Inception report

Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and Cohesion Fund (CF) – Work Package 3: Financial instruments for enterprise support

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Submitted by:
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Foreword

This Inception Report is the first deliverable for the ‘Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and Cohesion Fund (CF) – Work Package Three: Financial instruments for enterprise support’. The tender for this study was launched by DG General Regional and Urban Policy to evaluate the costs and benefits of the different financial instruments and compare them with alternative enterprise support instruments such as grants, business advice and guarantee schemes. The overall objective is to increase transparency on Cohesion Policy achievements and improve programmes in the 2014-2020 programming period. The tender was awarded in August 2014 to a consortium of three companies: t33 (lead partner), EPRC, and Metis GmbH.

The kick-off meeting was held in August 2014 and the first phase focused on setting up the study, specifically on preparing the inception report. The methodology and activities envisaged in the technical offer have been reviewed based on input from DG REGIO and the Steering Group. The next deliverable will be the first intermediate report, presenting the results for Task 1 and Task 2 (December 2014).

This report briefly illustrates the background to the study, then details task activities and the work organisation, including the time schedule, as well as measures to ensure the quality of deliverables.

This report has been prepared by t33, EPRC, and Metis GmbH.
1. Understanding the tasks

1.1 Rationale of the study

The overall aim of the study is to assess the rationale, implementation and early evidence of effectiveness of financial instruments. The evaluation will examine the extent to which the resources were used, the early evidence of effectiveness and socioeconomic impact. In addition, and of major importance for future learning, it will identify the factors contributing to the success or failure of programmes and seek to identify good practice and, crucially, the conditions under which such practice is transferable.

The remit for the present study as set out in the tender documents reflects an important shift in the approach to outcomes under the 2014-20 European Structural and Investment Funds (ESIF). This poses particular challenges in undertaking the study: the evaluation approach specified in the tender is grounded in theory-based evaluation, which flows logically from interventions based on theories of change, but this ‘intervention logic’ was, in many cases, absent from the 2007-13 programmes. As a result, an important element of the case studies, in particular, but also in the analysis of existing studies identified in the literature review, will be the identification and appraisal of the theory of change implicit in policy design.

This analysis is arguably made more complex by the presence of ‘parallel’ motivations for the use of financial instruments in 2007-13. Besides the motivations cited by the Commission, notably efficiency, leverage and sustainability, and rationales related to access to finance, which will have been identified in the Operational Programmes, Managing Authorities may also have been influenced by the enthusiasm of the Commission for financial instruments and by their ability rapidly to absorb funds to at least delay the prospect of de-commitment.

1.2 Tasks and required outcomes

In order to reach the required objectives, the contractor will have to perform three major interlinked tasks:

- A stock-taking exercise
- A review of the literature
- Case studies of selected OPs / FIs in nine countries

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2 Prof Danuta Hübner (November 2010) EU Perspective on today’s regional policy and the relevance of financial engineering instruments, Speech at Conference on JEREMIE and JESSICA: Towards successful implementation, 29-30 November 2010, Brussels.
3 A practice which was in evidence from early on in the current period – see Michie R and Wishlade F (2011) ‘Between Scylla and Charybdis: Navigating FIs through Structural Fund and State Aid requirements’, IQ-Net Thematic Paper No. 29(2), European Policies Research Centre, University of Strathclyde, Glasgow.
These tasks will be complemented by a seminar which will engage a range of stakeholders, together with those involved in the study and the advisory board. At this point, a description of the entire workload is provided at an aggregate level (while individual tasks, including management and reporting, are elaborated in the following methodological section).

The contractor will start with identifying and examining all ERDF programmes that have adopted FIs for enterprise support. The exercise will cover the 12 Member States accounting for most of FIs expenditure in 2007-2013 (task 1). The analysis will outline the rationale underlying FIs, the main forms/packages of support offered, as well as the management and implementation mechanisms. After having quantified the support provided to enterprises, the task will collect available information on effectiveness of the schemes.

The information on each FI will be complemented by taking brief stock of the private markets for financial products operating in the programme areas. Additionally, it will be cross-checked with the data reported by Member States to DG REGIO (2012 summary data on FIs, published beneficiary data, results of the ex post evaluation work package 0). Based on this work, nine OPs will be proposed for case studies, ensuring representativeness of the different FI schemes and including significant or interesting FIs.

Before case studies can commence, the contractor will also examine the existing literature on publicly funded FIs (task 2). The review will identify and make explicit the theory of change and contribution stories in the literature, distinguishing by type of instrument (equity, venture capital, loans or guarantees). Task 2 will also examine private sector FIs and their relationship to public sector support, especially in the relevant countries.

At this point, the contractor will carry out case studies of FIs supported by ERDF programmes in nine of the relevant countries, which constitutes the core of the evaluation (task 3). These will take an in-depth assessment of the goals and the theory of change of the relevant schemes, their management and implementation arrangements, and the related costs and outcomes. Examination of how the scheme is run should also cover portfolio management and the set up in terms of monitoring and evaluation. Based on evidence on implementation, costs and outcomes, the case studies will also draw preliminary conclusions on the optimum scale of the schemes, the effects on the equity/venture capital market in the programme area (including sustainability), as well as good practices. Although all case studies will run in parallel, two programmes will be submitted earlier to allow for modifications (if needed) in the approaches to the other case studies.

After that, the contractor will organise a seminar with representatives of the Managing Authorities of the nine case study programmes, external experts (including those advising on this evaluation) and Commission officials (task 4) to discuss and deepen analysis on the emerging findings of the evaluation. Write up of the event will be used to consolidate the findings into the final deliverables.
2. **Methodological approach**

The three core elements of the study – stocktaking, literature survey and case studies – are designed to be both complementary and symbiotic, providing quantitative and qualitative dimensions as well as the capacity to test empirically the principles suggested by the existing literature and the scope to enrich that literature. The final element of the work – the seminar - will bring together those responsible for the study with representatives of the MAs, Commission officials and experts in the fields of theory-based evaluation and financial instruments (on whose expertise the study will draw from the outset).

Reflecting the requirements of the tender specification, the overall methodology for the project will be grounded in theory-based evaluation, using, among other sources, recent guidance issued by the Commission and in particular the work of Leeuw, Vanclay and Gaffey.\(^4\) Theory-based evaluation provides the opportunity to develop a detailed analysis of an intervention and its effects. Moreover, the outputs from such an approach provide a narrative that facilitates an understanding of what works, why and in what context. Nevertheless, this approach poses particular challenges to the evaluators, notably those conducting the case studies, since it involves evaluating interventions according to logics that may not have been explicit at the programme or policy design stage. This is in turn implies the need to identify the theory of change implicit in the underpinnings of policy interventions, even if no such objectives are made explicit.

Theory-based evaluation has the potential to offer important insights into the impact of policy. According to Carol Weiss, one of the early proponents of theory of change, by focussing on the “micro steps that lead from inputs to outcomes, the causal attribution for all practical purposes seems to be within reach”.\(^5\) Such fine-grained analysis coupled with a narrative or ‘performance story’ as suggested by Vanclay\(^6\) can yield significant information resulting in lessons that can readily be fed back into programme design and implementation. Whilst this is challenging, it enables a reflection on the following issues:

- What changes are achieved, how and for whom?
- In what ways do outcomes differ between different contexts and why?
- What are the unexpected outcomes?
- What lessons can be learned?
- In what ways should the theory of change be revised?

\(^4\) See Chapter 1 for full references of the documents.


The figure below summarises the overall methodology of the evaluation (excluding the ‘Meetings and other deliverables’ and the ‘Overall management and coordination’ tasks).

**Figure 1: Overall methodology (Tasks 1 to 4)**

**TASK 1: Taking stock and selection of cases**
- Design of the tool kit
- First draft of the tool kit
- Presentation to & validation by the national experts
- 10 pilot cases in 5 MS
- Final tool kit
- Desk review
- Validation and analysis
- Case studies selection

**TASK 2: Literature Review**
- Literature review
- Document analysis
- Field research
- Reporting of case studies

**TASK 3: Case Studies**
- DG REGIO data (FI summary, Infoview)
- First draft of the tool kit
- Presentation to & validation by the national experts
- 2 pilot case studies

**TASK 4: Seminar and final report**
- Preparation and implementation
- Follow up and final reporting

*Source: consortium*
2.1 Task 1: Taking stock of support, selecting case studies

Background

Under task 1, the contractor examines all ERDF programmes in the 12 relevant Member States to identify and collect data on the main FI schemes for enterprise support. This is carried out through desk research and serves two main purposes. On the one hand, it takes stock of FI support in those countries, so the 12 country reports can be annexed to the final evaluation report. On the other hand, the resultant information and data is used to select nine programmes for in-depth analysis in the case studies under task 3.

The overall methodological approach for this task is presented in the figure below:

Figure 2: Methodological approach for task 1

Information collection approach

This task starts with the core team preparing the toolkit (Act 1.a Design of the toolkit\(^7\)) to guide the national experts. The toolkit provides guidance and tools to

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\(^7\) See section 3.2 for the full list of the evaluation activities.
collect and analyse the data, as well as to report on the evaluation. A description of the draft structure of the toolkit and its development process is given in Box 1.

**Box 1: Draft description of the toolkit**

The toolkit will be developed under Act 1.a, Act 2.a, and Act 3.a and include:

1. *Introduction*, with a clear description of the objectives and the scope of the study, as well as the issues to be covered under the different tasks;
2. *Guidance document for the desk review* under task 1;
3. *Excel spreadsheets* to report data under task 1. These will be pre-filled with data on progress in financing and implementing FIs co-financed by the structural funds as communicated to DG REGIO;
4. *Letter of presentation* to the authorities responsible for the case study programmes (task 3);
5. *Guidance document on how to carry out the literature review* (Word document);
6. *Literature review template* (Word document), for reporting results of the national literature review (task 2);
7. *Guidance document for the case studies*, including objectives, methodological and practical issues, interview guides and a grid of interview partners to be contacted;
8. *Case study template* (Word document), for reporting results of the case studies (task 3);
9. *Country reporting template* (Word document), providing the structure for Member State reports and guidance on the information and analysis to be included in the report for each Member State;
10. *Reference documents*, providing more detailed indications to follow, as well as definitions and information to consider.

The core team will prepare the first draft of the toolkit based on information available from DG REGIO. This will take into account the structure of FI programme information e.g. in Annual Implementation Reports (AIRs), with which the core team is already familiar. The toolkit for the case studies will be presented to national experts in a team meeting, most probably in Brussels, to ensure their full understanding and to provide an opportunity for any clarification they require. Additionally, input from the national experts ensure the focus and coverage of the toolkit. The draft toolkit will be verified through: (a) pilot stocktaking exercises, covering 10 programmes in five Member States (task 1); (b) pilot case studies on two OPs under task 3. Pilot programmes will be chosen by the core team in agreement with the Commission. Feed-back from this exercise will allow any shortcomings in the toolkit to be rectified before the main work starts.

*Source: consortium*
Some sections of the toolkit will cover the whole evaluation while some documents and tools will be for certain tasks. For task 1, the toolkit will offer guidance on desk research of programme documentation, including sources, specific data to be considered and reporting. The tool-kit will also provide templates for reporting on the review of FI. These will be pre-filled with individual FI finance and implementation data communicated by the MAs to DG REGIO.

As reference documents for task 1, the tool-kit will provide a list of FI specific or technical terms with related definitions to ensure clear and consistent understanding of the relevant concepts and data.

Requirements for the task will be communicated to the national experts and further clarified by email / phone call, to ensure common understanding of the analysis and the expected output. Contacts between the national experts and the core team should also ensure that any national specifics are included in the tool-kit.

Based on guidance in the toolkit, national experts will carry out a desk review of each OP providing enterprise support through FIs in the 12 countries (Act 1.b Desk review). The experts will focus on:

- OP documents;
- AIRs;
- Funding agreements setting out the terms and conditions for contributions from OPs to FIs;
- Business plans submitted by the FI.

It is generally compulsory to publish the above documentation but national experts will contact the MA whenever these are not publicly available. The consultants are aware that some of the documents to be analysed - funding agreements and business plans in particular - will be confidential, especially at the level between holding fund and financial intermediary. In this case, the consultants will verify if the documents can be shared under a confidentiality agreement ensuring that the data will only be used for aggregate analysis for the purpose of the evaluation. Additionally, although the team will analyse funding agreements and business plans whenever possible, the information sought is expected to be available also from the other OP and FI documents in most cases.

Task 1 covers various aspects of the FI schemes co-funded by the ERDF programmes. The consultants identified data to be collected for each FI and conducted a preliminary review of the feasibility of gathering the information by analysing the relevant OP and FI documents. This is detailed in the following table, organised on the basis of the tender specifications, along with the relevant data type.

Apart from the EC summary of data on FIs, there is currently no structured and comprehensive evidence at the EU level for the individual FI schemes. This means that stock-taking will be to some extent an exploratory exercise to understand the accessibility of ERDF co-funded FIs information. This also implies that even where availability of the specific data has been preliminarily assessed as sufficient, it is impossible at this stage to guarantee the completeness of the final dataset. Nevertheless, the information to be collected has been selected on the basis of its explanatory value and comparability between FIs. This, together with the expected
coverage of the data, should ensure that the exercise will shed light on ERDF co-funded schemes and provide input for the rest of the evaluation.

The proposed dataset covers the requirements. However preliminary analysis on the basis of the pilot OPs revealed that some information is unlikely to be available for all FIs in a sufficiently harmonised format. In some cases the consultants have identified other data which could be gathered more easily and which could be used to generate the information required. For example, information on returns to funds is not always available, but can be estimated by combining data on the maximum amount invested in individual recipients, e.g. maximum loan amount, and the number of recipients supported. In other cases the expected low quality of data led to its exclusion from the checklist; one such example is time taken for selection of the fund manager.
Table 1: Stock taking dataset

<table>
<thead>
<tr>
<th>Category</th>
<th>Data</th>
<th>Type</th>
<th>Availability</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification</td>
<td>FI ID</td>
<td>Number</td>
<td>✓</td>
<td>Pre-filled with EC data</td>
</tr>
<tr>
<td>Identification</td>
<td>Operational Programme(s)</td>
<td>CCI code</td>
<td>✓</td>
<td>Pre-filled with EC data</td>
</tr>
<tr>
<td>Identification</td>
<td>FI name</td>
<td>Text</td>
<td>✓</td>
<td>Pre-filled with EC data</td>
</tr>
<tr>
<td>Identification</td>
<td>Set up year</td>
<td>Year</td>
<td>✓</td>
<td>Pre-filled with EC data</td>
</tr>
<tr>
<td>Rationale and types of business</td>
<td>Rationale (intervention in financial markets)</td>
<td>Text</td>
<td>✓</td>
<td>E.g. Relieve the credit rationing, under-developed financial market, reduce the risk of investing and innovating, lack of capital for business start-ups.</td>
</tr>
<tr>
<td>Rationale and types of business</td>
<td>Rationale (reasons to use instead of grants)</td>
<td>Text</td>
<td>✓</td>
<td>Revolving nature, capacity to attract private resources, effective use of funding, specialised business advice</td>
</tr>
<tr>
<td>Rationale and types of business</td>
<td>Rationale (other)</td>
<td>Text</td>
<td>✓</td>
<td>E.g. Provisions promoting horizontal objectives.</td>
</tr>
<tr>
<td>Rationale and types of business</td>
<td>Type of investment</td>
<td>Text</td>
<td>✓</td>
<td>E.g. Innovation, R&amp;D, environment.</td>
</tr>
<tr>
<td>Rationale and types of business</td>
<td>Size of business targeted</td>
<td>Options</td>
<td>✓</td>
<td>Options: large, SMEs, micro enterprises, individuals.</td>
</tr>
<tr>
<td>Rationale and types of business</td>
<td>Sector of business targeted</td>
<td>Text</td>
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<td>Indicate the most important business sectors targeted (if any).</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Type of FI</td>
<td>Options</td>
<td>✓</td>
<td>Pre-filled with EC data. Options: HF, SF with HF, SF no HF.</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Products offered</td>
<td>Options</td>
<td>✓</td>
<td>Pre-filled with EC data. Options: loans, guarantees, venture capital, other products.</td>
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<tr>
<td>Forms/packages of support</td>
<td>Combination with grants</td>
<td>Text</td>
<td>?</td>
<td>Please indicate if the FI is offered in combination with grants.</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Non-financial support provided</td>
<td>Text</td>
<td>✓</td>
<td>E.g. advice, management support, networking.</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>State aid</td>
<td>Text</td>
<td>?</td>
<td>No aid, de minimis, GBER, notified</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Loan seniority</td>
<td>Text</td>
<td>?</td>
<td>Loan-specific</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Interest rate subsidy</td>
<td>Y/N</td>
<td>✓</td>
<td>Loan-specific</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Max loan amount as a share of eligible investment</td>
<td>Percentage</td>
<td>?</td>
<td>Loan-specific</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Min investment amount</td>
<td>Currency</td>
<td>✓</td>
<td>Loan-specific</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Max investment amount</td>
<td>Currency</td>
<td>✓</td>
<td>Loan-specific</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Min length of repayment plan (years)</td>
<td>Year</td>
<td>✓</td>
<td>Loan-specific</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Max length of repayment plan (years)</td>
<td>Year</td>
<td>✓</td>
<td>Loan-specific</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Participating loans</td>
<td>Y/N</td>
<td>?</td>
<td>Loan-specific</td>
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</table>

