described in Parts Two and Three of this working paper, as well as Annexes 1 and 2, could inform the terms of reference for such evaluations.

Annex 1 provides further guidance on the evaluation of impact and implementation systems at the level of the National Strategic Reference Framework or national plan. Particularly important issues for evaluation at national level are the balance of financial allocations across major priorities and the evaluation of the likely macro economic impact of the Funds.

1.4 EX ANTE EVALUATION OF OPERATIONAL PROGRAMMES

This methodological working paper focuses on the content and organisation of ex ante evaluation of Operational Programmes. The content of Operational Programmes is specified in Article 37 of Council Regulation (EC) 1083/2006. The Programme Complement of the 2000-2006 period no longer forms part of formal programming. That said, Member States and regions will need, as part of the development of their strategies, to plan the detailed content of activities to be co-financed by the funds under the priorities as outlined in Operational Programmes. Evaluators will need information on such plans in order to be able to carry out their work.

1.5 FURTHER GUIDANCE AVAILABLE

Revised guidance on indicators for evaluation and monitoring has been developed by the Commission in consultation with Member States in Working Paper No. 2 "Indicators for monitoring and Evaluation: a Practical Guide". The Working Paper on indicators should be read in conjunction with this guidance on ex ante evaluation.

In addition, those responsible for ex ante evaluation will find the content of the internet based guide to evaluation useful, www.evaled.info. This website provides advice and guidance on designing evaluations, methodologies and techniques and evaluation approaches for particular themes and policy areas. References to the “Evalsed” Guide

throughout this paper suggest where further detail can be found on evaluation design and management, and methods and techniques.

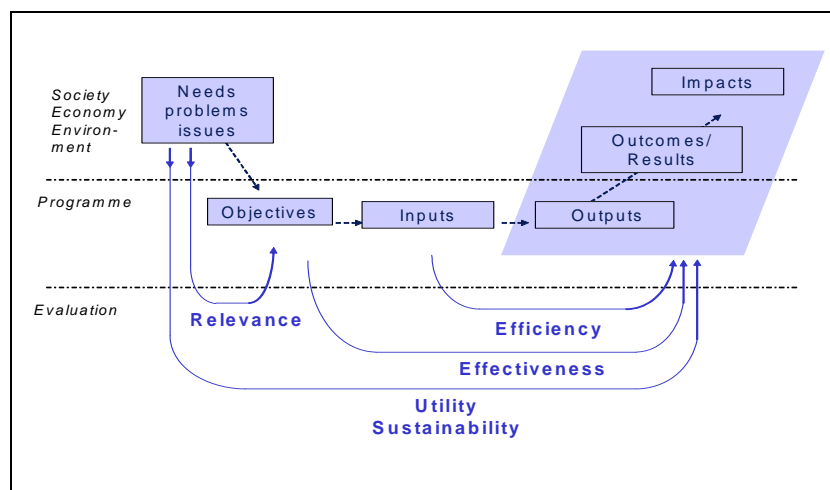
1.6 THE AIM OF THE EX ANTE EVALUATION – THE EVALUATION QUESTIONS

As noted in the Guide to the Evaluation of Socio-Economic Development (http://www.evaled.info/frame_guide_part2.asp), evaluation questions in general are based on judgement criteria which can be grouped into the following main categories:

- Those related to the relevance of the programme,
- Those related to its effectiveness,
- Those related to its efficiency, and
- Those related to its utility and its longer term sustainability.

These criteria are related to the programme and its environment, as represented in Box 1.1 below.

Box 1.1 Main evaluation criteria



For ex ante evaluation, the main concerns are relevance (of the strategy to needs identified), effectiveness (whether the objectives of the programme are likely to be achieved) and utility (judging the likely impacts against wider social, environmental and economic needs). More specific evaluation questions at ex ante evaluation stage are internal and external coherence and the quality of implementation systems. Internal and external coherence relates to the structure of the strategy and its financial allocations and the linkage of the strategy to other regional, national and Community policies. Of particular importance in relation to external coherence are the Lisbon Agenda and the Community Strategic Guidelines. The quality of the proposed implementation system is important to understand how it may affect the achievement of programme objectives. Finally, ex ante evaluation needs to examine the potential risks for the programme, both in relation to the policy choices made and the implementation system proposed.

Those responsible for drawing up programmes need to develop the detailed evaluation questions to be answered in relation to the national, regional or sectoral strategies to be evaluated. As a broad outline, the evaluation should answer the following questions:

- Does the programme represent an appropriate strategy to meet the challenges confronting the region or sector?
- Is the strategy well defined with clear objectives and priorities and can those objectives be realistically achieved with the financial resources allocated to the different priorities?
- Is the strategy coherent with policies at regional, national (including the National Strategic Reference Framework) and Community level? How will the strategy contribute to the achievement of the Lisbon objectives?
- Are appropriate indicators identified for the objectives and can these indicators and their targets form the basis for future monitoring and evaluation of performance?
- What will be the impact of the strategy in quantified terms?
- Are implementation systems appropriate to deliver the objectives of the programme?

The conclusions of the ex ante evaluation must provide a response to these broad questions.

Each of the questions above may be defined in more detail for individual priorities or types of actions, depending on the information needs of those responsible for programme design. For example, programme planners may wish to know about the relative effectiveness of different financial instruments for assisting SMEs. Or, implementation methods for different human resource development interventions may need to be examined more closely, depending on previous experience. The important point is that those planning the evaluation specify questions in relation to different priorities or activities, depending on their need for information in order to produce a better quality programme.

1.7 COMMUNITY ADDED VALUE

Throughout the development of the programme and the process of the ex ante evaluation, there should be a concern to maximise Community added value. This concept can be defined on the basis of a range of criteria:

- Economic and social cohesion,
- Policy added value in relation to Community priorities,
- Financial added value, in terms of additionality and leverage effect,
- The added value of the Structural Funds method, including partnership, multi-annual planning, monitoring, evaluation and sound financial management, and
- Added value which stems from the exchange of experience and networking at a transnational, national or regional level.

In making their recommendations on improving the quality of programmes, ex ante evaluators should be guided by a concern to maximise Community added value in relation to these criteria.¹

¹A useful discussion of the concept of community added value is contained in the following report: Bachtler & Taylor (2003). *The Added Value of the Structural Funds: A Regional Perspective IQ-Net Report on the Reform of the Structural Funds*. EPRC, University of Strathclyde, Glasgow. Available at: <http://www.eprc.strath.ac.uk/iqnet/reports2.cfm>

PART 2: EX ANTE EVALUATION – KEY COMPONENTS

This part of the Working Paper outlines the content of the ex ante evaluation. Given the diversity in scale and content of the programmes, it must be emphasised that the guidance should be adapted as appropriate. Key components are described, which incorporate the contents of the ex ante evaluation as outlined in Article [48(2)] of the Regulation. Under each component, responsible authorities should consider if there are particular issues they wish the evaluation to explore in more detail in order to improve the quality of the programme.

Part Three of this Working Paper (see point 3.1 below) provides some further guidance on the process of deciding at which level the ex ante evaluation will be undertaken for the Regional Competitiveness and Employment Objective – at national, Fund, priority or programme level – and the implications of this decision for designing the evaluation.

Under each of the key components, the evaluators should review and incorporate lessons learnt from previous evaluations and consider also the potential to maximise Community added value, as outlined in the previous section. Evaluation evidence is available from the ex ante evaluation, mid term evaluation and the update of the mid term evaluation for the 2000-2006 period as well as the ex post evaluations of the 1994-1999 period. Member States have also undertaken a range of ad hoc or ongoing evaluations on particular themes or implementation aspects and the lessons of these evaluations should also be used.

In this part of the Working Paper boxes suggest methods which may be appropriate in relation to the issue being evaluated. This draws on material in the Guide to the Evaluation of Socio-Economic Development. Further material can be found by those interested in Part Four of the Guide and in the accompanying Sourcebook on Methods and Techniques. Examples of the application of different methodological approaches are also presented.

All ex ante evaluations will require a combination of methodologies and terms of reference for the evaluations should give only an indication of the methodologies to be employed. Evaluators should propose a precise mix of methodologies which they will use to address the different components of the evaluation and to answer the key evaluation questions.

The ex ante evaluation should be an iterative and interactive process with evaluators undertaking the different components of the evaluation at different times as the programme is prepared. At the end of the process, the evaluator pulls the components together into a final evaluation report which represents an evaluation of the programme as submitted to the European Commission and also reflects the changes and improvements to the programme which have been made through the evaluation process.

2.1 APPRAISAL OF THE SOCIO-ECONOMIC ANALYSIS AND THE RELEVANCE OF THE STRATEGY TO THE NEEDS IDENTIFIED

Each programme will start with an analysis of the situation of the eligible area or sector in terms of strengths and weaknesses. This will lead to an identification of the disparities, gaps and potential for development. The task of the ex ante evaluator is to appraise the socio-economic analysis and the resulting the needs assessment. Additional work may need to be undertaken by the evaluator to complement the existing analysis,

which may lead to recommendations for improvements to the analysis contained in the programme or for change to the priority needs identified. These improvements may concern the analysis of the existing situation or of the potential of the region or in relation to the policy domain in one or across a number of programmes. At the end of the process, the evaluator will have confirmed the priority to be assigned to the various socio-economic needs.

The evaluator should then assess the relevance of the strategy to the identified needs. The strategy of a programme is made up of its objectives and the priorities to achieve these objectives. In this step, the evaluator should assess the relevance of programme objectives to those needs.

For human resource programmes co-financed by the European Social Fund, further guidance in relation to this component is provided at Annex 2, point 1.

Box 2.1: Methods and Techniques for Appraisal of the Socio-Economic Analysis and Needs Analysis and Analysis of Relevance of Strategy to Needs

Economic analyses of the profile of the territory or region will use benchmarking techniques and the analysis of administrative data on income levels, qualifications, labour market participation and market characteristics. Depending on the scale of the intervention, more sophisticated statistical and macro-economic models may also set up comparisons with comparable settings.

Given the importance of stakeholders in planning and delivery of Structural Fund programmes, methods that can involve stakeholders at an early stage will be useful. These can range from consultative and participatory methods – focus groups, social surveys, local polls, public meetings, etc. – to more formal techniques such as SWOT analysis undertaken with different groups of stakeholders.

Issue mapping or concept mapping can also be used to provide a basis for identifying, grouping and prioritising potential interventions.

2.2 EVALUATION OF THE RATIONALE OF THE STRATEGY AND ITS CONSISTENCY

This component represents the core of the ex ante evaluation and includes complex and inter-related issues which will provide the basis for a judgement on the appropriateness of the strategy proposed. The main aspects involved are: the rationale of the strategy and its overall consistency and policy risk.

- Examining the rationale of the strategy will require an in-depth analysis of the objectives and priorities of the programme. The ex ante evaluator should examine the theory underlying the strategy and assess its validity. The case for public intervention should be examined (Box 2.2 below describes one approach to this task) and the main trade-offs involved. Examining trade-offs can be a complex exercise², but the main

² For one approach to this issue, see the following report which was undertaken for the European Commission: GHK (2002). *Thematic Evaluation on the Contribution of the Structural Funds to Sustainable Development*. European Commission. Available on the DG Regional Policy website at: http://europa.eu.int/comm/regional_policy/sources/docgener/evaluation/rado_en.htm

concern is to understand the balance reached between interventions which will promote economic growth, social cohesion and long term sustainability³.

- The consistency of the strategy should be evaluated. This will require an analysis of the relationships and complementarities between the different priorities, including the contribution of each priority to the programme objectives and how the combination of policy priorities will contribute to achieving these objectives. The extent to which financial resources are likely to be sufficient should also be determined. Any conflict between priorities should be highlighted. The evaluator should consider if an alternative “policy mix” might be more likely to achieve the programme’s objectives.
- The analysis should also assess the degree of policy risk involved in the choice of priorities. To what extent are risks implicit in the proposal of innovative policies for example and how can these risks be minimised? Structural Fund programmes have been criticised for becoming increasingly risk-averse, particularly in the light of the N+2 rule. However, it is important that Structural Fund interventions should continue to innovate in pursuit of policies which will maximise economic and social cohesion. The ex ante evaluation should explore and assess the balance between more standard measures which are “easier” to implement and those which are inherently more risky but which might have a greater impact.

Box 2.2: Example: Examining the Economic Rationale of a Strategy

This approach of systematically examining the economic rationale of a strategy has been used in Ireland and it allows analysis across different types of activities through the examination of their underlying rationale. It is based on a belief that markets are generally the most effective and efficient means of achieving economic and social objectives. Public intervention is therefore justified only where the market is not working properly and the intervention in question does not create economic distortion. In the light of these theoretical assumptions, four situations can be identified where public intervention in a market economy could be justified:

- The provision of public goods (such as transport infrastructure or the provision of basic training) which cannot be provided in the absence of public intervention;
- The introduction of corrective subsidies designed to alter the price of goods and services where the market price does not adequately reflect their wider social benefit (e.g. the cost of loans to SMEs);
- The management of targeted schemes at changing behaviour through correcting a lack of knowledge or information asymmetries (e.g. introducing technology in businesses);
- Redistribution of income through subsidies or welfare benefits in pursuit of broadly social aims (e.g. subsidies for early school leavers or disabled people).

For further details, see ESRI, *National Investment Priorities for the period 2000-2006*, Dublin, 1999

For the Regional Competitiveness and Employment Objective, the evaluator should undertake an appraisal of the justification for the thematic, geographical and financial concentration proposed in the programme or across programmes (if the evaluation is being undertaken across all programmes or by Fund or priority across all programmes).

³ For programmes which, after screening, have been found not to require a Strategic Environmental Assessment (see Point 2.3 and Annex 3), the evaluator should also consider possible environmental effects.

For human resource development programmes co-financed by the European Social Fund, further guidance in this regard is provided at Annex 2.

2.3 APPRAISAL OF THE COHERENCE OF THE STRATEGY WITH REGIONAL AND NATIONAL POLICIES AND THE COMMUNITY STRATEGIC GUIDELINES

Given increased emphasis on the strategic nature of cohesion policy and the need for it to contribute to the achievement of the Lisbon objectives, an important component of the ex ante evaluation is an appraisal of the coherence of the strategy proposed with national policies and the Community policies outlined in the Community Strategic Guidelines.

The Community Strategic Guidelines identify Community priorities for support under cohesion policy with a view to strengthening synergies with, and helping to deliver, the Lisbon Strategy, as defined by the integrated guidelines for growth and jobs. They form the basis for preparing National Strategic Reference Frameworks and the resulting Operational Programmes. Therefore it is important that the ex ante evaluation verifies those synergies and the potential to deliver relevant elements of the Lisbon Strategy. The evaluator should examine the interaction between the different priorities and the coherence of the intervention logic of the Operational Programme and its priorities with the National Strategic Reference Framework and the Community Strategic Guidelines.

In relation to human resource development programmes co-financed by the European Social Fund⁴, the ex ante evaluation should evaluate in this context the coherence of the programme with the national reform programmes drawn up on the basis of the integrated guidelines for growth and jobs and the country specific employment recommendations drawn up at EU level. Annex 2 lists the specific questions to be addressed for human resource development when examining coherence with the Community Strategic Guidelines.