For FIs with less than EUR 1 million of OP contributions paid/committed, only sections ‘Identification’, ‘Rationale and types of business’ and ‘Forms/packages of support’ will be completed.
<table>
<thead>
<tr>
<th>Category</th>
<th>Data</th>
<th>Type</th>
<th>Availability</th>
<th>Comments</th>
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<td>Forms/packages of support</td>
<td>Max % of OP guarantee as a share of loans</td>
<td>Percentage</td>
<td>√</td>
<td>Guarantee-specific</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Max amount guaranteed</td>
<td>Currency</td>
<td>√</td>
<td>Guarantee-specific</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Guarantee fee subsidies</td>
<td>Y/N</td>
<td>√</td>
<td>Guarantee-specific</td>
</tr>
<tr>
<td>Forms/packages of support</td>
<td>Type of VC</td>
<td>Text</td>
<td>√</td>
<td>Venture capital-specific, e.g. Seed, start-up, expansion.</td>
</tr>
<tr>
<td>Management and operational structure</td>
<td>Fund manager name</td>
<td>Text</td>
<td>√</td>
<td>Pre-filled with EC data</td>
</tr>
<tr>
<td>Management and operational structure</td>
<td>Fund manager ownership</td>
<td>Text</td>
<td>√</td>
<td>Description, including public shareholders, business representative bodies, etc.</td>
</tr>
<tr>
<td>Management and operational structure</td>
<td>Fund manager scale of operations</td>
<td>Text</td>
<td>√</td>
<td>Description, if the fund manager is operating mainly at regional or national level.</td>
</tr>
<tr>
<td>Management and operational structure</td>
<td>Promotional activities carried out</td>
<td>Text</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Management and operational structure</td>
<td>Criteria used for project selection</td>
<td>Text</td>
<td>√</td>
<td></td>
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<tr>
<td>Management and operational structure</td>
<td>Exit strategy</td>
<td>Text</td>
<td>?</td>
<td>Venture capital-specific</td>
</tr>
<tr>
<td>Management and operational structure</td>
<td>Information on losses</td>
<td>Text</td>
<td>?</td>
<td></td>
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<tr>
<td>Quantification of support</td>
<td>OP/SF contributions paid/committed to the FI</td>
<td>Currency</td>
<td>√</td>
<td>Pre-filled with EC data</td>
</tr>
<tr>
<td>Quantification of support</td>
<td>OP/SF contributions invested in final recipients</td>
<td>Currency</td>
<td>√</td>
<td>Pre-filled with EC data</td>
</tr>
<tr>
<td>Quantification of support</td>
<td>Number of final recipients supported</td>
<td>Number</td>
<td>√</td>
<td>Pre-filled with EC data: total, large, SMEs, micro enterprises, individuals.</td>
</tr>
<tr>
<td>Quantification of support</td>
<td>Number of supported start-ups</td>
<td>Number</td>
<td>√</td>
<td>Pre-filled with EC data, ‘out of which’.</td>
</tr>
<tr>
<td>Effectiveness and final outcomes</td>
<td>National private co-financing as part of OP</td>
<td>Currency</td>
<td>√</td>
<td>Pre-filled with EC data</td>
</tr>
<tr>
<td>Effectiveness and final outcomes</td>
<td>Amounts of national private/public resources contributed outside of OP</td>
<td>Text</td>
<td>?</td>
<td></td>
</tr>
<tr>
<td>Effectiveness and final outcomes</td>
<td>Jobs created</td>
<td>Number</td>
<td>√</td>
<td>Pre-filled with EC data (definition aligned with core indicator n°1 for ERDF Ops).</td>
</tr>
<tr>
<td>Effectiveness and final outcomes</td>
<td>Other effectiveness indicators</td>
<td>Text</td>
<td>√</td>
<td>E.g. productivity indicators (gross output or value added)</td>
</tr>
<tr>
<td>Other</td>
<td>Significant or interesting aspects</td>
<td>Text</td>
<td>√</td>
<td>For case studies selection</td>
</tr>
<tr>
<td>Other</td>
<td>Other remarks</td>
<td>Text</td>
<td>√</td>
<td></td>
</tr>
</tbody>
</table>

Source: consortium
The exercise will be used to supplement the information communicated to DG REGIO in the FIs exercise (see Box 2), in particular quantifying support and final outcomes. In a preliminary analysis of the EC data, less than 75% of FIs include the number of final recipients supported while less than 60% detail the number of jobs created. This suggests that the evaluation can help with compiling a more complete picture of the support provided.

Box 2: Data on the progress in financing and implementing FIs

As explained above, data communicated by the MAs to DG REGIO on financing and implementing individual FIs will be pre-inserted in spreadsheets for the national expert desk review. Experts can cross-check documentation with data sent to DG REGIO. The pre-inserted data will include:

1. Description and identification of the entities that implement FIs
   - Fund ID
   - Name of fund
   - OP(s)
   - Type of FI (Holding Fund/Specific)
   - Fund manager
   - Fund set-up date (year)

2. OP contributions paid to FIs (HF or specific fund)
   - OP contributions paid to the fund (including breakdown by Structural Funds, national public co-financing, national private co-financing)
   - Management costs and fees

3. Investments made by FIs in final recipients
   - Financial products offered (including breakdown by loans, guarantees, equity/venture capital, other products)
   - OP contributions invested in final recipients (including breakdown by loans, guarantees, equity/venture capital, other products)
   - SF contributions invested in final recipients (including breakdown by loans, guarantees, equity/venture capital, other products)

Desk research will be in two stages. Initially, 10 pilot programmes will be analysed in five Member States, chosen by the core team in agreement with the Commission. These should be used to verify, for each piece of information: (a) the availability across programmes; (b) that data is reported in a harmonised format, so it can be collected using standardised quantitative indicators. Based on this, the consultants will decide on the final dataset for the remaining programmes and the specific data that can be collected in qualitative or quantitative terms.
The pilot programmes will be broadly representative of the different FI schemes in the 12 countries for the forms of support (guarantees, loans, equity/venture capital) and the type of funds (national/ regional/ EIB holding funds, directly held or ad hoc funds). The consultants propose OPs to be selected among those implemented in Belgium, Germany, Italy, Poland and the United Kingdom.

Analysis and validation approach, including case study selection

As a first step, **Act 1.c Validation and analysis** will investigate private markets, EC categorisation and FI data in more detail.

Analysis of private markets will illustrate the dynamic aspects of loans, guarantees and venture capital in the 2007-2013 programming period, when the financial crisis further reduced financing for SMEs. Sources include:

- **European Commission SME’s Access to Finance Survey**\(^9\). The survey covers all EU countries and is available for 2009, 2011 and 2013. It will be used to describe SME’s use of and access to external sources of finance, including enterprises not applying for bank loans because of possible rejection\(^11\);

- **DG EC-FIN Annual macro-economic (Ameco) database.** In particular, two indicators at country level will be considered: ‘Real long-term interest rates’, defined as the nominal 10-year interest rate deflated by the Harmonised Indices of Consumer Prices (HICP) index; ‘Real short-term interest rates’, defined as the nominal 3-month interest rate deflated by the HICP index. These indicators will show the cost of access to external finance in the 2002-2013 period across EU countries and will be compared with non-EU countries, i.e. Iceland, Turkey, Norway, Switzerland, United States, Japan, and Canada. There are data gaps within the EU for Croatia (2002-2010), Estonia (2011-2013), and Romania (2002-2005);

- **European Central Bank (ECB) indicator 'Loans granted to Euro area non-financial corporations (NFCs)’.** These loans are from the euro area monetary financial institution (MFI) sector, broken down by economic activity in accordance with the NACE Revision 2. There are data available for outstanding loans at the end of each quarter, beginning with the first quarter of 2003. The level of data differs between countries;

- **European Association of Mutual Guarantee Societies (AECM)\(^12\).** This will support the description of the market for guarantees across Europe. Data from the AECM includes total volumes of guarantees in portfolio and granted per year, total number of SME beneficiaries in portfolio and new SME beneficiaries per year and the average size of guarantees (in portfolio). The information is generally available for the whole 2007-2013 period;

- **European Private Equity and Venture Capital Association (EVCA) data.** This database contains information on the evolution of private equity in the EU

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\(^10\) See ec.europa.eu/enterprise.


\(^12\) AECM has 39 member organisations operating in 20 EU countries. For this reason, some Member States will not be included in this analysis.
including fundraising, investments and divestments for each year in the 2007-2013 period;

- *The European Trade Association for Business Angels, Seed Funds and Early Stage Market Players (EBAN)*. EBAN’s research provides information on business angel investment in 22 EU Member States; the time covered depends on the country.

European Investment Fund JEREMIE evaluation studies provided by DG REGIO cover FI private markets in:

- Czech Republic, Hungary, Lithuania and Portugal at Member State level;
- France, Germany, and the United Kingdom at sub Member State level;
- Italy, Poland and Spain at both Member State and sub Member State level.

The following figure summarises coverage of the studies in each Member State, including the number of studies at sub Member State level (in brackets). Overall, EIF studies are not available for Belgium and Denmark, Brandenburg is the only available study for Germany. There are no Member State level studies for France or the United Kingdom. The studies cover 2007 and 2008, so market conditions were very different from when a number of FIs were later established. Additionally, studies finalised in 2007 to 2009 cannot provide a picture of market evolution during the programming period.

So the evaluations will not be used for stock-taking. Instead the documents will be used as background information for the case studies under task 3.

**Figure 3: Coverage of EIF evaluation studies**

<table>
<thead>
<tr>
<th>BE</th>
<th>CZ</th>
<th>DE (1)</th>
<th>DK</th>
<th>ES (9)</th>
<th>FR (12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HU</td>
<td>IT (2)</td>
<td>LT</td>
<td>PL (5)</td>
<td>PT</td>
<td>UK (2)</td>
</tr>
</tbody>
</table>

Source: consortium

Categorisation data will be used to shed light on the use of FIs by programmes in 2007/2013. As an example, the following box plots figure shows the extent to which FIs are used to support enterprises in the MS. Minimum, median, and maximum funding allocated to FIs by OPs are displayed as a share of the total amount allocated to ‘R&TD, innovation and entrepreneurship’ priority themes in 2007-2013. This is given for each MS separately, with the exception of Denmark and Lithuania, where
only one OP was identified as using FIs. The central 50% of the distribution is also shown by the chart.

The figure shows a large variation in the share allocated to FIs between and within MS. This, however, cannot be considered on its own as an indication of the different attitudes of OPs and MS to FIs, as the data may also reflect differences in the timing of fund allocations, e.g. delays. More generally, the analysis will take into account the limitations of the dataset, for instance in terms of classifying ‘repayable grants’ by form of finance (if relevant for the MS concerned). Analysis of the amounts allocated to FIs under the individual priority themes of the ‘R&TD, innovation and entrepreneurship’ group will also be considered, although the significant share allocated to residual priority themes ‘08’ and ‘09’ is likely to reduce its explanatory power.

Consistency of the allocated amounts data with EC FI summary information on contributions committed will be also analysed and differences examined between the two data sets.

**Figure 4: Amounts allocated to FIs by the OPs (‘R&TD and entrepreneurship’, percent)**

![Graph showing allocated amounts by country](source: Consortium calculations from European Commission (2013) summary report)

In addition to allocated amounts data, the consultant will also examine EC data on estimated amounts in adopted OPs. Forms of finance cannot be split by priority theme, which implies that FI support to enterprises cannot be separated from support for urban development and energy efficiency. However, as amounts to enterprises are about 90% of the total, the data can still be useful for the evaluation.

Although less specific than allocated amounts data, estimated amounts can show OP attitudes towards FIs, without being influenced by implementation-related factors. Subject to availability of historical data, estimated amounts can also provide insight
into the rationale of using FIs, where increased amounts to FIs as compared to grants may point to such instruments being considered as a convenient means to avoid the possibility of de-commitments i.e. losing the funding allocated to the OPs because of not spending it within two years.

Comparison between estimated amounts in adopted OPs and allocated amounts will be examined by form of finance at various times of the programming period. The consultants will analyse the share of estimated amounts not allocated yet, separately for non-repayable aid, aid, and venture capital. This will show any differences in the implementation time of the different forms of finance. If sufficient data is available, the comparison may also give the opportunity cost of using FIs instead of grants, potentially at the level of the individual programme, up to the time the funds are committed.

While the above analysis is carried out at OP level, investigation of the EC FI summary data will provide insight into the individual schemes. Type of FIs, contributions to the schemes, type of products, management fees, year of establishment, number of contributing OPs will be examined, among others. The data will be verified visually and the mean, median, standard deviation, range and histogram (100 intervals) of the values calculated. All figures that are: (a) above or below a certain threshold; or (b) particularly high or low in comparison to the values reported for other programmes on the same indicator (peer values) will be double-checked. Certain combinations of values will be checked for variables, which may indicate an invalid or suspect value (consistency checks). Indicators will be calculated including share of the private resources out of total co-financing and share of contributions invested in final recipients out of contributions committed, which will be also used as metrics for the case studies and, later on, for the country annexes.

As it concerns the primary data collected by the national experts, this will be sent to the core team and double-checked before being included in the common dataset. This is to check whether any records are missing (batch totals) and ensure that data is in the same format. Quantitative information will be analysed following a similar approach to that used for the EC FI summary data. However, most of the data will be, in this case, qualitative, and will be analysed by coding\textsuperscript{13} the information wherever this is largely homogeneous/similar. This will maintain the richness of the qualitative insights, while at the same time achieving conciseness.

After analysis, Tables and charts for the first intermediate report and the final country reports will be prepared. Some results will be displayed in maps.

Additionally, the contractor will propose one OP as a task 3 case study for nine of the 12 relevant countries, to allow the Commission to make the final decision on case studies as required.