The Strategic Environmental Assessment Directive⁵ requires Member States to assess the effects of plans and programmes on the environment. In this part of the evaluation, the ex ante evaluator should assess the extent to which the outcomes of the strategic environmental assessment have been taken into account in the Operational Programme. The authorities responsible for the development of the programme may decide to undertake all or parts of the strategic environmental assessment through the ex ante evaluation, in which case the terms of reference for the evaluation will need to specify the additional tasks for the evaluation. Further guidance on strategic environmental assessment is provided at Annex 3.

For all programmes, the evaluator should assess whether equality between men and women and non-discrimination issues have been appropriately taken into account, in line with Article 16 of Council Regulation (EC) 1083/2006. For human resource development programmes or priorities, the evaluator should examine in addition if appropriate actions are proposed and whether the proposed financial resources correspond to the needs arising.

⁴ This task should also be undertaken for programmes co-financed by the European Regional Development Fund, where the human resource development component is significant.

⁵ Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment

2.4 EVALUATION OF EXPECTED RESULTS AND IMPACTS

Programmes are required to contain a limited number of indicators with quantified targets to be achieved by the end of the programme period. The Commission has provided revised guidance on indicators in Working Paper No. 2 and this guidance should be used in the development of the quantified objectives.

Output, result and impact indicators and their targets should be proposed by the competent authorities, based on the planned financial allocations to different types of activity. Depending on the objectives of the programme, this could include an estimation of the likely impact in terms of the number or quality of jobs created or improved employment opportunities. The evaluator should verify the appropriateness of the structure and hierarchy of the objectives and the indicators identified as well as the proposed quantification, on the basis of past experience and appropriate benchmarks.

The establishment of impact indicators is a complex task which may require some evaluation work on the part of the evaluators, if benchmarks and past experience do not provide a sufficient basis for establishing and quantifying them. The Terms of Reference for the ex ante evaluation should clarify if such work is required and what it should consist of.

Box 2.3: Example: Estimating ex ante the effects of a programme on job creation

Community intervention can affect employment in a number of ways. At the ex ante stage, the extent to which employment effects can be fully measured is limited. In estimating those effects before the programme starts, it is sufficient to take account of the following principal effects, making as much as use as possible of past experience:

- Employment generated during the realisation of the interventions, e.g., construction related employment, staff recruited to implement training projects. These jobs are usually of a limited duration and the estimated figures should be clearly counted as of a temporary nature and expressed in terms of person years.
- Employment created as a direct consequence of structural intervention, e.g., employment generated or transformed through support to SMEs. In these cases, there is a direct relationship between the intervention and the creation of employment.
- Employment created as an indirect consequence of structural intervention, e.g., employment generated through actions such as improved general infrastructure. In these cases, the impact is often identified in terms of non-employment indicators such as time savings, increased freight or increased number of tourists. The employment effect is generated in a more indirect fashion, e.g., increased tourist numbers lead to increased spend in the local economy leading to increased employment.
- To allow accurate assessment and comparison of genuine employment effects, net effects should be presented, i.e., employment effects which have taken into account dead-weight (benefits which would have been occurred anyway), displacement (employment effects which result in job losses outside the programme area) and multiplier effects. In general, evaluators should estimate the net effect. However, in some cases it will be possible only to calculate gross effects at the ex ante stage and, where relevant, refine the estimates during the course of the intervention (through surveys for example).

The intention is to produce reliable estimates of employment effects, preferably by priority, which will be capable of verification at a later stage. It is important that these estimates are of the correct order, based on common definitions and the methods by which they are calculated are transparent and capable of scrutiny.

Box 2.4: Example: Evaluating effects of human resource development interventions

Measuring improvements in employment opportunities is necessary in the case of human resource development interventions, targeted at the individual. For individuals, the effects should be estimated in terms of “employability” (probability of finding employment) and “integration in the labour market”. Depending on the nature of the interventions, different types of results and impacts can be identified, such as, for example:

To increase adaptability of workers, enterprises and entrepreneurs to economic changes:

- Increase in share of employees participating in continuous vocational training especially for low skilled and older workers,
- Increase in “new start” provided for young/adult/non-EU nationals in form of training, retraining, work experience, a job or other employability measures,
- Increase in the survival rate of newly born enterprises that are still active in year n+3,
- Increase in employment in newly established enterprises.

To enhance access and sustainable inclusion in the labour market:

- Increase in placement rates in sustainable and quality jobs for different categories on the labour market,
- Reduction of the inflow of labour market participants into unemployment,
- Increase in educational attainment of 22 year olds,
- Reduction in the rate of early school leaving,
- Reduction in gender gap in employment,
- Reduction in employment gap between workers without children and those with a child aged 0-6 years,
- Increase in activity rate for older workers,
- Reduction in regional disparities in terms of employment and unemployment.

To reinforce social inclusion and sustainable integration in employment:

- Increase in preventive services for disadvantaged groups on the labour market,
- Reduction in the unemployment rate for disadvantaged groups,
- Reduction in unemployment rate gap between non-EU and EU nationals

To enhance human capital:

- Increased placement rates for participants after education,
- Sustainable networks between educational institutions, research centres and enterprises.

Partnership and networking:

- Sustainable networks of stakeholders at national, regional and local level.

The evaluator should verify the causality between outputs, results and impacts and make recommendations for improvements if appropriate.

Both the planners and the evaluator should seek to ensure that the system of indicators remains manageable and useable, in line with the Commission’s guidance in Working Paper No. 2. In this regard, the evaluator may need to work with the competent authorities on a detailed level of indicators which will not appear in the Operational

Programme but which will be necessary for the Managing Authority and Implementing Bodies in delivering the programme.

The evaluator should appraise the potential impact of the strategy on the achievement of the Lisbon objectives as defined in the integrated guidelines and the objectives of the Community in the fields of education and training, increased labour market participation and combating social exclusion. Only in the case of very large programmes or national strategies will the impact of the Structural and Cohesion Funds on the structural indicators of the Lisbon Strategy be quantifiable. Where it is possible, however, this should be done. In other cases, the evaluator should assess the coherence of impact indicators with the higher level objectives at national and Community level.

Further guidance on this component of the ex ante evaluation at national level is provided at Annex 1.

Box 2.5: Methods and Techniques for Evaluation of Results and Impacts

Methods identified will depend very much on the scale of the intervention. Statistical models may be appropriate in some cases to estimate impacts drawing on different types of administrative data. These can include input/output analysis or econometric models. Other impact assessment methods may be used, for example in relation to environmental impact assessment. Results of previous evaluations may provide appropriate benchmarks which may also be used.

For smaller interventions and for output and many result indicators, benchmarks can be used, derived from previous evaluations. If benchmarks in relation to deadweight, displacement and substitution can be derived from previous evaluations, these can be used to estimate impacts.

It may be necessary to identify generic indicators in order to reduce the overall number of indicators. Participative methods with key stakeholders and impact mapping can assist in this process.

2.5 APPRAISAL OF THE PROPOSED IMPLEMENTATION SYSTEMS

Operational Programmes contain details on the implementing provisions, including the designation of bodies and procedures for implementation, monitoring and evaluation systems, partnership arrangements, publicity and procedures for the exchange of computerised data to meet payment, monitoring and evaluation requirements. The quality of these implementation systems is essential for the achievement of the objectives of the programme. At this stage of the evaluation, the evaluator should assess the implementing provisions proposed for managing, monitoring and evaluating the programme. This should include an examination of previous experience and an appraisal of risk – possible bottlenecks which might impede implementation of the programme - and recommendations for preventive actions should be made. The quality and extent of partnership arrangements should also be evaluated.

PART 3: EX ANTE EVALUATION – THE PROCESS

This part of the Working Paper deals with the process of organising and managing an ex ante evaluation. Given the interactive nature of the ex ante evaluation, it is vitally important to plan for the ex ante evaluation and to co-ordinate work across Operational Programmes where appropriate.

3.1 EVALUATION PLANNING AND TIMETABLE

The ex ante evaluation is carried out under the responsibility of the authorities responsible for the preparation of the Operational Programme. The relevant competent authorities are designated by the Member State⁶.

In the case of programmes under the Convergence Objective, an ex ante evaluation is undertaken for each Operational Programme. Member State authorities may decide to co-ordinate the ex ante evaluations through the development of timetables and core terms of reference. Previous experience suggests that this can provide a useful framework for the ex ante evaluation and can improve its quality and effectiveness.

The Commission recommends that Member States receiving large amounts of resources under the Convergence Objective and which will have a large number of Operational Programmes should also carry out ex ante evaluation of the national development plan or National Strategic Reference Framework, in order to strengthen the coherence and quality of the entire planning exercise. Annex 1 provides more guidance in relation to particular issues to consider in relation to impact and implementation systems if a Member State decides to undertake such an ex ante evaluation.

For the Regional Competitiveness and Employment Objective, Member State authorities need to decide in the first instance if they wish to carry out an evaluation:

- For each Operational Programme,
- For all Operational Programmes,
- For each Fund crossing all Operational Programmes, or
- For each priority crossing all Operational Programmes.

For the Territorial Co-Operation objective, ex ante evaluation will be carried out for each Operational Programme or for groups of Operational Programmes.

⁶ For the Territorial Co-Operation Objective, the relevant competent authorities are to be designated by all involved Member States.

Box 3.1: Considerations Depending on the Level of Ex Ante Evaluation for the Regional Competitiveness and Employment Objective	
Level of Ex Ante Evaluation	Considerations
For each Operational Programme	Guidance on key components applies as outlined in Part Two of Working Paper
For all Operational Programmes or one evaluation for each Fund or priority across all Operational Programmes	<p>While the evaluation should be based on all key components, the following issues may require particular attention:</p> <ul style="list-style-type: none"> • the coherence of the strategy at national, Fund or priority level for the Regional Competitiveness and Employment Objective, • the balance of resources across Operational Programmes and the degree of concentration, • the coherence of the strategy with the Community Strategic Guidelines and the potential synergies with the Lisbon Strategy, • the coherence of indicators across Operational Programmes and • for programmes co-financed by the European Social Fund, the particular issues listed in Annex 2

Box 3.1 above presents some considerations to take into account depending on the decision taken on the level of ex ante evaluation. In addition to these issues related to content, some planning and co-ordination issues also arise if an evaluation covers a range of programmes and these will need to be clearly outlined in the terms of reference drawn up for the evaluation. In order to plan the process, the timing needs to be clear and outlined in the terms of reference. The production of draft Operational Programmes will need to be co-ordinated so that the evaluators have access to the relevant chapters across Operational Programmes at the appropriate time. The interaction between those responsible for drawing up the programmes and the evaluators will also need to be co-ordinated. The terms of reference should also emphasise the need for clear conclusions and recommendations which are programme specific in order to ensure that the evaluation adds value to all programmes being developed.

Once the decision is made on responsibility for the ex ante evaluation (and how many evaluations will be undertaken in the case of the Regional Competitiveness and Employment Objective), planning the timetable should be in line with planning for the preparation of the Operational Programme. The interactive nature of the ex ante evaluation means that the evaluator should undertake work in stages, depending on when elements of the programme are available from those responsible for its preparation. A typical timetable and phases of an ex ante evaluation for an Operational Programme are outlined in Box 3.2 below.

In the example below, the ex ante evaluation has a duration of 7 months, with planning starting at least four months before the evaluator is appointed. Clearly, depending on the scale and complexity of the programme, the process may take more or less time and the precise modes of interaction between those responsible for developing the programme and the evaluators will vary according to individual circumstances, including whether or not the evaluation extends across a number of programmes. It is recommended that some days work are reserved for the evaluator to undertake additional analysis during the negotiations with the Commission on the Operational Programme.

Box 3.2: Ex Ante Evaluation – Example of Planning		
Stage of Programme Preparation	Stage of Ex Ante Evaluation	Calendar starting in Month 1
<ul style="list-style-type: none"> Decision on number of ex ante evaluations 	<ul style="list-style-type: none"> Core Terms of Reference drawn up (optional) 	1
	<ul style="list-style-type: none"> Responsible Authority draws up Terms of Reference 	2
<ul style="list-style-type: none"> Socio-economic analysis undertaken for Programme Broad lines of strategy developed 	<ul style="list-style-type: none"> Evaluator Appointed 	4
	<ul style="list-style-type: none"> Evaluation of socio-economic analysis and resulting needs assessment and appraisal of the relevance of the proposed strategy to the needs identified 	5
<ul style="list-style-type: none"> Socio-economic analysis revised Strategic chapters of operational programme prepared 		5-6
	<ul style="list-style-type: none"> Evaluation of the rationale and overall consistency of the strategy Appraisal of the coherence of the strategy with regional and national policies and the Community Strategic Guidelines 	6
<ul style="list-style-type: none"> Strategic chapters revised Quantified objectives for programme priorities identified 		6-7
	<ul style="list-style-type: none"> Appraisal of the quantified objectives and evaluation of estimated impact 	8
<ul style="list-style-type: none"> Revision of quantified objectives Implementation system for Programme described 		8
	<ul style="list-style-type: none"> Appraisal of the proposed implementation systems 	8
<ul style="list-style-type: none"> Final revisions of draft Operational Programme 	<ul style="list-style-type: none"> Production of Ex Ante Evaluation report which synthesises the evaluation work undertaken and describes the process 	10
<ul style="list-style-type: none"> Submission of Operational Programme and Ex Ante Evaluation to the Commission 		10
	<ul style="list-style-type: none"> Some further analytical work by the ex ante evaluator, as necessary 	11
<ul style="list-style-type: none"> Agreement on Operational Programme 		12-14

The iterative nature of the evaluation and the programme preparation should be emphasised. As different elements of the evaluation are completed, they may cause programme planners to re-visit earlier stages. For example, the evaluation of the impact of the strategy, might lead to a reconsideration of the policy mix and a revision of the strategy.

Drawing up the terms of reference for the ex ante evaluation is an important element of planning for the evaluation. Guidance on drawing up terms of reference is provided in the Guide to the Evaluation of Socio-Economic Development (Part 2.1 – Designing and Planning Your Evaluation). The terms of reference should include all the key components described in Part Two of this Working Paper, with the description under each component adapted to the specificity of the region, Fund or priority concerned in the Operational Programme or Programmes being evaluated. The process of programme preparation and the extent of and the timetable for interactivity required should also be described.

While ex ante evaluation is carried out under the responsibility of the authority responsible for the preparation of programming documents, the Commission is available to provide further advice and guidance on ex ante evaluation if Member State authorities so wish (e.g., commenting on draft terms of reference or draft chapters of evaluation reports).

3.2 MANAGING THE EVALUATION

The planning process should include consideration of how the evaluation will be managed. A nominated individual within the competent authority should have responsibility to manage relationships with the evaluator. Experience shows the benefits gained from having a steering group to guide the evaluation process, involving the range of interests concerned in drawing up the programme. Establishing a steering group also allows the possibility of involving some members of the wider partnership (who will later form the Monitoring Committee) at the programme design stage. The involvement of one or more outside experts in evaluation on a steering group may also be of benefit.

3.3 PROPORTIONALITY – DIFFERENTIATED REQUIREMENTS FOR DIFFERENT OBJECTIVES

The Council Regulation (EC) 1083/2006 introduces the concept of proportionality (Article 13) and in relation to ex ante evaluation, Article 47(3) specifically introduces proportionality in the number of ex ante evaluations to be undertaken. The option of undertaking ex ante evaluation across all Operational Programmes or by priority or Fund is available under the Regional Competitiveness and Employment, while groups of Operational Programmes can be subject to an ex ante evaluation under the Territorial Co-Operation Objective (see Box 3.1 above).