\textsuperscript{13} Coding is an interpretive technique that both organizes the data and provides a means to introduce the interpretations of it into certain quantitative methods. The first step is to read the data and demarcate segments within it. Each segment is labelled with a “code” – usually a word or short phrase that suggests how the associated data segments inform the research objectives. When coding is complete, reports are prepared via a mix of: summarizing the prevalence of codes, discussing similarities and differences in related codes across distinct original sources/contexts, or comparing the relationship between one or more codes. See ‘Strategic Communication’, Prof. Davis Leshan Pangpang, 2009.
The consultants will use the following criteria to select the proposed case studies:

1. The forms/packages of support and rationale are broadly representative of the different FI schemes in the 12 countries:

   - at least three of the programmes include equity/venture capital instruments, at least three loan instruments and at least three guarantees;
   - a broadly representative balance of national or regional holding funds (the most common), European Investment Fund (EIF) holding funds, and specific funds;
   - a broadly representative mix of fund size and firms targeted;
   - a broadly representative mix of market conditions and funding gaps in the programme area.

2. The availability of reliable data for the case studies.

3. To the extent possible, some of the case study programmes contain one or more significant or interesting FIs. Identification criteria for significant or interesting FIs could include whether, compared to the other programme areas in the same Member State:

   - the share of total ERDF for the 2007-2013 period planned for FIs is particularly high or low;
   - OP contributions were allocated to FIs particularly early or late after being decided;
   - investments made by FIs in final recipients as a share of amounts of OP contributions paid to FIs are particularly high or low;
   - FI type is rarely used, e.g. equity/venture capital instruments in countries primarily using loans or guarantees.

The consultants will justify their choice of significant or interesting FIs when presenting their proposal for case studies. More generally, the consultants suggest using only programmes with sufficient implementation of FIs, in terms of share of OP contributions invested in final recipients.
2.2 Task 2: Literature review

Background

The call for tenders places considerable emphasis on theory-based evaluation and particularly theories of change and contribution stories. These are not new – as far back as the early 1970s Carol Weiss advocated basing evaluation on the theory underpinning a programme.\(^{14}\) Since then, the use of theories of change as the basis of policy design has become commonplace in some policy spheres such as health promotion\(^ {15}\) and is tantamount to a standard requirement for support from many international aid agencies.\(^ {16}\) Theory-based evaluation is, however, comparatively new to Cohesion policy.

Theory-based evaluation provides the scope to offer a compelling narrative on how intervention works (or does not) and its sensitivity to context means that it provides insights into the circumstances in which successful interventions may be transferable. This part of the study will identify relevant existing evidence which will be analysed and structured in order to produce context-relevant theories of change and contribution stories.

The overall methodological approach for this task is presented in the figure below:

**Figure 5: Methodological approach for task 2**


\(^{16}\) For example, DFID, the UK agency for overseas development aid.
Information collection approach

The literature review will be conducted by EPRC at the University of Strathclyde, with additional input to be provided by the advisory board and the national experts. As a well-resourced centre within a leading university, EPRC has access to a wide range of information sources. These include:

- its own physical and virtual Cohesion Policy libraries comprising a full set of planning and evaluation documentation relating to every planning period since the 1988 reform of the Structural Funds;
- access to the vast array of international academic literature in the fields of business, economic development, finance, evaluation etc. through the University library’s subscriptions to a large number of online journal databases and specialist publications;
- the ‘grey’ literature, which is systematically collected by EPRC in relation to financial instruments;
- the wider policy evaluation literature, including studies undertaken by or on behalf of public agencies with responsibility for financial instruments, some of which is available online.

Analysis and validation approach

The literature review (Act 2.b Literature review) will involve an analysis and assessment of the existing evidence on whether, how and why existing financial instruments to enterprises work. Using the sources outlined above, the review will identify as many relevant studies as possible and seek to identify the ‘theory of change’ underpinning the intervention in each relevant case.

In the initial stages the literature search will be cast wide in order to ensure that any studies that may yield insights are captured. The emphasis will be studies on the use of financial instruments by the public sector to pursue public policy objectives. This is important since, in the context of Cohesion policy, financial instruments are a delivery mechanism for policy objectives identified in the OP that would otherwise be delivered by grants. The search will include assessments of relevant policies in the US and Israel, which have longstanding experience of publicly-funded financial instruments. In this context the aim would be to capture only those studies that deal with policy objectives that resonate with those of Cohesion policy. In addition, the study will include a review of relevant literature on the relationship between private and public sector financial instruments and a consideration of the role of the private market. A preliminary bibliography of studies that would form part of the initial stage of the literature review is provided in Box 4.

The work carried out by the core team at this stage will be complemented by the national experts, who will provide input on the available studies and evaluations of publicly-funded FIs in their respective countries. The core team has prepared a preliminary bibliography of studies to provide to the national experts; this is provided in Box 5. The national experts will use this list as a starting point for their own research on national sources. However, the focus of the national experts will be on ensuring that landmark non-English language studies are captured in the literature search.

The analytical work to be carried out by the national experts on identified national literature will be based on a common toolkit prepared by the core team (Act 2.a Design of the tool-kit). This will allow them to prepare an abstract for each relevant study. The abstracts prepared by the national experts will allow the core team to
identify those studies which will be included in the second stage of the literature review. An outline of the literature review toolkit for national experts is provided in Box 3.

**Box 3: Toolkit for national experts**

<table>
<thead>
<tr>
<th>National experts will analyse identified studies and prepare an abstract for each relevant study based on a common methodology. This will use the following structure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Report details (Title, author, date, publisher, web-link)</td>
</tr>
<tr>
<td>2. Method of analysis</td>
</tr>
<tr>
<td>3. Context (including geographic focus, regional context, market gap)</td>
</tr>
<tr>
<td>4. Objectives and coverage (including type of instrument, type of delivery, target group)</td>
</tr>
<tr>
<td>5. Main findings (including rationale for using FIs, how it works (or does not), preconditions that must be in place for FI to be effective, efficiency and effectiveness)</td>
</tr>
<tr>
<td>6. Critique (including any concerns about the study or its methodology, independence of the authors from the FI)</td>
</tr>
</tbody>
</table>

*Source: EPRC*

The second stage of the literature survey will identify a number of studies for detailed assessment. The aim would be to provide as broad and varied a cross-section of studies as possible reflecting, among other things:

- different types of instrument (loans, guarantees, equity funds and variants / combinations thereof);
- different policy targets, e.g. social enterprises, high tech firms, micro enterprises, start-ups;
- different countries;
- different types of region, e.g. urban, peripheral, etc. and, to the extent available, between Convergence and Regional Competitiveness and Employment Regions.
- different administrative and implementation arrangements, e.g. national or regional level schemes, public or privately managed.

The third stage of the literature survey would involve detailed scrutiny of the selected studies with the aim of eliciting the theories of change underpinning the interventions concerned. Among other things, this would consider:

- whether the emerging theory of change makes sense in relation to the context and the issues to be addressed;
- whether there is a clear hypothesis for the change;
- what assumptions are made about the causal links;
- what the overall narrative of change is in relation to the underlying hypotheses.

For each theory of change arising from the literature – and these would differentiate between different types of instrument - the study will map (in diagram/graphic form) the relationships between inputs, outputs, and results.
Before being finalised, the work will be reviewed by the advisory board of the evaluation (see Chapter 3) to ensure that further in-depth specialised knowledge of the relevant fields is included in the hypotheses.

**Scoping the key issues and themes**

In terms of the overall narrative, the general premise underpinning public sector intervention in the form of financial instruments for business development is essentially built around three hypotheses. First, that start-up and SME expansion activity is constrained because of a shortage of capital on acceptable terms, and that this in turn curbs the capacity of the SMEs to contribute to growth and job creation. Second, that repayable instruments can improve the quality of investments (compared to those in receipt of grant funding) owing to the obligation to repay the investment and the due diligence involved in assessing investment proposals, typically supported by private sector expertise. Third, that public funds can be used more effectively since repayments, including interest and dividends (or the ‘non-draw-down’ of a guarantee) create a revolving legacy that can be reinvested.

These general premises hinge on a number of key assumptions and are also highly context-sensitive. For example, the financial environment for firms differs not only between countries, but also within them – scholars such as Mason and Harrison17 and Berggren and Silver,18 for example, have pointed to significant differences between regions in the availability and type of investment capital, with the tendency for entrepreneurial finance to focus on the metropolitan regions. Indeed, financial systems are inherently spatial, characterised by complex institutional geographies that both reflect and influence their functioning.19 This, in turn, produces geographical effects on the ability of entrepreneurs to access finance, which typically work to the disadvantage of peripheral regional economies.

This has been of particular concern for regional policy since there is considerable evidence that venture capital is a key factor in the emergence of high growth firms, especially those based on technological innovation. Nurturing such firms has been an increasing policy focus at European, national and subnational levels,20 since a very small proportion of new firm starts will account for the majority of benefits in terms of investment, employment and exports.21 The role of access to finance in facilitating the expansion of such firms has attracted increasing policymaker attention, partly owing to the significant numbers of ambitious new firms that cite access to finance as a constraint on their development,22 and partly due to the role that private venture capital is considered to have played in the development of high technology firms in

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certain locations - like Silicon Valley and Israel - and in the development of some high profile firms such as Google and Facebook.\textsuperscript{23}

Against this background, governments have been active in introducing equity-based schemes at both the national and regional scales to fill what are perceived to be gaps in the supply of seed and early stage venture capital which are thought to hold back firms which have the potential for high growth. The typical approach of governments to stimulate venture capital in the regions has been to establish hybrid funds with private sector fund managers which comprise a mixture of public and private money, with private investors given certain incentives that either increases their up-side or reduces their down-side, or both.\textsuperscript{24} However, it is debatable whether constraining funds by restricting their investments regionally is good practice\textsuperscript{25} - although there may well be regional-level resistance to the idea of funds being pooled, notably, but not only, in the context of Structural Fund co-financed measures. Funds created under the hybrid model outlined have typically involved relatively small amounts of capital under management. For example, in the case of the EU Seed Capital Funds, the funds in the assisted regions were smaller than those in other locations, despite having more generous financial incentives for private sector investors.\textsuperscript{26} The same was evident in the English regional venture capital scheme,\textsuperscript{27} and in the Norwegian regional seed capital fund.\textsuperscript{28} More generally, the literature suggests that small funds have a number of disadvantages.\textsuperscript{29}

- Both the costs of reducing information asymmetries and providing management support for early stage investee companies are fixed and so largely unrelated to the size of the investment. For small funds such costs account for a much higher proportion of operating costs. According to the European Court of Auditors, providing access to finance with fund sizes below critical mass is very likely to be unsustainable, as the overhead costs and the risks associated with investments or loans cannot be spread over a sufficient number of SMEs.\textsuperscript{30}

- Returns to venture capital investing are skewed, with fund performance depending on a small number of winners. Hence, diversification is essential but, small funds are less able to fully diversify their fund.

- Small funds are only able to make small initial investments and have limited ability to make follow-on investments. This means that they are unable to fully share in successful investments and it exposes them to dilution should their investee businesses raise further finance from elsewhere.

Recently it has been argued that the problem facing regional public sector venture capital funds is not simply on account of their size, investment model or ability to

\begin{itemize}
\item Murray, G C (2007) \textit{Op. cit.}
\item European Court of Auditors (2012) \textit{Financial Instruments for SMEs Co-financed by the European Regional Development Fund, Special Report No. 2, 2012}.
\end{itemize}
support investee companies. Nightingale et al suggest that the key problem is one of ‘thin’ markets in disadvantaged regions\textsuperscript{31} - these regions lack an appropriate ecosystem to support venture capital investing. Thin markets are characterised by a situation in which there are limited numbers of investors and entrepreneurial growth companies which have difficulty in finding and contracting with each other at reasonable cost. In other words, it is not simply a problem of demand or supply.

Not only are different instruments suited to different contexts, but the precise design and operation of an instrument has implications for whether and how it works, and for whom. Based on evidence from the UK’s Loan Guarantee Scheme, these are more complex than a simple core-periphery contrast. In the early years of the scheme, the North West and South East/East Anglia had the highest take-up rates.\textsuperscript{32} However, in later years the regional effects (number of loans, value and average size), reduced in magnitude but also changed, with the northern English regions achieving the greatest benefits, and the South East attracting roughly its ‘fair share’ of loans given its share of the SME population.\textsuperscript{33} It is not clear what drives this regional effect but as the administration of the scheme is in the hands of the banks it may be that they devote differing levels of resources across regions in supporting the scheme. The regional effects are also sensitive to changes in the parameters of the scheme and there are regional differences in failure rates under the scheme.\textsuperscript{34} A study of Small Business Administration guaranteed lending in the US showed a correlation between the level of guaranteed lending and the level of employment in a local market;\textsuperscript{35} however, crucially, this correlation was only significant in low income markets, perhaps suggesting a crowding-out effect in more prosperous areas, but also providing support for arguments in favour of regionally-discriminating guarantee schemes.

It is evident from the indicative listing of studies that much of the literature focuses on venture capital. However, this is the least used of the three main types of financial instrument co-financed through the Structural Funds. Moreover, although recent attention has focussed on the availability of equity – as mentioned, largely owing to its perceived role in financing potentially high growth enterprises - many EU countries have long traditions of providing soft loans and or guarantees as instruments of national or regional economic development policy. However, such instruments appear to be relatively under-evaluated, particularly in countries without a strong tradition of regular policy reappraisal.

Figure 6 outlines the key rationales and assumptions underpinning the use of financial instruments.\textsuperscript{36} However, a core task of the literature review is to ‘unpack’ these motivations, the assumptions that underlie them and relate them to the context. In addition, account must be taken of the detailed “micro steps that lead from inputs to

\textsuperscript{31}Nightigale, P et al (2009) From Funding Gaps to Thin Markets: Designing Hybrid VC Schemes for the 21\textsuperscript{st} century, SPRU, University of Sussex for BVCA and NESTA.
outcomes” 37 in order to develop detailed stylised theories of change for different types of intervention on which the case studies can build.

Figure 6: Key rationales and assumptions underpinning financial instruments

**Cohesion policy rationale:** FI "enable public sector resources to be used in a more efficient way by drawing upon commercial practices and actors and by stimulating the participation of private sector capital" SWD(2012)36 final, *op cit.*

**Access to finance rationale, e.g.:**
- Information asymmetries
- Transaction costs
- Risk aversion
- Cost of capital
- Lack of collateral

**Assumptions, e.g.:**
- Firms seek to grow
- Lack of finance is a constraint
- There are sufficient viable investment prospects not commercially-funded to generate returns to fund
- Policy objectives and private incentives can be aligned

**Context issues, e.g.:**
- Geography of finance
- Exclusion of certain social groups
- Maturity of financial sector
- Presence of ‘investor ecosystem’

**Inputs**
- Guarantees
- Loans
- Equity
- Combined instruments

**Output**
Assume presence of ‘investor ready’ firms
Funds disbursed to enterprises for investment; improved access to finance

**Short & long term results...**
- Increase number of start-ups
- Increase & sustain social enterprises
- Increase & expand high growth firms
- Expand existing firms
- Increase & sustain micro-enterprises
- Other specific targets....?

**Source:** EPRC
Box 4: Literature review: preliminary bibliography for the core team


- Durufle, G (2010) Government involvement in the venture capital industry - International comparisons, Report to the CVCA.


- Mason, C and Pierrakis, Y (2011) ‘Venture capital, the regions and public policy: the United Kingdom since the post-2000 technology crash, Regional Studies, online
- NESTA/bvca (2009) From funding gaps to thin markets. Government support for early stage venture capital. NESTA.
93(1): 338–349


Source: EPRC
Box 5: Literature review: preliminary bibliography for national experts

Belgium

- Service Public de Wallonie – Direction de la Politique Economique, (2010), "Aperçu du positionnement de la Wallonie en termes de création d’activités, d’entrepreneuriat et dans certains domaines clés pour la compétitivité des PME ».

Czech Republic


Denmark

- Danish Business Authority (undated) Strategic evaluation on Structural Fund program period 2007-2013.
Achievements of Cohesion Policy – Denmark.

France

Germany
Hungary


Italy

- Mistrulli, P. E., Vacca, V. (2011), I confidi e il credito alle piccole imprese durante la crisi, Bank of Italy, occasional papers, no. 105, October.

Lithuania

Ex post evaluation of Cohesion Policy 2007-2013, focusing on the ERDF and CF: WP3

FEIs Financed from the EU Structural Funds to Promote SMEs, December 2010.

Poland


Portugal


Spain


**United Kingdom**

- CEEDR (2012) Early Assessment of the UK Innovation Investment Fund, Report to BIS.

*Source: EPRC*
2.3 Task 3: The case studies

Methodology

Task 3 - case studies - will cover nine OPs selected under Task 1 and all FIs supported by the OPs. The case studies will look more thoroughly (in a specific local setting) at the design, purpose and management of the instruments used in the programmes, as well as their effects on the programme area.

Case studies are not only a tool to explain how policy development and implementation work in practice, they also allow for 'story telling'. This sheds light on the potential impacts of policy and showcases good practices across the EU. Moreover, case studies allow the testing of theories of change associated with FIs in the literature (Task 2) with practice on the ground in the specific context of EU Cohesion Policy. According to the tender specifications, case studies are therefore 'the heart of the evaluation'.

The case studies will follow the methodological steps of a theory-based evaluation design which has the following vital components:

Map the conceptual model. The national experts will capture the goals and the theory of the FI schemes to achieve the desired change. The theory will explain how and why the intervention is expected to lead to the intended outcomes. Here it is important to highlight the context of cohesion policy. FIs in cohesion policy are one of the forms of support (in addition to grants and repayable assistance). FIs are thus not an objective themselves. They are the means to deliver OP support to final recipients in line with the needs and objectives of the OP and priority axis. They were set up to deliver OP and priority objectives in a more efficient way than traditional grants. The national experts will analyse FI and programme documentation and conduct interviews with MA, fund managers, 'line departments', stakeholders. They will then codify the theory of change in a concept model, mapping the context, the logic chain, the micro steps expected to lead from inputs to outcomes, and the assumptions behind the various casual links. The national experts will be guided by stylised theories of change for different types of intervention, as elicited and mapped under task 2. An outline of how the theories will be mapped is given in the following box.

Box 6: Outline of the concept maps

Task 2 will develop stylised theories of change for different types of intervention on which the case studies can build. These will be mapped with the objectives of:

- establishing a clear link between task 2 and the case studies. Concept maps will allow the structuring of findings of the literature review into micro steps, with their casual links and the related assumptions. Particular attention will be also paid to the external influences.
- providing a blueprint to develop a common understanding between the core team and the national experts. The concept maps will help the national expert to elicit

38 Gaffey (2009), Case studies in the framework of ex post evaluation 2000-2006: expectations and experiences of the DG for Regional Policy, November 2009, Brussels.
and recognise the theory of the programmes, then to formalise it.

Source: consortium

**Verification of the implementation of the FI.** In this phase, the empirical research will focus on how the theory has worked out (management, portfolio, implementation, M&E arrangements) and which are the early outcomes (on supported enterprises but also in the related financial market for equity and venture capital). This will include understanding the influence of the context and identification/validation of alternative casual links. In order to support the national experts the results of Task 1 will be made available to them.

**Draw evidence-based conclusion.** The national experts will verify if implementation and practice actually fit with expected goals and theory of change. In this last phase, the experts will also assess the optimum scale of the FI, the impact on the related market of venture capital and equity and identify good practice.

The workflow of the evaluation design is shown in the following figure.
The theory-based approach defines the overarching theoretical structure which is operationalized by the evaluation framework (and subsequently by the toolkit). The evaluation framework for the case studies sets out the evaluation questions which will be considered and the judgement criteria and sources which will be used. It also includes comments to assist interpretation.

The case studies will examine the full range of evaluation questions given in the tender specification for Task 3. As a starting point, an evaluation framework for each of the evaluation questions has been developed including:

- judgement criteria, to specify the aspects to be assessed by the national experts. There will be at least one judgment criterion for each question. Each
judgment criterion is assessed by the national experts on the basis of a quantitative and qualitative description of the evidence;

- types of evidence, e.g. perception of stakeholders, statistical evidence and documentary evidence, which should form the basis of the assessment;
- sources that should be investigated by national experts;
- comments to highlight specific aspects to assist interpretation or to link to guidance documents.

The evaluation framework is the backbone of the toolkit. It will be further refined together with the toolkit and will take into account comments made during the team meeting with national experts.

In line with the tender specification for Task 3 the evaluation framework includes around 40 specific evaluation questions and sub-questions. The evaluation questions cover the issues which are relevant to examine. They begin with the objectives which the schemes were attempting to achieve in the context of Cohesion policy and the underlying theory of change, consider the quality of the market gap assessment and how it has been used in the context of the financial crisis, and examine how it is believed that the schemes will help achieve the overall regional development objectives of the MA and the motivation for adopting them. Importantly, they also include how outturn compares with initial plans as well as how FIs fit in with other instruments like grants or non-financial support. A number of important questions relating to the management of the schemes are considered as well, including the central issue of the difference in the way publicly-supported FIs are operated – or should be operated – as compared with private schemes. In addition, the outcomes section explicitly refers to ‘revolving’ of the funds which is a major difference between the provision of reimbursable and non-reimbursable support.

This large number of individual questions will be clustered to a manageable level in the toolkit (reporting template) for the national experts. Also a better distinction between the central evaluation questions and detailed aspects will be provided to avoid dissipating the efforts of the national experts. Basic aspects which need thorough investigation are for instance:

How the funding distributed by the FIs examined has been allocated (i.e. the characteristics of the final recipients in terms of, e.g. their sector of activity and size) and how they have performed (in terms of growth, job creation, profitability and so on) as compared in both cases with the objectives of the FIs when created (or when public funding went into them). National experts are encouraged to obtain additional data from the key stakeholders, e.g. FI monitoring data on recipients of schemes support and assessments. If it does not prove possible to answer the questions because of lack of hard data, this in itself is a valuable finding since it implies that the information available is inadequate to enable a satisfactory assessment. In those cases where major gaps in the information available are identified, the national experts need to try as hard as they can to uncover the information the MAs have - or what is reported to them by FI managers – to demonstrate that the data are in fact inadequate.

Another important question relates to the indicators for which data are routinely collected and these need to cover those relating to the performance of both the fund itself and the final recipients, as well as those relating to the characteristics of the

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39 See comments on WP3, Revised Inception Report by Pete Tyler, CEA and Terry Ward, Applica, 27 October 2014
latter so that it is possible to assess the extent to which OP objectives have been achieved – or have been meaningfully pursued.

Equally, a central question to ask as regards the management of the FIs supported by the ERDF concerns the control or influence which MAs have over the way in which finance is allocated once a fund has been set up and how this is reflected in the contract between the MA and the fund manager or in the way the arrangement operates in practice.

It is important to answer these questions in a meaningful way before investigating the more challenging ones for example, on cost effectiveness or efficiency of the FIs, how well the schemes succeed in attracting applicants for funding, ways of ensuring the management costs involved are acceptable without adversely affecting the operation of the funds and the optimum size of schemes. These are all important evaluation questions but in this particular case the data available will be a challenge.

The comprehensive evaluation framework is outlined in the following tables:
<table>
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<tr>
<th>N</th>
<th>Evaluation question</th>
<th>Evidence</th>
<th>Judgement criteria</th>
<th>Sources</th>
<th>Comments</th>
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<tbody>
<tr>
<td>1</td>
<td>What are the goals of the schemes and the theory of change?</td>
<td>• Perceptions of policy makers, MA, stakeholders&lt;br&gt;• Documentary material, e.g. legal documents, flyers&lt;br&gt;• Evaluations of FIs, past and present&lt;br&gt;• Independent academic views</td>
<td>• Clear presentation of the investment strategy of each FI including goals, products, target sectors and final recipients; intended outcomes for specific target groups&lt;br&gt;• Clear relation of FI goals to the needs of the OP&lt;br&gt;• Clear presentation of financial and organisational resources for the activities and to achieve the expected change in the target group&lt;br&gt;• Stakeholder involvement in setting the goals&lt;br&gt;• Stakeholder and actor understanding compared to the MA&lt;br&gt;• Compare FI goals to expected achievement, based on literature and MA experience</td>
<td>• OP document (defining regional development objectives and FI goals)&lt;br&gt;• Interviews (policy makers, MA, line departments, FI manager)&lt;br&gt;• Regional/national plans and strategies to support SMEs through FIs&lt;br&gt;• Information leaflets for final recipients&lt;br&gt;• Evaluation reports&lt;br&gt;• ‘Academic’ theory of change (Task 2 to compare theoretical and practical approaches)</td>
<td>Are FIs based on a theory of change and if so how is this articulated? Country experts should not just examine the ‘academic theories of change’ (provided in Task 2), but also any the MAs themselves had in mind. The latter are not always evident because: (1) they can change over time; (2) they are not always the same as the official theory in the programme documentation. There might be a difference between expectations of the MA (and the market) and the literature for what is achievable, the necessary steps and likely critical issues.</td>
</tr>
</tbody>
</table>
| 2 | What is the quality of the market gap assessment? | • Gap assessment document (if any)<br>• Perceptions of policy makers, MA and stakeholders on the gaps over time | • Availability of market gap assessment<br>• Explicit identification of market problems in the country or region of the FI<br>• Explicit identification of the market supply and unsatisfied demand<br>• Quantification of the existing market gap<br>• Robustness of evidence used to prove the market gap, e.g. statistical data, feedback from local actors, survey<br>• Validity of gap assessment against the background of the economic and financial crisis<br>• Clear presentation of previous experience with FIs and lessons learned<br>• Sufficient time to elaborate the market gap assessment | • OP document<br>• Interviews (policy makers, MA, line departments, FI manager, chamber of commerce)<br>• Ex-ante assessment for 2014-2020 programming period<br>• Any academic literature on FI (specific to an individual instrument or comparisons) | Any gap assessment undertaken by the EIF or others will be the basis of discussion to establish both the extent to which it was used and to consider the quality of the assessment in the light of experience and the ex-ante assessment for 2014-20, if available. The impact of the crisis needs to be considered – to what extent did this invalidate the gap assessment? How did the suite of ERDF
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</table>
| 3 | How do the schemes contribute to the regional development goals of the operational programme as a whole? | • Documentary evidence supplemented by perceptions of policy makers, MA and stakeholders | • Possible benchmarking with other regions | • OP document  
• Interviews (policy makers, MA, line departments, FI manager, government or regional authority officials, business organisations including chambers of commerce)  
• Funding agreements between MA and IB according to Commission Regulation (EC) No 1828/2006 | Regional economic goals may have changed over the course of the ERDF programmes, both because of economic conditions or changes in the ruling party and their economic priorities. It would be interesting to see if this had an influence on the FI (positive or negative) related to their understanding of the issues involved. Did they have a better understanding of the importance of risk capital for economic performance? |
| 4 | What motivated the MA to set up one or more FEIs? | • Documentary evidence supplemented by interviews with the MA on the rationale for setting-up the FIs | • Motivation:  
  o Efficiency-driven (revolving nature, capacity to attract private resources, increased efficiency, etc.)  
  o Programme-driven, e.g. pressure not to de-commit resources. Was de-commitment a threat when the FI was first set up?  
  o Compliance-driven, e.g. encouragement by the EC and/or other national/regional stakeholders | • Interviews (MA)  
• Ex-ante / ongoing evaluations | Consider the wider context – existing experience with FI and pre-existing institutions. Were EU funds essentially a means of topping-up domestic resources for existing actions of the same or a similar nature? To what extent? |

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| 5  | Does implementation and practice, e.g. selection of firms, forms of support or outcomes actually fit with the goals and theory of change? | • Documentary evidence supplemented by interviews to understand requirements imposed on FI managers and end users | o Any other motivation for this being the best, most effective way to meet a goal.  
• Extent to which the wider context for enterprise development was considered, e.g. economic framework conditions, structure of the economy, entrepreneurial behaviour, availability of policy instruments, legal framework for enterprise support  
• Consistency of criteria to select firms, forms of support and expected outcomes with goals outlined in point 1 above  
• Implementation mechanisms to ensure the FI works according to expectations  
• Extent to which selection of firms is different from a private FI, e.g. selected firms that would otherwise be subject to credit rationing  
• Establishment of quantified performance targets by the MA, for expected outputs and outcomes  
• Extent to which FIs are expected to make a profit over the implementation period | • Interviews (MA, FI manager)  
• Tender specifications  
• FIs business plans and funding agreements according to Commission Regulation (EC) No 1828/2006  
• Annual performance reports of FI managers  
• Perceptions of end users, e.g. private sector investment partners and recipient companies  
• Internal and external audit reports might also be useful. | Were ERDF funds being used by MA or the government authorities they report to, to replace some of their own funding in this area? |
| 6  | Where there is more than one FEI in a programme, what is the division of labour between them? | • Documentary evidence supplemented by interviews to establish the sector and geographical targets for FIs, funding needs and operational terms | • Clear presentation of criteria used to select firms (targeting), forms of support and expected outcomes for each of the FIs  
• Consistency of criteria to select firms, forms of support and expected outcomes with goals outlined in point 1 above  
• Implementation mechanisms to ensure the FI works according to expectations  
• Extent to which selection of firms is different from a private FI, e.g. selected firms that would otherwise be subject to credit rationing  
• Establishment of quantified performance targets by the MA, for expected outputs and outcomes  
• Extent to which FIs are expected to make a profit over the implementation period | • Interviews (MA, FI manager)  
• FIs business plans and funding agreements according to Commission Regulation (EC) No 1828/2006  
• Shifts in FI under holding funds and why. See comment on 2 above | |
| 7  | How do they fit with other instruments offered by the programme (notably grants or non-repayable) | • Documentary evidence supplemented by interviews | • Combination / alignment of repayable FIs with non-repayable grants for similar investments  
• Combination of FIs with non-financial support, e.g. coaching, mentoring, awareness raising  
• Clear presentation of non-financial support goals, e.g. facilitate access to FIs, support recipients, etc.  
• Other products offered by FI manager addressing | • Interviews (MA, FI manager)  
• FIs business plans and funding agreements according to Commission Regulation (EC) No 1828/2006  
• FIs offered by the public sector have to be seen in the context of what was available in the market. | |
### Evaluation question

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<tr>
<td>1</td>
<td>What is the governance structure of each FEI?</td>
<td>• Documentary evidence supplemented by interviews with the MA and FII managers on the governance structure of each FI</td>
<td>• Clear presentation and transparency of the governance structure of each FI demonstrating the specific roles and interaction of key players such as MAs, Holding Funds (HFs), financial intermediaries</td>
<td>• Interviews (MA, FI manager)</td>
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<td></td>
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<td></td>
<td>• Effective composition and functioning of the investment / governance board (if any)</td>
<td>• FIs business plans and funding agreements according to Commission Regulation (EC) No 1828/2006</td>
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<td></td>
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<td>• Extent to which the implementation was delegated to external actors in the same region or to national or European players</td>
<td>• AIR</td>
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<td></td>
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<td>• Mechanism to assure effective implementation of the funding agreement</td>
<td>• AIR</td>
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<td>• Clear responsibility for the investment strategy, based on a common understanding by MA and FI manager</td>
<td>• Any other official documentation</td>
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<td>• Time taken to develop the governance structure</td>
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<td>• Changes in governance structure during the programming period (types, role of stakeholders to suggest changes)</td>
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<td>• Quality of mechanism to ensure coordination of different instruments</td>
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### Comments

1. Record the type of fund manager, i.e. private sector organisation managing the fund on behalf of a public sector partner; a public agency with a specialised...