In addition to this proportionality, the scale of the Operational Programme should be considered in the context of the methodologies proposed. In particular for the evaluation of impacts, methodologies used should reflect the size of the interventions. For very large Convergence Objective programmes some macro-economic modelling may be appropriate and of course macro economic impact assessment would be valuable at the national level also (see Annex 1).

Proportionality should also be reflected in the number of indicators proposed by the responsible authorities and by the evaluators in undertaking the ex ante evaluation. The

Commission recommends the use of a limited number of core indicators where possible, with common definitions agreed and used across a range of Operational Programmes. Working Paper No 2 provides further guidance in this regard.

3.4 RESPECTIVE RESPONSIBILITIES OF THE EVALUATOR AND AUTHORITIES RESPONSIBLE FOR PROGRAMME PREPARATION

There should be clarity throughout the process on the respective roles of the evaluator and the authorities responsible for programme preparation. Responsible authorities should develop each component of the Operational Programme. The evaluator then evaluates its appropriateness and quality and makes recommendations for improvements. The competent authorities then decide which recommendations to take on board and the changes to be made to the relevant parts of the programme. The evaluator has a particular contribution to make in assessing likely impacts, which in some cases cannot be estimated by the responsible authorities and require evaluation work.

3.5 INDEPENDENCE OF THE EVALUATION PROCESS

The evaluator must be independent of future managing, certifying and audit authorities and external evaluators should be selected by means of a competitive tendering process. The decision on whether an open or closed tender should be organised will depend on the size of the programme and the scale of the evaluation required.

The interactive nature of the ex ante evaluation process requires that the evaluator should work closely with authorities responsible for the preparation of programmes. However, it is important that the evaluator retains his independence throughout the process, giving expert judgements on the different elements of the programme. On the other hand, the responsible authorities should respect the fact that it is the role of the evaluator to constructively criticise in the interests of improving the quality of the programme.

3.6 FINANCING THE EVALUATION

The cost of ex ante evaluation undertaken externally may be met from technical assistance budgets from 2000-2006 programmes. Current rules and procedures concerning eligibility and rates of contribution are applicable.

Evaluation can be a costly exercise. The cost of the evaluation should be proportional to the expenditure foreseen in the programme and its complexity. The budget will need to take account of any additional evaluation questions included and the types of methodologies foreseen. For example, if impact indicators are to be quantified by the evaluator, this may require additional resources. Equally, if the evaluation includes more in-depth analysis of a particular sector or type of intervention, this should be reflected in the available budget.

3.7 CONSULTATION WITH PARTNERS AND STAKEHOLDERS

Depending on national and regional institutional arrangements, the partnership which will be involved in the Monitoring Committee may have a role in responding to the results of the ex ante evaluation and deciding on changes to programmes as they are being developed. The Commission welcomes the involvement of the partnership in the ex ante evaluation process.

Consultation with a wide range of stakeholders should also form part of the methodology adopted by the evaluators. Stakeholders in the programme have valuable insights which the evaluators should draw upon in assessing the relevance and quality of the programme.

3.8 INTEGRATING THE RESULTS OF THE EVALUATION INTO PROGRAMMES

The purpose of the ex ante evaluation is to provide inputs which improve the coherence and quality of programmes. These inputs will be provided at various stages through the development of the programme. As the draft programme is made ready for submission to the Commission, a final evaluation report should be prepared, bringing together all elements of the evaluation. This evaluation report should include a section on the extent to which previous recommendations have been included in the programme. Equally, the programme should contain a short section outlining the ex ante evaluation process, main conclusions and the extent to which recommendations have been incorporated

3.9 QUALITY OF THE EVALUATION

The Commission invites the competent authorities to assure the quality of the ex ante evaluation. The Guide to the Evaluation of Socio-Economic Development (www.evaled.info) provides quality criteria for both the evaluation report and the evaluation process which may be useful. The quality criteria are listed in Box 3.2 below.

While the quality criteria for the evaluation report guide a judgement on the quality of the final product, the quality criteria for the process provide a useful checklist for the authorities responsible for the ex ante evaluation, in listing the different aspects of good management of an evaluation process. Their use can help to build evaluation capacity within administrations, particularly for those with limited experience of managing evaluations.

3.10 FORWARDING THE EVALUATION TO THE COMMISSION

The ex ante evaluation should be forwarded to the Commission with the Operational Programme.

3.11 PUBLICATION

It is good practice to publish evaluation reports, in the interests of transparency and the stimulation of public debate on evaluation findings. The Council Regulation (EC) 1083/2006 requires that the results of the evaluation are published (Article 47(4)). The easiest way to do this is to place the entire evaluation report on the website of the Operational Programme or Managing Authority.

Box 3.3: Quality Criteria

Box 3.3: Quality Criteria	
Quality of the Evaluation Report	Quality of the Evaluation Process
(1) Meeting Needs: The evaluation report adequately addresses the requests for information formulated by the commissioners and corresponds to the terms of reference.	(1) Coherent objectives and programme: The programme objectives were coherent and the programme was able to be evaluated.
(2) Relevant scope: The rationale of the programme, its outputs, results, impacts, interactions with other policies and unexpected effects have been carefully studied.	(2) Adequate Terms of Reference: The Terms of Reference were well drawn up and proved useful and did not need to be revised.
(3) Open process: The interested parties – both the partners of the programme and the other stakeholders – have been involved in the design of the evaluation and in the discussion of the results in order to take into account their different points of view.	(3) Tender selection: This was well conducted and the chosen tenderer was able to undertake the evaluation to a good standard.
(4) Defensible design: The design of the evaluation was appropriate and adequate for obtaining the results (within their limits of validity) needed to answer the main evaluative questions.	(4) Effective dialogue and feedback: An inclusive forum and process was created that provided feedback and dialogue opportunities with commissioners and managers that improved the quality of the evaluation.
(5) Reliable data: The primary and secondary data collected or selected are suitable and reliable in terms of the expected use.	(5) Adequate information: Required monitoring and data systems existed and were made available/ accessed by administrations and partners.
(6) Sound analysis: Quantitative and qualitative data were analysed in accordance with established conventions, and in ways appropriate to answer the evaluation questions correctly	(6) Good management: The evaluation team was well-managed and supported by programme managers.
(7) Credible results: The results are logical and justified by the analysis of data and by suitable interpretations and hypotheses.	(7) Effective dissemination to commissioners: The reports/outputs of the evaluation were disseminated to commissioners including steering committee members and programme managements who responded appropriately with timely feedback/comments.
(8) Impartial conclusions: The conclusions are justified and unbiased.	(8) Effective dissemination to stakeholders: The reports/outputs of the evaluation were suitably disseminated to all stakeholders and where necessary targeted in ways that supported learning lessons.
(9) Clear report: The report describes the context and goal, as well as the organisation and results of the programme in such a way that the information provided is easily understood.	
(10) Useful recommendations: The report provides recommendations that are useful to stakeholders and are detailed enough to be implemented.	

ANNEX 1: EX ANTE EVALUATION AT NATIONAL OR MACRO REGION LEVEL

Although there is no legal requirement to do so, the Commission strongly recommends that countries with extensive Convergence Objective regions (Member States with access to the Cohesion Fund and macro regions such as the Mezzogiorno in Italy and Eastern Germany) should undertake an ex ante evaluation either of the national plan (if such a plan is to be prepared) or the National Strategic Reference Framework.

In general, the key components of such an ex ante evaluation will be those as outlined in Part Two of this Working Paper. However, there are three areas where some additional evaluation work should be undertaken. The first two of these relate to the evaluation of impact and expand on the content proposed under point 2.4 in Part Two of this working paper. The last relates to the evaluation of implementation systems, identifying specific issues of concern at the national or macro region level.

1. CONTRIBUTION TO COMMUNITY STRATEGIC PRIORITIES ON COHESION

In the evaluation of impact, the ex ante evaluation of the National Strategic Reference Framework should evaluate its likely impact on the Community strategic priorities which are outlined in the Community Strategic Guidelines. This analysis should highlight current disparities (baselines) and the likely impact of Structural and Cohesion Fund programmes on these disparities. The ex ante evaluation should examine the economic, social and environmental aspects of the strategy and the inter-relationships between these three dimensions.

2. MACRO-ECONOMIC MODELLING

Community intervention is likely to bring about significant effects on the economy as a whole, especially in countries and regions where the scale of the transfers represents a significant share of their GDP or national investment. In these cases, only macro-economic modelling can simulate the complex interdependencies between economic variables at the macro-economic level for the ex ante evaluation of the macro-economic impact of major Convergence Objective Plans or Frameworks. The model should feature both a demand side and a supply side.

The supply side of the model should include the principal determinants of the productive potential of an economy. In particular, the impact of Structural and Cohesion Fund interventions in areas such as infrastructure, human capital, research and development and productive investment should be given particular attention. Furthermore, the actual use of productive potential in terms of outputs and prices should be defined. The supply side of the model should also take account of the potential impact of foreign direct investment. For the demand side, the behavioural equations for private consumption, private investment and government expenditure as well as exports and imports should be specified.

In order to estimate employment effects, the model should also include a labour market equation, featuring labour demand and supply or, alternatively, a wage equation. The relation between wages and employment and the influence on the labour force of migration, qualification of the workforce and participation should be explicitly defined.

The government sector should include a breakdown between different types of public investments according to their expected impact on potential growth and on improving the

supply side of the economy. Productive investments, such as infrastructure, research and development, training and education, should be distinguished from public purchases of goods and services.

The EC co-financing of broad Structural and Cohesion Fund categories should also be identified. Assuming different additionality scenarios of public expenditure, it should be capable of highlighting the specific contribution of Structural and Cohesion Funds. The modelling work should allow a comparison between a situation of national funding alone as well as of EC funding and national funding together, both excluding private co-financing. In addition, the model should contain a government budget constraint and a specification of transfers to and from the EC so that the opportunity costs of public spending can be fully taken into account (i.e., the effects of alternative uses of EU and national funds).

Finally, the sensitivity of results to changes in Structural and Cohesion Fund spending and in economic policy should be demonstrated. As regards the monetary policy regime, the underlying hypotheses must be coherent with exchange rate and interest rate policies in particular for those countries that have not yet adopted the euro.

To summarise, the following should be taken into account:

- A macro-economic model should be used which is composed of a demand side and a supply side, the latter reflecting the main ways in which Structural and Cohesion Fund interventions in areas such as infrastructure, human capital, research and development, and productive investment can trigger significant externalities;
- The main variables to be explained by the model are GDP, investment, employment, wages, prices, public budget balance, imports and exports;
- The model should vary the assumptions on additionality for at least the following scenarios: National funding alone and EC and national funding together;
- The opportunity costs of public spending should be considered, i.e., the effects of alternative ways of spending EC and national funds; and
- The sensitivity of results to changes in Structural and Cohesion Fund spending and in economic policy should be demonstrated.

3. IMPLEMENTATION SYSTEMS

The National Strategic Reference Framework for the Convergence Objective contains a number of specific elements in relation to implementation systems which should be evaluated in an ex ante evaluation at this level:

- The mechanisms for ensuring co-ordination between the Operational Programmes and the Funds should be assessed, including an appraisal of risk – possible bottlenecks which might impede implementation of the Structural and Cohesion Funds and recommendations for preventive actions;
- The action proposed for reinforcing the Member State's administrative efficiency should be evaluated; and
- The evaluation plan should also be assessed.

These elements of the National Strategic Reference Framework should be evaluated, based on previous experience, and recommendations should be made for any improvements to the Framework which would enhance the quality of programmes and their implementation.

ANNEX 2: EX ANTE EVALUATION AND PROGRAMMES CO-FINANCED BY THE EUROPEAN SOCIAL FUND (ESF)

The general outline for an ex ante of an ESF programme is presented in the General Part of this Working Paper (Part 1-3). However, there are some specific human resource aspects that need to be taken on board in an ex-ante evaluation of an ESF programme. They will be further developed in this Annex and are related to :

1. Appraisal of the socio-economic analysis and the relevance of the strategy to the needs identified
2. Assessment of the rationale of the strategy and its consistency
3. Assessment of Coherence of the proposed ESF strategy with regional, national and Community Strategic Guidelines

1. Appraisal of the socio-economic analysis and the relevance of the strategy to the needs identified

This appraisal should start with a general SWOT analysis of the human resource situation followed by more detailed analysis by policy field mentioned in the ESF Regulation Article 3. This appraisal should use the analysis for the national reform programs (National Action Plans for employment and social inclusion) as a reference framework and be forward looking. The analysis should cover at the very least the following issues:

- *Identification of most important needs and major trends on the labour market (adaptability of the labour market, access to employment for everyone, social inclusion, enhancement of human capital, networking of relevant stakeholders and within the convergence objective also investment in human capital and strengthening institutional capacity),*
- *Identification of the underlying (assumed) causes of disparities*
- *Inventory of alternative actions in relation to the most important needs,*
- *External analysis of risks and opportunities,*
- *Internal analysis of strengths and weaknesses*
- *Identification of policy areas and specific policies to which ESF support can bring a significant effect taking particular account of the most serious problems at local, regional and national level,*
- *Assessment of which experiences, outcome, results and impact for the programming period 2000-2006 should be taken on board.*
-

2. Assessment of the Rational of the Strategy and its Consistency

The ESF Regulation emphasises that ESF resources are targeted at the most important needs in order to bring about significant effects (concentration). Actions must promote the Lisbon objectives, priorities and targets in each Member State within the framework of the national reform programmes and national actions plans for social inclusion. Member State must also concentrate support on the implementation of the country specific recommendations agreed at EU level. In this context, the ex ante evaluation should address the following issues:

- The *financial weight* of each policy field in relation to the most important needs identified and the recommendations in the National Action Plans (NAPs) for employment and social inclusion, in order to assess the part of the NAPs that will be sustained by structural funds (concentration logic);
 - The importance and relevance of *co-financing national policies* (leverage effects, effects on systems and structures, feasibility and side effects ...);
 - Assessment of how far the intervention could contribute to the Lisbon targets for the EES and the inclusion strategy (intervention logic);
 - Assessment of the balance between curative and preventive approaches; and
 - Assessment of how the Member State will ensure adequate translation of principles stated in the ESF regulation such as partnership, gender equality and gender mainstreaming, transnational co-operation and innovative actions.
 -
- 3. Assessment of Coherence of the Strategy with Regional, National and Community Strategic Guidelines**

This assessment of coherence should be based on a comparison between planned co-financed interventions and other national/regional actions pursuing more or less the same objectives.

- A. *Assessment of Coherence with the three Human Resource Priority Areas of the Community Strategic Guidelines***
1. Assess the extent to which the programme will contribute to attract and retain more people in employment and modernisation of the social protection systems and
 - contribute to achieving full employment, improving quality and productivity at work and strengthening social and territorial cohesion?
 - promote a lifecycle approach to work?
 - ensure inclusive labour markets for jobseekers and disadvantaged people?
 - improve matching of labour market needs?
 2. Assess the extent to which the programme will contribute to improve adaptability of workers and enterprises and the flexibility of the labour market and:
 - to what extent will the programme promote flexibility combined with employment security and reduce labour market segmentation?
 - what policies are foreseen to ensure employment-friendly wage and other labour cost development?
 3. Assess the extent to which the programme will increase investment in human capital through better education and skills
 - will expand and improve investment in human capital?
 - will adapt education and training systems to respond to new competence requirements?