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**Management**
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| 3 | In their understanding, what are the key differences between public and private | • Documentary evidence supplemented by interviews | level of risk and deal size  
• Requirement of particular skills sets to ensure that FIs are delivered efficiently and effectively  
• Major skills gaps in the success of the FI programme, e.g. are portfolio management skills available to ensure a proper return on investment and business growth within portfolios, etc.? | • Interviews (MA, FI manager)  
• FIs business plans and funding agreements according to Commission | team, etc. This helps to understand the success of different organisational approaches.  
Fund manager behaviour should also be addressed.  
Experience and academic studies would suggest that formal investors tend to be more risk-averse and seek fewer large scale investments. If so, did this have an influence on the types of companies getting funding in terms of scale, age and level of perceived risk? This was one of the market failures the FI programme was designed to address but did the choice of FI managers just repeat the problem?  
The balance of skills in a fund manager can influence the success of the FI in a substantial manner. If, for example, the emphasis is on deal making rather than portfolio management the FI may well invest efficiently within its timeline but company growth and consequently the impact of the FI could be negatively affected. |

In their understanding, what are the key differences between public and private...
### Ex post evaluation of Cohesion Policy 2007-2013, focusing on the ERDF and CF: WP3

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<td></td>
<td>sector FEI schemes?</td>
<td></td>
<td>hoc procedures that are not required when managing private FIs</td>
<td>Regulation (EC) No 1828/2006</td>
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<td></td>
<td></td>
<td></td>
<td>• Comparison of public sector managed FIs performance to privately managed FIs</td>
<td>Tender documents appointing fund manager</td>
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<td>4</td>
<td>What is success for the manager (and is this translated into an indicator, reported to the managing authority)?</td>
<td>• Documentary evidence supplemented by interviews</td>
<td>• Performance and success indicators of FI managers</td>
<td>• Interview (MA, fund manager)</td>
<td>Detail equity exits e.g. MBO, IPO. Perception of a successful exit? This may be affected by the type of FI manager - professional investors (VCs) favour trade sales that return higher ROIs, informal investors favour MBOs that have lower ROIs but provide more protection to the company and its management team.</td>
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<td></td>
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<td>• Reporting of performance and success indicators to the MA</td>
<td>• FIs business plans and funding agreements according to Commission Regulation (EC) No 1828/2006</td>
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<td></td>
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<td></td>
<td>• Comparability of FI manager perception of success to OP/MA goals</td>
<td>• Interview (MA, fund manager)</td>
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<td></td>
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<td></td>
<td>• FI profit motive</td>
<td>• FIs business plans and funding agreements according to Commission Regulation (EC) No 1828/2006</td>
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<td></td>
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<td>• FI competition with private sources</td>
<td>• Interview (MA, fund manager)</td>
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<td>• Match of investments to the expectations of the MA at the outset and any changes</td>
<td>• Interview (MA, fund manager)</td>
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<td>5</td>
<td>What are managers’ incentives/packages and performance requirements?</td>
<td>• Documentary evidence supplemented by interviews</td>
<td>• Monetary incentives linked to performance</td>
<td>• FIs business plans and funding agreements according to Commission Regulation (EC) No 1828/2006</td>
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<td>• Other targets (multiplier, prompt implementation, recycling, returns and default/losses, maturity, risk profile, operational and financial performance, impact for the OP objectives, etc.)</td>
<td>• Interview (MA, fund manager)</td>
<td></td>
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<td></td>
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<td></td>
<td>• Performance assessment and by whom</td>
<td>• FIs business plans and funding agreements according to Commission Regulation (EC) No 1828/2006</td>
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<tr>
<td>6</td>
<td>What can be done to keep management costs to an acceptable level, while still running the funds adequately?</td>
<td>• Experience gained during 2007-2013 and any previous periods, lessons learned</td>
<td>• Transparency of management costs and fees</td>
<td>• Interview (MA, fund manager)</td>
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<td></td>
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<td></td>
<td>• Availability and quality of cost-effectiveness ratios for similar instruments, e.g. comparing results or outputs to management costs and fees</td>
<td>• FIs business plans and funding agreements according to Commission Regulation (EC) No 1828/2006</td>
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<td></td>
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<td>• Consideration of management costs and fees in the procurement process (if any)</td>
<td>• Evaluations for 2007-2013 instruments</td>
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<td>• Changes to management costs and fees in the 2014-2020 period</td>
<td>• Evaluations for 2007-2013 instruments</td>
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<td>N</td>
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<td>7</td>
<td><strong>What is the relationship with the managing authority and the programme strategy?</strong></td>
<td>• Documentary evidence supplemented by perceptions of the MA and stakeholders</td>
<td>• Extent to which the MA can influence the conduct of the FI and whether or not it is line with the programme strategy</td>
<td>• Interview (MA, fund manager)</td>
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### Implementation and costs

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<th>Sources</th>
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</thead>
</table>
| 1 | How much did the schemes cost to set-up and how long did it take? | Documentary evidence and interviews | • Availability of information on the year the FI started, preparation time and set-up costs  
• Set-up time for FIs with and without Holding Funds  
• Involvement of MA personnel in setting up the scheme, including time involved  
• Adherence of set-up to deadlines  
• Availability and quality of information on the time-consuming steps, e.g. designing the tender, selecting the fund manager, etc.  
• Extent to which the set-up / implementation of the FIs required support from Technical Assistance than grants | • Interview (MA, fund manager)  
• EC summary data | Management costs and fees relate to separate levels, e.g. HF and FIs (by products) |
| 2 | How much do they cost to run? | Documentary evidence supplemented by interviews | • Availability of information on how "costs" are to be measured and expressed  
• Level of costs  
• Transparency of different cost categories according to COCOF definition | • Interview (MA, fund manager)  
• EC summary data | Cost is potentially a more complex equation than the COCOF definition. For FIs operated by public agencies, there may be a number of absorbed costs that private fund managers would put on the balance sheet but public agencies would not. |
| 3 | How well do they manage in attracting firms (especially where there are other forms of support e.g. grants available)? | Documentary evidence supplemented by interviews | • Comparison of FIs co-funded by the OP / offered by the FI manager in capacity to attract firms, e.g. does this pose any challenge to uptake?  
• Capacity of attracting firms related to context or product-specific characteristics  
• Average amount of funding provided to final recipients compared to other non ERDF co-funded products offered by the FI manager | • Interview (MA, fund manager)  
• Evaluations (if any)  
• Focus group with a limited number of final recipients (to be decided) | Might help to invite to the focus group include some grant recipients. This could facilitate comparison between the two instruments. |
| 4 | Are there other implementation issues? | Perceptions MA, FI manager and final recipients | • Implementation issues (delivery/legal compliance/evaluation monitoring etc.)  
• Regulatory challenges in setting-up/ Implementing the FIs, e.g. uncertainties related to eligibility rules, or State aid  
• Capacity of MA and FI managers to solve regulatory challenges in setting-up/Implementing the FI | • Interview (MA, fund manager)  
• Evaluations (if any)  
• Focus group with a limited number of final recipients (to be decided) | |
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</table>
| 5 | How do costs and other implementation issues compare to private FEIs and other public financial support (grants, guarantees etc.) in the same region/country? | • Documentary evidence supplemented by interviews. | • Comparison of costs and implementation issues between different FIs  
• Availability of information on costs for the final recipient to access funding through the FI compared to private funding or grants | • Interview (MA, fund manager)  
• Evaluations (if any)  
• Focus group with a limited number of final recipients (to be decided) | Three levels of costs (MA, fund manager, final recipients). One advantage of FIs as compared to grants may be the shorter period between applying for and accessing funds. Costs for companies are not just financial but also include time involved, effort, potential loss of ownership/control etc. Not sure how this more complex balance sheet could be compiled. |
| 6 | Are there good examples in terms of management, including not just successful investments, but also costs and delays? | • Interviews with MA and fund managers | • Criteria for good practices in management  
• MA / fund manager measures to cut costs and delays; stakeholders should consider not just their own practices but also practices elsewhere | • Interviews (MA, fund manager) | Has their knowledge of practices elsewhere altered how things are done? In other words, is there evidence of policy learning?  
Are there any organisations that have been particularly noteworthy in developing and delivering good practices or that practices are being picked up by other fund managers? |
| 7 | What features of administrative and institutional capacity are crucial in successfully running such funds? | • Interviews with MA and fund managers to establish range of experience gained and lessons learned | • Success factors for sound administration and management of different types of FIs  
• Changes implemented for the next programming period based on past experience  
• Examples of MA evolving a suite of FIs over a number of programmes as their understanding develops or market conditions change | • Interviews (MA, fund manager)  
• Evaluations (if any) | Focusing on future changes should help identify lessons from the current period. |
| 8 | To what extent do the case study Member State and regions have these capacities? How could such capacities be built/developed further | • Interviews to establish perceptions of MA and fund managers | • Technical assistance needed to solve implementation issues  
• Improvement needed in technical knowledge and skills of MA and FI manager for:  
  • EU legislative framework, e.g. State aid rules  
  • project management and delivery skills (including risk management, procurement, | • Interviews (MA, fund manager)  
• Evaluations (if any) | The aspect of MA learning should be included.  
To achieve real economic change, regional authorities and MA must adopt best practices and deploy more |
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|   | and which instruments could be used to do this? |          | knowledge reaching final recipients, etc.)  
|   |                     |          | – soft skills, such as communication and presentation to a wide range of stakeholders |         |          |
|   |                     |          | • Existence or consideration of a capacity building action plan (including exchange of know-how, training, better guidance, consultancy, etc.) |         |          |
|   |                     |          | • Extent to which MAs/ regional authorities have learned from the FIs they have operated and built this into their own economic development policies and instruments |         |          |
|   |                     |          |                   |         | of their own resources to sustain and grow the risk capital market. Is there evidence of this happening? |
## Managing the portfolio

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<th>Judgement criteria</th>
<th>Sources</th>
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</table>
| 1 | What is the status and health of the investments (projects) in their portfolio? | Documentary evidence, statistical data and interviews | • Key characteristics of projects in portfolio (including risk-levels)  
• Ratio of expected and unexpected losses taking into account the economic framework conditions  
• Percentage of loans defaulting, exits, guarantees called in, as well as actual and anticipated returns to the fund  
• Comparison of FIs offering the same or a comparable product, in terms of losses  
• Key characteristics of portfolio management, any impact on the overall performance of the FI and the outcomes for the invested companies  
• Performance of the investments in the portfolio. FIs should stimulate the risk capital market and support the performance of individual companies. The development of companies in the portfolio will give an indication of the success of the FI and the performance of the fund manager | Interviews (fund manager)  
AIR  
Annual performance reports of FI managers  
Evaluations | Include: How has the portfolio management process been organised? There are various ways portfolio management can be organised:  
• Jointly as part of the investment function  
• As a separate function within the fund manager  
• Outsourced to a third party  
• Through other private sector investors in the companies. |
| 2 | What is the approach to risk, e.g. do they target safe investments or high risk, high return projects? | Documentary evidence and interviews to understand criteria for selection of firms/investments, diversification of risk | • Availability of information on the approach to risk management and diversification of the different types of FIs offered (risk management policy refers to the intended risk profile, diversification, maximum funding levels and the capping of expected and non-expected losses)  
• Clear approach for the selection of final recipients  
• Changes in risk management during the programming period | Interview (MA, fund manager)  
FI’s business plans and funding agreements according to Commission Regulation (EC) No 1828/2006, if available | Need to establish how far implementation diverges from stated strategy and whether this has changed as a consequence of the crisis. |
| 3 | What is the repayment structure for loans, and the exit strategy for equity and venture capital? | Documentary evidence supplemented by interviews | • Availability of information by type on key features such as the length of repayment plans, exit strategy, guarantee coverage  
• Key characteristics of typical exit strategy for investments and whether this varies by type of instrument (It is necessary to see the exit strategy in the broader context, i.e. also for loans and guarantees funds. Exit meaning returning of resources attributable to the SF contribution to MA or other designated authority - see paragraph 9.2.2 of COCOF note) | Interview (fund manager)  
Documents on the operation of the instrument | What is the typical repayment structure for:  
• loans,  
• equity  
• other instruments (e.g. mezzanine finance)  
Split these two items; although linked there can be significant differences in approach and policy, which can influence the way returns and outcomes are realised. It might also be worth |
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<th>N</th>
<th>Evaluation question</th>
<th>Evidence</th>
<th>Judgement criteria</th>
<th>Sources</th>
<th>Comments</th>
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<tbody>
<tr>
<td>4</td>
<td><strong>What happens when a firm does not fail, but does not turn a profit?</strong></td>
<td>• Documentary evidence supplemented by interviews</td>
<td>• Equity / venture capital schemes in relation to repayments</td>
<td>• Interview with Fund Managers.</td>
<td>looking at the FI accounting policy, whether they are fixed term LLPs or open term funds which will also drive policy on repayment structures and exit policies. Relevant to different instruments in different ways – e.g loan interest and cash flow, or venture capital affecting exits.</td>
</tr>
</tbody>
</table>
### Monitoring and evaluation

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<th>N</th>
<th>Evaluation question</th>
<th>Evidence</th>
<th>Judgement criteria</th>
<th>Sources</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What indicators are collected? Do they cover spending and outputs only, or also results and other long term outcomes? What data is available on repayments?</td>
<td>• Data in the public domain or management information.</td>
<td>• Coherence of indicators including financial indicators, output indicators, e.g. number of companies supported, co-investment rate, result indicators, e.g. gross jobs created, growth of turnover or revenue and long term outcome indicators, e.g. survival rate of entrepreneurs; number of entrepreneurs expanding their businesses; growth in employment, turnover, sales etc.; impact on the local economy for market players, GDP, employment etc.</td>
<td>• AIR including Monitoring report for FIs</td>
<td>Regular progress reports from final recipients to FI managers should be part of the conditions for receiving financing through FIs. Monitoring and reporting at different levels MA, HF, FIs and final recipients. Monitoring includes (a) disbursement of financing at the level of FIs and final recipients (b) returns and (c) any other key aspects.</td>
</tr>
<tr>
<td>2</td>
<td>What is reported to the managing authority? How does this relate to the reliability of data reported to the Commission, notably in terms of expenditure codes and the 2012 summary of data on financial instruments?</td>
<td>• Data in the public domain or management information.</td>
<td>• Clear reporting provisions for FI managers to the MA and the 2012 summary of data on financial instruments should be fulfilled. MA quality control mechanism to cross check data reported by FI managers. Clear links of FI implementation to fund categorisation in the AIR according to Commission Regulation (EC) No 1828/2006. Consistency of EC summary data and categorisation data. Completeness of data reported to the EC via the Template Monitoring Report for FIs established under Article 44 of Gen. Reg. 1083/2006 acc. to COCOF Guidance, revised version 08/02/2012.</td>
<td>• AIR including monitoring report for FIs</td>
<td>The provisions for reporting by FI managers to Member States or MA and for monitoring investments have to be set out in the funding agreement according to Commission Regulation (EC) No 1828/2006.</td>
</tr>
<tr>
<td>3</td>
<td>Have there already been evaluations of these or similar schemes (and if so, what did they find)? Are evaluations planned? What will they contain – and what data is already being collected to feed them?</td>
<td>• Evaluation reports, Research papers, Perceptions by stakeholders.</td>
<td>• Evaluations which specifically deal with FIs (published or for internal use only); specification of client and methods. Key findings of evaluations, e.g. summary of main achievements. Multi-annual evaluation plan on FIs. Capacity of the MA to conduct FI evaluations. Considerations to carry out rigorous evaluations on FIs in the future. Considerations for a data mining strategy to feed rigorous evaluations in the future. Extent to which evaluations are used for corrective measures.</td>
<td>• Interviews with MA will also seek relevant documents, unless these are published. Literature review on evaluations. Any ex-ante assessment for new period.</td>
<td>Is the full set of FIs covered by evaluation activities or are the evaluations selective and not representative of the full spectrum of FIs co-financed by the ERDF? Are evaluation studies fully transparent and accessible or are evaluations kept as internal documents, not published and not accessible?</td>
</tr>
</tbody>
</table>
Outcomes