B. Coherence with Human Resource Aspects of the Other Community Strategic Guidelines

To what extent will the programme contribute to the other following priorities:

- Maintaining a healthy labour force,
- Increasing and improving investment in RTD,
- Facilitating innovation and promoting of entrepreneurship,
- Promoting an information society for all,
- Cities contributing to growth and jobs,
- Cross-border, trans-national and interregional cooperation.

ANNEX 3: EX ANTE EVALUATION AND THE STRATEGIC ENVIRONMENTAL ASSESSMENT

1. Legal Basis

Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment (the Strategic Environmental Assessment (SEA) Directive) was adopted in July 2001 and has had to be applied in the Member States since 21 July 2004. It requires a wide range of plans and programmes to undergo an environmental assessment before they are adopted.

This Annex explains the objectives and purposes of SEA and provides guidance on its use for the appraisal of the environmental impact of Structural and Cohesion Fund Operational Programmes. For more in-depth information on the Directive, [the Commission's Guidance on the 'Implementation of Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment'](#) can be consulted⁷.

2. Applying the SEA Directive to programmes under the Structural and Cohesion Fund Regulations

The purpose of the SEA Directive is to 'provide for a high level of protection of the environment and to contribute to the integration of environmental considerations into the preparation and adoption of plans and programmes with a view to promoting sustainable development.' It does this by requiring Member States to identify and assess their likely significant environmental effects during their preparation stage and before they are adopted.

The plans and programmes which fall within the scope of the Directive are those:

- (1) which are subject to preparation and/or adoption by an authority at national, regional or local level, or which are prepared by an authority for adoption, through a legislative procedure by Parliament or Government, and
- (2) which are required by legislative, regulatory or administrative provisions.

Plans and programmes co-financed by the European Community are treated under the SEA Directive in the same way as other plans and programmes.

SEA is automatically mandatory for two types of plans and programmes⁸, those:

- a) which are prepared for agriculture, forestry, fisheries, energy, industry, transport, waste management, water management, telecommunications, tourism, town and country planning or land use and which set the framework for future development consent for projects listed in Annexes I and II to Directive 85/337/EEC (the "Environmental Impact Assessment (EIA) Directive"); or
- b) which, in view of the likely effect on sites, have been determined to require an assessment pursuant to Article 6 or 7 of Directive 92/43/EEC (Habitats Directive).

⁷ <http://www.europa.eu.int/comm/environment/eia/home.htm>.

⁸ Article 3(2) of the SEA Directive

If programmes are not covered by Article 3(2), quoted above, environmental authorities in Member States must screen them to determine if they are likely to have significant environmental effects. In reality, it is likely that most Operational Programmes co-financed by the European Regional Development and Cohesion Funds will require a Strategic Environmental Assessment. It is also likely that most Operational Programmes co-financed by the European Social Fund will not, but they will still need to be screened by the relevant environmental authorities to clarify this point.

It is the responsibility of Member States to decide how best to meet the requirements of the SEA Directive in relation to the Operational Programmes co-financed by the Structural and Cohesion Funds. Established procedures for SEA can be used or the Member State can decide to incorporate the SEA into the ex ante evaluation process. Operational Programmes will record the results of the SEA, while the ex ante evaluation should assess how the outcomes of the SEA Directive have been taken into account in the Operational Programme (see point 2.3 of this Working Paper).

3. Main elements of the SEA

The main steps in environmental assessment required by the SEA Directive are outlined below. Most of these steps will be the responsibility of those who are preparing the Operational Programmes. Depending on the approach taken in the Member State, ex ante evaluators for Operational Programmes may be asked to prepare the environmental report, facilitate consultations or make recommendations on how the results of the report and/or consultations should be reflected in the Programme.

Scoping of the environmental report

Before drafting the report, environmental authorities must be consulted to determine the scope and level of detail of the information to be included in the report. As regards Structural and Cohesion Fund programmes, this scoping is the responsibility of those drawing up the programme. If it is decided to undertake some or all of the work of the environmental assessment through the ex ante evaluation, the terms of reference for the ex ante evaluation will need to be developed to incorporate these details.

The preparation of the environmental report

The content of the Report is described in Annex I of the Directive. Member States may find it helpful to develop the environmental report and Operational Programmes in parallel. This will avoid creating subsequent delays and will help to produce a better plan or programme in which the environment is better integrated. Member States must ensure that environmental reports are of sufficient quality to meet the requirements of the Directive (Article 12(2)).

Consultations

The Directive requires that environmental authorities and the public must be consulted as part of the SEA process. Detailed arrangements for consultation are normally regulated by national legislation. Consultation is required in the following circumstances:

- In identifying programmes which require a SEA, the designated authorities with environmental responsibilities must be consulted. They must also be consulted when deciding on the scope and level of detail to be included in the Environmental Report.

- The draft programme and the Environmental Report must be made available to the environmental authorities and to the public. The environmental authorities and the public likely to be affected or with a particular interest in the environmental effects of implementing the programme must be given an early opportunity to express their opinions.
- Provision is also made for transboundary consultations with other EU Member States if their environment is likely to be significantly affected by the plan or programme. This issue is relevant for the new Territorial Co-operation Objective of the Structural Funds.

Taking account of the environmental report and the results of the consultations

The environmental report and the opinions received during the consultation process must be taken into account by the responsible authority during the preparation of the programme. Although the authority is not bound by the results of the environmental assessment, it may find it necessary to introduce amendments to the draft programme.

Notification of decision

The designated environmental authorities, the public (and any Member State consulted) must be informed of the adoption of the programme and certain additional information (including how environmental considerations and the results of consultation have been taken into account) must be made available to them.

Monitoring

Article 10 of the Directive requires that the significant environmental effects of the implementation of the programme should be monitored in order, *inter alia*, to identify unforeseen adverse effects, and to be able to undertake appropriate remedial actions. This will usually include the selection of appropriate indicators.

ANNEXE 4: TERRITORIAL DIMENSION WITHIN THE EX ANTE EVALUATION OF NSRF AND OPS

Background

- **Article 158 of the Treaty** aims to strengthen economic and social cohesion of the Enlarged Community and to encourage harmonious, **balanced and sustainable development** of the Community by the **reduction of disparities between the levels of development of the various regions** and the backwardness of the least favoured regions or islands, including rural areas. Similarly, its **Article 16** stipulates that "given the place occupied by **services of general economic interest** in the shared values of the Union as well as their role in promoting social and **territorial cohesion**, the Community and the Member States, each within their respective powers and within the scope of application of this Treaty, shall take care that such services operate on the basis of principles and conditions which enable them to fulfil their missions".
- The **Council Regulation (EC) No 1083/2006 of 11 July 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 retains in its explanatory memorandum the **need** "within the three objectives, both economic and social characteristics and **territorial characteristics to take into account in an appropriate fashion.**" (cf. point 10).

Article 27.-4 of the general Regulation stipulates explicitly that the strategic section of the national strategic reference framework shall specify:

- a) "an analysis of development disparities, weaknesses and potential";
- b) "the thematic and territorial priorities, including for urban development and the diversification of rural economies".

Concerning **operational programmes, Article 37.1 of general Regulation** lays out that they shall contain:

- a) " an analysis of the situation in terms of strengths and weaknesses and the strategy chosen in response";
- b) "a justification of the priorities chosen having regard to the Community Strategic Guidelines on cohesion, the national strategic reference framework, as well as the results from the ex ante evaluation referred to in Article 47.2".

Concerning the specific case of the programmes of the objective "regional competitiveness and employment", they shall include "a justification for the thematic, **geographical** and financial **concentration.**" (cf. *Article 37.3 of the general Regulation*).

- **Community strategic Guidelines** requested by Article 25 of the Regulation recall that one of the distinctive features of the cohesion policy is actually its **capacity to adapt to the needs and to the specific characteristics of the territories**, according to the problems or to the opportunities **resulting from their geographical situation**. Consequently, when Member States and regions draw up their programmes and concentrate their resources, they have particularly to take into account this territorial dimension in order to avoid that regional development inequalities compromise their

growth potential and to exploit all the existing competitiveness and productivity resources.

- Cohesion policy can also play a **key role in support of the economic regeneration of rural areas**, complementing the actions supported by the new rural development fund (European Agricultural Fund for Rural Development). The synergy between structural, employment and rural development policies needs to be encouraged. In this context, Member States should ensure complementarity and coherence between actions to be financed by the ERDF, Cohesion Fund, ESF, EFF and EAFRD on a given territory and in a given field of activity.

There is therefore a solid legal and political basis to take into consideration the territorial dimension of the regional policy on all its scope, especially as far as ex ante evaluation is concerned.

The methodology proposed

Considering current situation, it is proposed **to raise the profile of territorial cohesion** during the ex-ante evaluation phase within the NSRF and OPS 2007-2013, while complying with the regulatory requirements pointed out above.

It could be suggested to insert a "territorial cohesion" heading within NSRF or operational programmes' presentation as well as **to set out for each priority axis a specific paragraph entitled "Cohesion and Territorial Targeting"** and to include in each priority axis references to specific areas. This "mainstreaming" exercise could be handled by following the 5 stages presented in that annex.

As part of the presentation at the beginning of the programme:

- 1) It is highly recommended first of all to **identify which are exactly the specific characteristics and the territorial needs of the region** or the area concerned (either within NSRF or Ops, or both);
- 2) To check **the consistency of the strategy** regarding these needs and characteristics ;
- 3) **The quality and relevance of the implementation system** in this respect.

At the level of each priority, it will be advisable to appreciate:

- 4) The **relevance of each strategic priority option** in relation to identified needs;
- 5) **The expected impact of this option** on the identified needs.

Each one of these 5 stages is developed below in details. Of course, it will be appropriate to make **full application of the proportionality principle** i.e. to adapt analysis to the amount of the programme concerned.

1. Assessment of territorial aspects through the ex ante evaluation exercise : the 5 phases

The five stages are articulated in two **groups**:

- the three first should be developed at the beginning of the programme in the introductory or contextual part;
- the other two would be preferably located at the level of each strategic axis.

For this **first group**, within the presentation of the programme, it will be necessary:

1) To identify territorial specific characteristics and needs of the area under consideration

Key-questions are as follows:

- Are the specific characteristics of the examined territory subject to **identification and correctly taken into account** and to what extent: urban, rural dimensions? / Centre and peripheral concepts? / Constraints related to natural handicaps (insularity, insulation, mountainous solid masses)? / City networks? Clusters/ growth or competitiveness poles?
- Are **services of general economic interest sufficiently developed** in all parts of the area considered?
- Were the **socio-economic development imbalances** measured and clarified?
- Were **strengths and weaknesses/ opportunities and threats** (SWOT analysis) of the various sub-territories entering within the scope of the programme measured?
- Were all **potential local gains of productivity** identified?

2) To appreciate the consistency of the strategy in relation to the needs

It will be interesting here to see whether priorities are conflicting or mutually reinforcing i.e. to amplify or to offset spatial imbalances.

Regarding **internal consistency**, key points are as follows:

- Are strategic priorities likely to have one to the other diverging or even contradictory effects in relation to the identified territorial needs?
- If inconsistencies are identified, are they likely to undermine the global aim of territorial cohesion? Which measures are provided to reduce or to avoid these inconsistencies?

At the level of **external consistency**:

- Are the strategic guidelines coherent with existing national documents (NSRF, NRP)?
- And are they coherent with regulation's requirements related to mainstreaming of territorial dimension contained in the Community documents?
-

It is also Member States' role, in particular in rural areas, to show complementarities and consistency between actions financed by Structural and cohesion Funds and those financed by EAFRD. In relation to this aspect, it will be advisable to ask Member States to specify explicitly the respective eligibility criteria of the funds and the coordination mechanisms between the actions supported by different funds.

3) To assess the quality and relevance of the implementation system in relation to the identified territorial needs (cf. Article 37.1 g) of the general Regulation)

The experience drawn from the last programming period told us that the implementation system can more or less encourage the mainstreaming of territorial dimension.

Here are the key-questions which make it possible to check it:

- Is governance likely to reduce territorial imbalances and to optimise identified assets?
- Is partnership sufficiently developed to allow for an **application of a genuinely integrated approach**, in particular in rural areas? (*cf. Article 11 of general Regulation*)⁹
- Do **provisions concerning consultation and partners' association** appear sufficient to allow spatial dissemination of objectives and projects?
- Do evaluation procedures give rise to **systematic publications**, open on **public debates** and facilitate generally **appropriation of strategy**?

For this **second group** and at the level of each defined strategic axis, it will be appropriate:

4) To appreciate the relevance of each strategic priority in relation to the territorial needs.

It will be advisable at this level to check if:

- Identification of needs and specific characteristics is comprehensive;
- Strategic guidelines of the programme appear **sufficient** - at least partially - **to compensate mentioned deficits and to take advantage from territorial opportunities**?
- Do **allocated amounts appear adapted** to the importance of needs or opportunities?

It could be interesting in this respect that an indicative amount (in percentage or in euros) allocated to the territorial dimension will be provided to appreciate the reality of this mainstreaming on financial figures¹⁰.

5) The appraisal of expected impact in relation to the identified territorial needs

It will be useful to see on that issue if:

- An **analysis of the spatial impacts of the strategic guidelines** was led? And if so, with what consequences on the programme?
- Does programme appear to have **capacity to counterbalance the territorial imbalances of the area** under consideration?
- Is there a limited number of indicators and target figures relating to territorial aspects (at least 2 or 3)? (See suggestions below).

⁹ According to which " Member State shall organise, where appropriate and in accordance with current national rules and practices, a partnership with the authorities and bodies such as: a) the competent regional, local, urban and other public authorities; b) the economic and social partners; c) any other appropriate body."

¹⁰ An average percentage of 20% could be considered as a minimum without claiming the same earmarking as for Lisbon strategy itself.

It will be then possible to appraise the **likelihood of the programme to reduce or, on the contrary, to exacerbate regional development disparities.**

2. The proposed indicators (cf. article 37-1.c) of the new general regulation)

In order to **draw lessons from previous experience**, in particular the difficulty to inform systematically in a too large number of indicators, it could be possible to stand on **3 basic hypotheses**:

- It is sound to refer only to standardised and updated data which are fully available i.e. from EUROSTAT or ORATE sources in order to keep only indicators that could be filled in for sure;
- Such data should be consider at **NUTS level II**, unless NUTS III data are available;
- In order to facilitate the task of the Management Authorities, it could be planned to **offer them a minimum database to the Member States** (such databases are already available within DG REGIO).

A set of **6 basic indicators** is proposed, which should be convenient for most situations:

- **4 indicators on Eurostat basis:**

- **dispersion of regional GDP per head** (measured standard or average deviation);
- **regional dispersion of employment and unemployment rates for the 15-64 years** (measured standard or average deviation);
- **dispersion on the part of the 25-34 with a low qualification level** and its dynamic development (measured by standard deviation or average deviation);
- **dispersion of R&D expenditure** (measured standard or average deviation).

- **2 indicators on ESPON-ORATE basis:**

- **potential accessibility¹¹**;
- **connectivity** (in transport time by mean of transport).

¹¹ Accessibility is defined as the measure of the capacity of a location to be reached by, or to reach different locations.

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