<table>
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<tr>
<th>N</th>
<th>Evaluation question</th>
<th>Evidence</th>
<th>Judgement criteria</th>
<th>Sources</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>How much private money has been levered in?</td>
<td>• Documentary evidence and interviews to check</td>
<td>• Share of the national private resources out of the total contributions</td>
<td>• Interviews with MA and Fund Managers which will also seek unpublished documents</td>
<td>FIs can facilitate and attract other public and private financing at various levels of the implementation chain (intermediaries and final beneficiaries). This can be achieved through co-financing by international financial institutions or through the additional debt banks and guarantee institutions are requested to provide to final beneficiaries. Identify actual source of funds – it may not be immediately apparent whether an organisation is public or private.</td>
</tr>
<tr>
<td>2</td>
<td>How much of the money has revolved?</td>
<td>• Documentary evidence and interviews to check</td>
<td>• Total amount of contributions invested in final recipients during the programming period and any changes</td>
<td>• Interviews (MA, fund manager) • Monitoring data • Progress reports • AIR</td>
<td>There is a multiplier effect during the lifetime of an FI if repayments of capital or interest and proceeds of an investment can be reused for the instrument. Such ‘revolving’ funds can considerably increase the reach of individual instruments. Statements on financial sustainability can only be made after some time, when the portfolio is constructed and implemented. Preservation of the full substance of a fund can only be guaranteed if the risk is zero.</td>
</tr>
<tr>
<td>3</td>
<td>What is the initial evidence of effectiveness? This last should include productivity and jobs, but also failure rates – it should also include other goals relevant to the scheme, e.g. if a</td>
<td>• Documentary evidence with data on Fund performance; additional evidence from interviews</td>
<td>• Effectiveness in achieving strategic objectives of FIs in the context of OP objectives as defined in the intervention logic, e.g. gross number of jobs created, growth of turnover or revenue, survival rate of entrepreneurs; number of entrepreneurs expanding their businesses. • FIs operational objective achievements, e.g. number of companies supported in a specific sector, co-investment rate, failure rate, return of funds. • Effectiveness of supporting Growth in High Tech</td>
<td>• Interviews (MA, fund manager); seek unpublished data from interviews. • AIR • Performance reports by FI managers • Monitoring data • Evaluations</td>
<td>Assessment of the effectiveness looks at FI attainment of policy objectives (the intended change described above). The evaluation question related to effectiveness is ‘How and to what extent have the stated policy objectives been achieved?’ The effectiveness of a broad spectrum of objectives (bundles of</td>
</tr>
<tr>
<td>N</td>
<td>Evaluation question</td>
<td>Evidence</td>
<td>Judgement criteria</td>
<td>Sources</td>
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<td></td>
<td>venture capital scheme sets out to stimulate early stage research, development and innovation.</td>
<td></td>
<td>and University Commercialisation (have FI’s supported high-tech start-ups and, if so, how effective has this been? What evidence is there of links with university commercialisation and start-up/spin-out activities, and if so how effective has this been?)</td>
<td></td>
<td>sub-objectives) should reflect which ones are pursued under an FI and the real implementation mechanism leading to outputs and results.</td>
</tr>
<tr>
<td>4</td>
<td>What is the initial evidence for efficiency/cost-effectiveness (i.e. comparing outcomes to costs such as those in point 3 above)? How does this compare between different FEIs and with the main alternative sources of finance in the region/country (e.g. grants, private schemes)? What is the evidence for and against the theories of change and contribution stories?</td>
<td>• Documentary evidence and interviews to understand different stakeholder narratives on how the FI worked in practice. A narrative assessment of how the FI has worked in practice and how it compares with the relevant FI/grant landscape.</td>
<td>• Information on the cost effectiveness of different types of FIs and grant schemes offered in a case study region (please note: comparison between FIs should be looked at very carefully. In particular comparison with other financial instruments set up under national or European schemes can be misleading. These latter instruments do not share Cohesion policy objectives and are not implemented under the Cohesion policy programmes and restrictions (regional scope, eligibility end-date, etc.).</td>
<td>• Interviews (MA, fund manager, other stakeholders); different stakeholder perspectives provide triangulation</td>
<td>Cost effectiveness analysis measures efficiency. Efficiency is expressed via the cost effectiveness ratio, as a unit of financial input/unit of result, e.g. financial costs in EUR / gross jobs created. This would be a good question to discuss with MAs, evaluators, experts etc. It is also a good idea to explicitly ask about exit strategies from equity investments, seek examples of what the exits have been, e.g. MBOs, IPO, third party sales. Have there been constraints on follow-on investment? Have exits and repayments constrained the re-use of funds?</td>
</tr>
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</table>
**Optimum scale**

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|   | **Given implementation, costs and outcomes what can be said about the minimum, optimum and maximum sizes of scheme and level of individual support?** | • Statistical evidence and interviews to understand different perceptions | • Information on the economies of scale when managing an FI, e.g. suggested by the literature  
|   |                                                                                      |                                                                         | • Evidence suggesting that smaller / more specialised FIs can achieve better outcomes | • Interviews (MA, fund manager)  
|   |                                                                                      |                                                                         |                                                                                     | • Monitoring data analysis, e.g. amount of funds reaching final recipients, proportion of funds accounted for by management fees, number of transactions  
|   |                                                                                      |                                                                         |                                                                                     | • Review of research papers  
|   |                                                                                      |                                                                         |                                                                                     | • Review of evaluations                                                                                     |
|   |                                                                                      |                                                                         |                                                                                     |                                                                                                    | The financial viability of a fund and operational effectiveness of an FI can be influenced by its scale. It might therefore be worthwhile looking at both these aspects of FI delivery separately and then bringing the data together to come to a conclusion.  
|   |                                                                                      |                                                                         |                                                                                     |                                                                                                    | There is also a stage of investment issue here that should be considered.  
|   |                                                                                      |                                                                         |                                                                                     |                                                                                                    | Seed investments tend to be more numerous and riskier that later round investments.  
|   |                                                                                      |                                                                         |                                                                                     |                                                                                                    | Also important is the connectivity between funds. If there is no next stage (FI) to go to (e.g. between seed and market development, or between market development and growth) then having appropriate levels of capital for follow-on rounds is essential.  |

**Market-making for equity/venture capital funds**

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</table>
|   | **Is there evidence of successful creation/expansion of the equity/venture capital market in the region/country? Is this likely to be sustained/sustainable in** | • Documentary evidence and perception of stakeholders                    | • Evidence on improved market making based on experiences from the 2000-2006 and 2007-2013 programming periods  
|   |                                                                                      |                                                                         | • Availability and quality of information on the current market gap and state of the market in comparison to a baseline  
|   |                                                                                      |                                                                         | • Extent to which a funding gap remains  
|   |                                                                                      |                                                                         | • Evidence on the funding gap linked to | • Interviews (MA, fund manager)  
|   |                                                                                      |                                                                         |                                                                                     | • Evaluations                                                                                     
|   |                                                                                      |                                                                         |                                                                                     | • Ex-ante assessment for 2014-2020 period                                                                 |                                                                                                    |
|   |                                                                                      |                                                                         |                                                                                     |                                                                                                    | This section was split and judgement criteria established for each section.                                                                 |
### Evaluation question

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<th>Judgement criteria</th>
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</table>
|   | the long term, even if public money is withdrawn? How much of a funding gap remains, what links with universities, what other means of supporting high-tech start-ups? Is there any evidence of added value of ERDF vs private equity/venture capital funds? | universities and to supporting high-tech start-ups  
• Extent to which FIs could be sustainable in the long term, even if public money is withdrawn?  
• Available information on the consequences of reduced public funding for FIs  
• Evidence on the added value of ERDF vs. private equity/venture capital funds | | |

### Good practice

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<th>Sources</th>
<th>Comments</th>
</tr>
</thead>
</table>
| 1 | Are there any good practice examples in the above terms (setup/implementation, early signs of effectiveness, sustainability/expansion of markets, good practice projects) | • Documentary evidence and statistical data supplemented by views of interviewees, evaluators | • Good practice examples on the setting up and implementation of FIs  
• Shared perception of good practice issues by people with different perspectives (triangulation) e.g. MA, fund managers, evaluators, recipients  
• Good examples in terms of management practice, including:  
  • administration  
  • cost of delivery  
  • ROI  
  • Outcomes for companies  
  • Impacts on the regional/national economy | • Interviews (MA, fund manager)  
• Evaluations  
• Focus group with a limited number of final recipients (to be decided) | Are there any particularly noteworthy organisations for management and delivery, or in terms of the creativity of their FIs that might inform good practice for the next range of instruments? |
| 2 | What do we learn from comparing good practice cases with others? What makes the difference? | • Perceptions of interviewees, evaluators | • State of knowledge of MA and fund managers about good and bad practices elsewhere  
• Pre-conditions for good practice (different contexts)  
• Shared perception among stakeholders that the FIs in this OP are being run as well or better than those in other regions | • Interviews (MA, fund manager) | |
Design of the toolkit for the case studies

The toolkit (Act 3.a Design of the tool-kit) is a key element for implementation of the evaluation design in the case studies. It will support national experts during fieldwork. The toolkit will incorporate the findings of Tasks 1 and 2 and include:

- **Introduction**, with expectations and objectives of the cases studies, a short easy-to-read guide on FIs, an introduction to theory of change;
- **Guidance document** on how to carry out the case study, including methodological and practical issues, interview guides (specific issues are addressed for different stakeholders) and a grid of interview partners to be contacted by national experts;
- **Case study template**, so a systematic write-up structure facilitates cross-case comparisons, while leaving flexibility for case specificities. The template will include summary tables for visualising the theory of change and assessing the effects. Some sections of the template will be pre-filled with information and data on the respective OPs from Task 1, e.g. data on the progress made in financing and implementing FIs.
- **Reference documents**: analysis of private markets for financial instruments in the relevant countries\(^{41}\), analysis of EC categorisation (estimated amounts in adopted OPs and allocated amounts) and FI summary data, list of relevant background literature.

The toolkit, especially the guidance document, case study template and interview questionnaires will be verified by the theory of change specialist (Helène Clark) and the other members of the advisory board (see Chapter 3).

Case studies will be drafted on the basis of a common case study template, which allows each TBE ‘building block’ to be developed and verified according to the evaluation framework.

A preliminary structure of the case study template is shown in the following table. Each sub-heading will be covered by the national experts based on the judgement criteria and information sources proposed in the evaluation framework. The final template will include further drafting guidance for the experts and the judgment criteria related to each section. Although partly summarised in the template, the full range of evaluation questions will be addressed as set out in the evaluation framework.

---

\(^{41}\) Analysis of private markets for equity/venture capital, loans and guarantees will be prepared by the core team to illustrate the development of markets in the countries or programme areas, including information on the size of the markets and the typical conditions under which financial instruments are offered, e.g. price. This analysis will include benchmarking against other areas and countries, as well as market trends following the crisis. See section 2.1 for more details.
Table 3: Preliminary structure of the case study template

**Executive summary**
(1-2 pages)

**Introduction, list of abbreviations used**
(1-2 pages)

**Section 1. Short presentation of FIs in the OP**
(1-2 pages)

1.1 OP characteristics (relevant priorities under which FIs were established, EU investment)

1.2 Description of FIs (type and number of FIs, selection of FIs for the case study if applicable)

1.3 Prior experience with FIs (link to previous OPs; increased or reduced use of FIs)

**Section 2. Goals and theory of change of FIs**
(→ Mapping out the conceptual model)
(3-4 pages)

2.1 Goals of the FI schemes and the theory of change

2.2 Market gap assessment in the context of the private market in a given region

2.3 Contribution of FI schemes to regional development goals of the OP

2.4 Motivation of the MA to set up FIs

2.5 Division of labour between FIs in an OP

2.6 Fit of FIs set out in the OP with other OP instruments (grants, non-financial support) and similar non-Cohesion Policy instruments in the same area

**Section 3. Management and implementation of FIs**
(→ Verifying the implementation and telling the performance story)
(8-10 pages)

3.1 Governance structure of FIs

3.2 Type and background of fund managers

3.3 Key differences in the management of public and private sector FI schemes

3.4 Performance and success indicators for fund management; incentives linked to
3.5 Management costs and fees for sound fund management
3.6 Preparation time and costs to set-up FI schemes
3.7 Capacity to attract firms for FIs compared to other forms of support
3.8 Implementation challenges, e.g. delivery, legal compliance, state aid
3.9 Comparison of costs and implementation issues of FIs with private and other public financial support
3.10 Success factors for sound administration and management of FIs
3.11 Capacity of MA and fund managers to successfully run FIs; capacity building
3.12 Status and health of projects in the FI portfolio
3.13 Approach to risk management
3.14 Key features of the repayment structure for loans / exit strategy for equity and venture capital

Section 4. Monitoring and evaluation of FIs
(→ Verifying the implementation and telling the performance story)

4.1 Characteristics and completeness of the indicator system (financial indicators, output indicators, result and other outcome indicators, horizontal indicators)
4.2 Reporting provisions for fund managers to the MA
4.3 Reliability of reported data to various stakeholders
4.4 Evaluations carried out to date or planned, key findings

Section 5. Outcomes of FI implementation
(→ Verifying the implementation and telling the performance story)

5.1 Private money levered in at the various levels of the implementation chain
5.2 Financial sustainability of FIs

5.3 Actual, expected and unexpected outcomes (output and results, wider effects) for each FI implemented, concrete examples of outcomes

Section 6. Case study conclusions

(Drawing evidence-based conclusions)

(4-6 pages)

6.1 Consistency of implementation and practice with statement of goals and theory of change (set out in section 1)

6.2 Achievement of FI strategic objectives in the context of OP objectives, as defined in the intervention logic, e.g. gross number of jobs created, growth of turnover or revenue, survival rate of companies; number of companies expanding their business

6.3 Achievement of FI operational objectives, e.g. number of companies supported in a specific sector, co-investment rate, failure rate, return of funds

6.4 Achievement of horizontal objectives, e.g. equality between men and women, sustainability

6.5 Cost effectiveness of different types of FIs and grant schemes

6.6 Optimum scale of FI schemes

6.7 Improved market making for equity/venture capital funds (creation/ expansion of equity/venture capital market in the region/country, remaining funding gap)

6.8 Added value of ERDF vs. private equity/venture capital funds

6.9 Elements of good practice from the case study, e.g. good practice in terms of fund management, preconditions for good practice

6.10 Problems and solutions in carrying out the case study

Annex

A1. Data sources
A2. References, with bibliographical details

A3. List of interviews (Name, Organisation)

A4. Tables

Source: consortium

The case study reports will be as concise as possible and should not exceed 30 pages (detailed financial data can be annexed).

In line with the evaluation questions set out in the tender specification large parts of the proposed structure of the case study template address issues of management and implementation. National experts are encouraged to set also a focus on achievements and short and long term results if information is available.

Attention will be paid to summarising information and creating a narrative at the level of the OP. If some information is not available, it will be explicitly stated and if possible practical solutions for filling gaps will be sought from the core team working with national experts.

A team meeting of the core team and national experts will ensure their full understanding of the tasks and provide an opportunity to seek clarification (see Task 6b). It may be necessary to modify the toolkit after comments from national experts.

In addition, the core team will have a 'help desk' (via skype, phone or e-mail) to support national experts during the case study elaboration to solve problems, e.g. regarding definition of terms or availability of information.

Case study reports will be quality controlled as set out in Chapter 4 (quality of deliverables).

**Information collection approach**

Based on the guidance and templates provided, the national experts will carry out a desk review of the relevant OPs and the related FIs (Act 3.b Document analysis) including, as available:

- Official OP documentation (NSRF, OP, AIRs)
- OP monitoring data
- EC summary data
- Relevant JEREMIE financing gap assessments and national/regional gap assessments
- Other academic literature, national studies, evaluations and statistical evidence on funding gaps, the equity/venture capital markets and availability of loans and guarantees
- Country reports from DG REGIO’s evaluation network on the use of the ERDF to support FIs
- Regional/national plans and strategies on support for SMEs through FIs
- Evaluation reports of the 2000-2006 and 2007-2013 periods
- FIs funding agreements and business plans according to Commission Regulation (EC) No 1828/2006. At a minimum extracted information should be made available to evaluators.
- Ex-ante assessment for 2014-2020 programming period
- Annual performance reports of FI managers
- Any internal and external audit reports could be of use here, if available. At a minimum extracted information should be made available to evaluators.
- FI manager website
- Information leaflets offered by FTE managers aimed at final recipients

The review should supplement the analysis of other OP documents and evaluation literature carried out under tasks 1 and 2. National experts will be provided with EU-wide data on the FI schemes co-funded by the ERDF from Task 1.

At this stage, national experts will identify the stakeholders to interview, in order to complete the information from Task 1 and the document analysis under this task.

To ensure the report is complete, interviews will be conducted with European funding institutions, national coordination authorities, MAs, bodies involved in the implementation of the FIs, final recipients and other stakeholders. Selection of representative interviewees from each group is likely to prove challenging, especially when the case study OP has set up multiple FIs. An indicative number of interviews in each group and guidance for selecting interviewees is provided below. However national experts can adapt the number and type of interviewees to the OP context.

In addition to guidance below, identification of interviewees should be based on desk research and information from key stakeholders, e.g. MA. National experts are encouraged to contact the key stakeholders as early as possible to inform them of the study.

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Number of Interviews</th>
<th>Selection of interviewees</th>
</tr>
</thead>
<tbody>
<tr>
<td>European funding institutions</td>
<td>1</td>
<td>European Commission (especially geographical units). If the EIB is a holding fund manager, it will be treated as a ‘fund manager’ (see below).</td>
</tr>
<tr>
<td>National coordination authorities</td>
<td>1</td>
<td>These are the relevant ministries involved in FI guidance.</td>
</tr>
<tr>
<td>MAs and (where relevant) ‘line departments’ involved in FI design and implementation</td>
<td>2</td>
<td>The number of interviewees in the MA depends on the MA structure and how the responsibilities in FIs are divided. The line department responsible for FIs should be interviewed.</td>
</tr>
<tr>
<td>Stakeholder group</td>
<td>Number of Interviews</td>
<td>Selection of interviewees</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------</td>
<td>----------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Fund and holding fund managers</td>
<td>4-7</td>
<td>Experts within scheme providers include: experienced loan officers / venture capital and equity providers, credit analysts. The number of fund managers interviewed depends on the number of funds and holding funds the OP has set up. If holding funds are set up, the holding and specific fund managers should be interviewed. Managers of particularly interesting FIs should be selected.</td>
</tr>
<tr>
<td>Final recipients</td>
<td>2-4</td>
<td>The final recipients should be selected with the assistance of Fund Managers /MA. A member of the core team should be consulted when selecting the final recipients. National experts will be encouraged to carry out Focus Groups with final recipients.</td>
</tr>
<tr>
<td>Other stakeholders (business representative bodies, chambers of commerce, local/regional/national academics and experts in the area of finance)</td>
<td>1-2</td>
<td>The identification of other stakeholders should be based on desk research</td>
</tr>
</tbody>
</table>

Source: consortium

After a desk review of the relevant documents and identification of interviewees, field research will start (Act 3.c Field research).

In line with the tender specifications, all nine case studies will start in parallel, however, two pilot case studies will be delivered earlier (see Task 5). In order to avoid any delays or complications, the OPs chosen for the ‘fast track’ exercise will be those where contacts can be established quickly and background information collected easily.

The interviews will be conducted face-to-face when possible. However, when interviewees are spread over a geographically large area, interviews may be conducted on the phone or via skype. Interviews will be semi-structured, based on the interview guide provided to the national experts as part of the tool-kit. The interview guide will address the different roles of interviewees in relation to the design and implementation of FIs. Although a standard interview checklist will be provided, national experts can adapt questions to the specific interviewee and territorial/OP context.
2.4 Task 4: Seminar and final reporting

Background

The seminar “Financial Instruments for enterprise support: Lessons from 2007-2013” (proposed working title) forms a crucial milestone towards the final report and will be important for the study by discussing and deepening emerging findings of the report and case studies. The main objective of the seminar is to:

- Discuss and deepen analysis on the emerging findings of the report and case studies; i.e. collect feedback from relevant stakeholders on evaluation findings and obtain more information on the rationale and performance of the FIs.

The seminar is a mean to verify the findings from the evaluation and to hear the views of the MAs and those responsible for managing the FIs and of getting as much additional information as possible on the operation of the funds concerned and the rationale for setting them up.

Please note: Seminar objectives and details will be reviewed with EC and WP1 experts in January 2015.

The overall methodological approach for this task is detailed in the remainder of this section (see also Figure 8).

Figure 8: Methodological approach for task 4

The seminar will be organised as follows:

a) The core team will develop a summary report of 10 to 15 pages including a summary of the evaluation, a synthesis of the case studies, preliminary conclusions and the main questions to be discussed. This document will be circulated 14 days before the seminar. Details of the seminar (prepared
interventions/group work etc.) will be prepared by the core team after agreement on the concept below;

b) The core team will nominate European experts on financial instruments, including case study MAs and/or other bodies involved in implementing FIs, relevant units of DG Regio, EIB experts, and EC experts from other funds employing FIs, e.g. COSME, Horizon 2020 and risk sharing facilities. Evaluation project managers of the different WPs and members of the evaluation advisory board and academics will also attend the seminar. Participation in the seminar should clearly be determined in the light of what is intended to get out and will be further clarified with the EC.

c) Inputs from the seminar will be recorded and will feed into the draft final report.

**Preparation and implementation approach**

A *draft structure and agenda* for the seminar as well as a *draft list of invitees* will be submitted within six months of signing the contract. Following this, modifications to the documents will be discussed and agreed with DG REGIO and invitations sent. This should inform participants well in advance of the date set for seminar, increasing attendance at the event.

However, to make the seminar a useful tool for delivering relevant input to the study, sufficient flexibility in the format is needed to accommodate the needs and research interests of the EC and the evaluation team that emerge during the study.

To achieve this goal the consultants propose a step-by-step approach in close cooperation with the EC. In particular, the Second interim report, due within ten months of signing of the contract (5 June 2015), will include cross-analysis of the case studies as well as a summary of the evaluation evidence and their tentative conclusions. Based on these, it will be possible to agree with the Steering Group (at the third meeting) adjustments to the objectives and format of the seminar. These could include allocated time, sequence of the programme, role of the moderator, as well as the roles of participants. After changes, the final agenda will be disseminated early enough to ensure proper preparation for the seminar.

The consultants propose the event to be formally chaired by DG REGIO and facilitated by the contractor, who will ensure an effective and focused exchange of information and experience among participants. The seminar will be electronically recorded to effectively document the contributions of the participants.

**Table 5: Timeline for seminar preparation**

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Time line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draft outline of the programme sent to the EC</td>
<td>January 2015;</td>
</tr>
<tr>
<td>Draft list of possible participants sent to the EC</td>
<td>January 2015;</td>
</tr>
<tr>
<td>Agreement on the date, programme and participants with the EC</td>
<td>End of February 2015</td>
</tr>
<tr>
<td>Initial invitation to be sent to participants</td>
<td>End of February 2015</td>
</tr>
<tr>
<td>10-15 page summary of the study including an outline of the main questions to be discussed with the EC</td>
<td>May 2015</td>
</tr>
<tr>
<td>Dissemination of the study summary to the participants (at least 14 days before the date of the seminar)</td>
<td>June 2015</td>
</tr>
</tbody>
</table>
For practical reasons the consultants suggest that the seminar will be organised as a one-day meeting which has been budgeted under WP1 (Synthesis).

The meeting will take place in Brussels. Participants from abroad should arrive the day before to start the seminar in the morning.

The format of the seminar is interactively structured and consists of common parts and breakout groups. The common parts would be used as inputs to the discussion and the final working session will discuss how to incorporate the inputs in the final deliverables of the evaluation. The seminar will be in English.

The final details of the seminar will be agreed with DG REGIO over the course of the project, as explained above. A preliminary agenda in line with the proposed methodology is in Table 6.

**Table 6: Illustrative preliminary agenda of the seminar**

<table>
<thead>
<tr>
<th>Time frame</th>
<th>Session</th>
<th>Indicative content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9:00 - 9:30</td>
<td>Registration and welcome coffee</td>
<td>Purpose and structure of the seminar</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Outline of intended seminar outcomes (agreed with EC as part of preparation)</td>
</tr>
<tr>
<td>9:30 - 9:40</td>
<td>Introduction by seminar facilitator</td>
<td>Study proceedings and findings so far by the core team</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Presentation of the case study synthesis and preliminary conclusions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Clarification questions in the plenary</td>
</tr>
<tr>
<td>9:40 - 10:00</td>
<td>Welcome by EC staff</td>
<td></td>
</tr>
<tr>
<td>10:00 - 11:00</td>
<td>Study proceedings and findings so far by the core team</td>
<td>Working groups of around 10 persons each detail their opinions about the preliminary conclusions and the related questions sent out with the invitation</td>
</tr>
<tr>
<td>11:00 – 11:30</td>
<td>Coffee break</td>
<td></td>
</tr>
<tr>
<td>11:30 – 13:00</td>
<td>Parallel working groups</td>
<td></td>
</tr>
<tr>
<td>13:00-14:00</td>
<td>Lunch</td>
<td></td>
</tr>
<tr>
<td>14:00 – 15:00</td>
<td>Presentation of group work findings</td>
<td>Each working group presents key results of the discussion in the working group.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discussion in plenary</td>
</tr>
<tr>
<td>15:00 – 16:00</td>
<td>Panel discussion with key experts</td>
<td>After the presentation of workshop findings the key aspects will be discussed at a final stage with the three project key experts. This will be a round table where</td>
</tr>
</tbody>
</table>
According to the terms of reference, around 25 participants (without WP3 own staff, the EC, or the EIB) should be invited to the seminar. The MA and the organisations implementing the FIs in the respective MS should be invited. A preliminary breakdown of different participants is given in Table 7, and will be further discussed during the project in agreement with DG REGIO.

### Table 7: Potential seminar participants

<table>
<thead>
<tr>
<th>Organisations/Representatives</th>
<th>Indicative number of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>WP3 Core team</td>
<td>3</td>
</tr>
<tr>
<td>Facilitator</td>
<td>1</td>
</tr>
<tr>
<td>WP3 External experts</td>
<td>3</td>
</tr>
<tr>
<td>EC DG Regio units (Evaluation, FIs)</td>
<td>3</td>
</tr>
<tr>
<td>MA and IB representatives</td>
<td>20</td>
</tr>
<tr>
<td>EIB(EIF)</td>
<td>1</td>
</tr>
<tr>
<td>EC other DGs e.g. DG Enterprise and Industry</td>
<td>3</td>
</tr>
<tr>
<td>Representatives of WP1, WP2 and WP4 of DG Regio ex-post evaluation</td>
<td>3</td>
</tr>
<tr>
<td>Academics</td>
<td>5</td>
</tr>
<tr>
<td><strong>Sub-total</strong> (without ex-post evaluation staff, EC, EIB)</td>
<td><strong>25</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
</tr>
</tbody>
</table>

The organisation of the seminar will be supported by the contractor for 'WP 1 Synthesis' who will cover travel and accommodation costs for participants.

To ensure smooth cooperation between the two contractors, the consultants will designate a seminar coordinator (see Chapter 3), who will actively contact their counterpart in WP1, whose contact information will be obtained from DG REGIO. We propose the following division of tasks between the two work packages, assigning clear responsibilities and avoiding misunderstandings:
Ex post evaluation of Cohesion Policy 2007-2013, focusing on the ERDF and CF: WP3

<table>
<thead>
<tr>
<th>Phase</th>
<th>WP 3 Manager</th>
<th>WP 1 Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation</td>
<td>Nominate participants and confirm with EC</td>
<td>Invite participants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Book tickets/accommodation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Make provisions for premises or arrange with EC at their premises</td>
</tr>
<tr>
<td></td>
<td>Draft agenda (in process with EC)</td>
<td>Disseminate Agenda with invitation</td>
</tr>
<tr>
<td>Implementation</td>
<td>Ensure operation on site</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Take minutes</td>
<td></td>
</tr>
<tr>
<td>Follow up</td>
<td>Draft meeting report</td>
<td>Collect boarding passes and other relevant documents for reimbursement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Control payment claims and make payments (if applicable)</td>
</tr>
<tr>
<td></td>
<td>Arrange potential follow up with EC</td>
<td></td>
</tr>
</tbody>
</table>

Source: consortium

Follow-up work and final reporting

The seminar will be documented by the consultants so that outcomes (stakeholder views on issues and rationales, validation and identification of additional data sources, reconsideration of interpretations etc.) are properly included in the draft final report. The documentation will be submitted to DG REGIO for approval within 15 days of the seminar. It will then be used to consolidate the findings in the draft final report.

The final deliverables\(^{42}\) will include a main report that will compare the main sources of evidence (in particular the cross case study analysis, but also the literature survey, results of the seminar, etc.), as well as 12 country annexes, summarising the results of Tasks 1 and 3.

The three coordinators from the project management sub-team, in addition to the expert responsible for quality control of deliverables, will prepare the synthesis report, summarising and interpreting the evidence. All four will work in tandem to identify the main points from the various tasks and prioritise the key findings in a logical manner. A preliminary structure of the final report is given in Table 8.

Table 8: Preliminary table of content of the final report

<table>
<thead>
<tr>
<th>Sec</th>
<th>Title</th>
<th>No. pages</th>
<th>Source</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Abstract</td>
<td>1</td>
<td>In English, French and German</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>Executive summary</td>
<td>18</td>
<td>Max. six pages for each language (English, French, German)</td>
<td></td>
</tr>
</tbody>
</table>

\(^{42}\)To be intended here as the draft final report (deliverable 5) and the final report (deliverable 6).
<table>
<thead>
<tr>
<th>Sec</th>
<th>Title</th>
<th>No. pages</th>
<th>Source</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
<td>5</td>
<td></td>
<td>Sets the frame and describes the objectives and methodology of the evaluation, gives an overview of the structure of the report</td>
</tr>
<tr>
<td>1</td>
<td>Financial Engineering Instruments in the EU</td>
<td>8</td>
<td>Task 1</td>
<td>Comparative overview</td>
</tr>
<tr>
<td>1.1</td>
<td>Main FI schemes for enterprise support</td>
<td></td>
<td></td>
<td>Overview on the basis of the 12 selected countries, which account for a major share of expenditure</td>
</tr>
<tr>
<td>1.2</td>
<td>Brief baseline of the private markets for equity/venture capital, loans and guarantees</td>
<td></td>
<td></td>
<td>A precise overview of existing information on market situation, conditions, gaps etc.</td>
</tr>
<tr>
<td>1.3</td>
<td>Main forms and packages of support per FI scheme</td>
<td></td>
<td></td>
<td>A precise overview of types of rationale, management and operational structures; full details are given in the Annex.</td>
</tr>
<tr>
<td>1.4</td>
<td>Empirical evidence on the effectiveness of FI schemes</td>
<td></td>
<td></td>
<td>An overview of major quantitative evidence on effectiveness. Full details are presented in the Annex.</td>
</tr>
<tr>
<td>2</td>
<td>Theories of change and contribution stories in publicly and privately funded FIs</td>
<td>8</td>
<td>Tasks 1, 2, 3 and 4 (seminar)</td>
<td>Critical comparison of results of the literature review and results of the case studies; literature is listed in the bibliography</td>
</tr>
<tr>
<td>2.1</td>
<td>Private sector FIs and their relationship to public sector support</td>
<td></td>
<td>Task 2 and Task 3</td>
<td>Comparison of results of literature review in the relevant 12 countries and results from the case studies</td>
</tr>
<tr>
<td>2.2</td>
<td>Different contexts, types of schemes and beneficiaries</td>
<td></td>
<td>Task 1, 2 and Task 3</td>
<td>Comparative analysis of information from desk research and case studies, full details are given in the Annex</td>
</tr>
<tr>
<td>2.3</td>
<td>Main theories of change and contributions stories</td>
<td></td>
<td>Task 2, 3 and 4</td>
<td>Critical analysis of researched theories of change</td>
</tr>
<tr>
<td>3</td>
<td>The effectiveness of management and implementation aspects</td>
<td>10</td>
<td>Tasks 2, 3 and 4 (seminar)</td>
<td>Cross-Case study analysis based on the list of points 2, 3, 4 and 5 of Task 3 Additionally the results of the literature review and the seminar will be taken into account</td>
</tr>
<tr>
<td>3.1</td>
<td>Governance structure and management costs</td>
<td></td>
<td>Task 3, point 2</td>
<td>Analysis of findings related to the questions listed in point 2 of Task 3</td>
</tr>
<tr>
<td>Sec</td>
<td>Title</td>
<td>No. pages</td>
<td>Source</td>
<td>Content</td>
</tr>
<tr>
<td>-----</td>
<td>---------------------------------------------------------</td>
<td>-----------</td>
<td>-------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3.2</td>
<td>Implementation and costs</td>
<td></td>
<td>Task 3, point 3</td>
<td>Analysis of findings related to the questions listed in point 3 of Task 3</td>
</tr>
<tr>
<td>3.3</td>
<td>Managing the portfolio</td>
<td></td>
<td>Task 3, point 4</td>
<td>Analysis of findings related to the questions listed in point 4 of Task 3</td>
</tr>
<tr>
<td>3.4</td>
<td>Monitoring and evaluation</td>
<td></td>
<td>Task 3, point 5</td>
<td>Analysis of findings related to the questions listed in point 5 of Task 3</td>
</tr>
<tr>
<td>4</td>
<td>Outcomes</td>
<td>6</td>
<td>Tasks 2, 3 and 4 (seminar)</td>
<td>Cross-Case study analysis based on point 6 of Task 3 questions Additionally, the results of the literature review and the seminar will be taken into account; in particular wider benefits such as creating a venture capital market</td>
</tr>
<tr>
<td>4.1</td>
<td>Evidence of benefits and effectiveness</td>
<td></td>
<td>Examples from Task 3</td>
<td>Money levered and money revolved Productivity, jobs, failure rates, goals relevant to the schemes</td>
</tr>
<tr>
<td>4.2</td>
<td>Evidence of efficiency / cost-effectiveness</td>
<td></td>
<td>Examples from Task 3</td>
<td>Including comparative analyses between different (types of) FI schemes</td>
</tr>
<tr>
<td>5</td>
<td>Lessons from FIs practices - Promising and sustainable practices</td>
<td>12</td>
<td>Tasks 2, 3 and 4 (seminar)</td>
<td>Cross Case study analysis based on the list of points 7, 8 and 9 of Task 3 in the light of the goals and context of a given region or Member State Additionally, the results of the literature review and the seminar will be taken into account</td>
</tr>
<tr>
<td>5.1</td>
<td>Optimum size and scope of an FI scheme</td>
<td></td>
<td>Examples from Task 3</td>
<td>Findings about the minimum, optimum and maximum sizes of schemes, optimum scope and level of individual support (sectors and firms targeted, combination of instruments).</td>
</tr>
<tr>
<td>5.2</td>
<td>Market-making for equity/venture capital funds</td>
<td></td>
<td>Examples from Task 3</td>
<td>Analysis of findings related to the questions listed in point 8 of Task 3</td>
</tr>
<tr>
<td>5.3</td>
<td>High effectiveness based on smooth management, necessary capacities</td>
<td></td>
<td>Examples from Task 3</td>
<td>From all the material gathered, this section should provide an analysis of how to keep implementation delays and management costs to a minimum while running an effective scheme. What administrative and institutional capacities are necessary to run such schemes successfully?</td>
</tr>
<tr>
<td>5.4</td>
<td>Ways of optimising the impact of FIs</td>
<td></td>
<td>Examples from Task 3</td>
<td>From all material gathered, this section should provide an analysis of ways to optimise impacts, including not only the attraction of private resources and revolving, but also final impact in terms of productivity and jobs</td>
</tr>
<tr>
<td>Sec</td>
<td>Title</td>
<td>No. pages</td>
<td>Source</td>
<td>Content</td>
</tr>
<tr>
<td>-----</td>
<td>--------------------------------------------</td>
<td>-----------</td>
<td>----------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5.5</td>
<td>Good practice examples</td>
<td></td>
<td>Examples from Task 3</td>
<td>Analysis of findings related to the questions listed in point 9 of Task 3</td>
</tr>
<tr>
<td>6</td>
<td>Conclusions and recommendations</td>
<td>10</td>
<td>All tasks</td>
<td>Includes results from the workshop</td>
</tr>
<tr>
<td>6.1</td>
<td>Rationales of the different FI</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.2</td>
<td>Main achievements of FI support by types of instruments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.3</td>
<td>Relevance of FI support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.4</td>
<td>Effectiveness of instruments by types</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.5</td>
<td>Efficiency of individual instruments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.6</td>
<td>Optimal scale and market-making factors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.7</td>
<td>Key success factors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Bibliography</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Annex</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| 12 country annexes | Summaries of results of Task 1, Task 2 and Task 3 |

Source: consortium
2.5 Task 5: Meetings and deliverables

The current task deals with all the meetings and the deliverables of the evaluation. Internal meetings are excluded from the scope of this task and have been detailed in the following.

Table 9 provides a comprehensive view of the total number of meetings and deliverables envisaged as part of the evaluation. The timing of each is also highlighted.

Table 9: Timing of the various deliverables and meetings

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception report</td>
<td>11 September 2014</td>
</tr>
<tr>
<td>Progress reports</td>
<td>By the 5th of each month</td>
</tr>
<tr>
<td>First interim report</td>
<td>11 December</td>
</tr>
<tr>
<td>Two pilot case studies</td>
<td>5 March 2015</td>
</tr>
<tr>
<td>Second interim report</td>
<td>5 June 2015</td>
</tr>
<tr>
<td>Seminar</td>
<td>No later than 5 July 2015</td>
</tr>
<tr>
<td>Draft final report</td>
<td>5 October 2015</td>
</tr>
<tr>
<td>Final report</td>
<td>5 November 2015</td>
</tr>
</tbody>
</table>

Source: consortium

The main deliverable will be the Final Report. A preliminary index of contents of the final report has been developed in the framework of the methodology for Task 4.

Table 10 provides the deadlines of each deliverable, as agreed with DG REGIO.

Table 10: Deliverables and deadlines

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception report</td>
<td>11 September 2014</td>
</tr>
<tr>
<td>Progress reports</td>
<td>By the 5th of each month</td>
</tr>
<tr>
<td>First interim report</td>
<td>11 December</td>
</tr>
<tr>
<td>Two pilot case studies</td>
<td>5 March 2015</td>
</tr>
<tr>
<td>Second interim report</td>
<td>5 June 2015</td>
</tr>
<tr>
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</tr>
<tr>
<td>Draft final report</td>
<td>5 October 2015</td>
</tr>
<tr>
<td>Final report</td>
<td>5 November 2015</td>
</tr>
</tbody>
</table>

Source: consortium
2.6 Task 6: Overall management and coordination

The overall management task relates to the smooth management and coordination among the various teams and experts within the consortium. This task will enable all the other tasks and activities to fit in well with each other and progress efficiently. The roles of each team and expert is clearly laid out (refer to Chapter 3) in order to ensure a clear understanding of the party responsible for each activity and thus ensuring more reliability.

Specifically, this task consists of the weekly update meetings of the project management team, a one-off general team meeting including the national experts and the continuous process of managing the national experts.

The three coordinators part of the project management sub team (see team organisation under section 3.1) will take part in a weekly update meeting of 1 hour/week (Act 6.a). The three coordinators will remain in constant contact throughout the execution of the study. However, it was considered prudent to set out a more formal platform to ensure steady communication flow and the timely resolution of any issues that may arise. Each of the coordinators will update the others on the progress of their respective team/task, discuss in depth any issues and potential solutions and briefly list out the plan of action for the following week.

The one-off general team meeting including all the national experts (Act 6.b) is essential for the execution of the entire study as it will help in clarifying the responsibilities and expected outcomes from the national experts. The main objective of this meeting is to present the case study toolkit to the national experts, ensure they clearly understand every aspect and update/validate the various documents that form part of the toolkit. Critical aspects of this meeting, as identified by the consultants, are:

1) Preparation:
   a) Preliminary documents: preparation of key-issues worksheets, agenda, invitations, leaflets and other presentation material
   b) Process design: techniques used and their pedagogical/strategic flow

2) Process facilitation: enabling, directing and ensuring the implementation of the design on site;

3) Recording and follow-up: collecting the input and results for use afterwards

The three coordinators will ensure that the preliminary documents are drafted and circulated to the national experts well in advance. One of the coordinators (Giovanni Familiari, t33) will lead the meeting and assist in the process facilitation while the remaining two coordinators handle the recording and follow up.

As regards the process design, the structure of the meeting is already well planned (refer to Box 7) to encourage the active participation of experts, ensuring an effective exchange of information and experience among the team. Even if the experts are already aware of the scope of the study and their specific tasks, the initial set of presentations are designed to ensure clear, homogenous understanding by all national experts and eliminate the risk of any potential misunderstanding.
Box 7: Draft structure for the general team meeting

- Introduction of core team and national experts
- General presentation of case study objectives and overall outcomes
- Focused presentation on activities involving national experts
- Presentation & validation of toolkit / templates
  - Open debate
  - Focused conversation\(^{43}\), guided by the coordinators
    - “Round the table” to collect input
    - Discussion to find key issues/ improvements
  - Approval/ validation
- Sample filling in of case study templates by all national experts
- Specific notes on case studies/ interviews/ questionnaire
- Conclusion

*Source: t33*

The other activities of the current task (Act 6.c to Act 6.e) involve quality control of the deliverables and are described in more in detailed in Chapter 4 below. Additionally, management of the national experts is provided by the individual tasks (see Chapter 3, Act 1.0, Act 2.0, and Act 3.0). The expert in charge of the specific task is specifically assigned the responsibility of managing the network of national experts. This activity involves regular interaction with the national experts, timely response to any queries that arise and providing the necessary guidance. However, the responsible expert will work under the supervision of the project management, who will also support the national experts in drafting the national reports.

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\(^{43}\) Focused conversation is a name used by Stanfield (2000) for a technique which structures discussion through the use of a series of pointed questions.
3. **Management**

3.1 **Team organisation**

The organisational structure has been very clearly laid out in order to ensure smooth coordination and easy exchange between all the team members, while at the same time defining where the responsibility lies.

**Figure 9: Organisational structure of the team**

As shown in the chart above, there are three major components in the execution of the study – the ‘core team’, the ‘national experts team’, and the ‘advisory board’. The core team further consists of a project manager sub team and a quality control sub team.

The core team is headed by the project management sub-team. One of the three coordinators from the PM team, Giovanni Familiari (t33), has been designated as the single contact point for the DG to facilitate ease of communication. The other two
coordinators include Fiona Wishlade (University of Strathclyde - EPRC) and Marlene Hahn\(^\text{44}\) (Metis). The project management sub team coordinates the activities of all the other experts and also contributes majorly to the execution of the tasks and the preparation of the deliverables of the study.

Although the work of the national experts will be led by the expert responsible for the specific task (see below), the project managers will contribute to providing guidance and the tools to carry out the work in the Member States. They will interact with the experts, respond to queries and give all the necessary advice as required. Cooperation between the task leader and the project management sub team will be further strengthened under task 3, considering the challenges posed by the case studies. Under this task, project managers will provide input to the methodological tools and contribute to review of the pilot cases. At a later stage, the task leader and the project managers will work in tandem to identify the main points from the case studies and prioritise the key findings in a logical manner.

In addition to the above, the project management sub team will support the national experts team throughout the whole process of preparing the country reports. Members of the project management sub team will also be responsible for organising and running the team meeting (see Task 6, section 2.6).

The specific functions of the project management sub team are:

- to ensure proper allocation of resources and smooth functioning of all activities and resolution of any problems that may arise;
- to define the scope and contents of the deliverables, in accordance to the tender specifications and any additional guidance from the Commission;
- to support the coordination and management of the activities of the national experts;
- to review the national reports, with the assistance of expert responsible for verifying the quality of the deliverables (see below);
- to draft the various deliverables summarising the findings of the study.

While the project managers take overall responsibility for the study, specific core team experts have been identified to lead the individual tasks. In addition to Giovanni Familiari (task 1, t33) and Marlene Hahn (task 4, Metis), who are also part of the project management sub team, the task leaders include Rona Michie (task 2, University of Strathclyde – EPRC) and Alice Radzyner\(^\text{45}\) (task 3, Metis).

The core team also includes a specialised quality control sub team responsible for ensuring the highest quality in the execution of the study. This team has experts specifically for controlling the quality of methodology / toolkit (Rona Michie, University of Strathclyde – EPRC), deliverables (Peter Schneidewind, Metis) and data (Andrea Gramillano, t33). Additionally, the quality control sub team comprises two dedicated language experts to ensure a high standard of written English in the deliverables.

\(^\text{44}\) The contractor has requested this expert to be substituted by Kaisa Granqvist (Metis) and Andreas Resch (Metis). Request is currently under approval of DG REGIO.

\(^\text{45}\) The contractor has requested this expert to be substituted by Christine Hamza (Metis). Request is currently under approval of DG REGIO.
The work of the core team will be supported by the 'advisory board', who will add in-depth knowledge of the relevant fields. The advisors are:

- Marc Cowling, Professor of Entrepreneurship at the University of Brighton
- Pietro Alessandrini, Full Professor of Monetary Economics and European Monetary Policy at the UNIVPM, and Founding member of the Money and Finance Research group (MoFiR)
- and Gerard Kelly, Director of Funding Operations at Creative Scotland

who will cover the fields of enterprise support and financial instruments, and:

- Hélène Clark, Director at Acknowledge and Chair of Board of Directors at the Centre for Theory of Change

Who will provide specialised knowledge on theory-based evaluation. The experts will give advice throughout the evaluation, in particular by participating to the internal meeting of experts, providing input to the evaluation toolkit, commenting on the deliverables, and participating in the evaluation seminar.

A network of national experts with relevant expertise, experience and local language skills has been created in each of the relevant countries. A total of 15 experts\(^{46}\) (five are internal and the other 10 external) provide coverage of the 12 countries. Two experts are responsible for carrying out the work in the Member States which are expected to require the most intensive work.

The experts will be in charge of all the tasks to be performed at national level, including translation of the requisite documents into the national language, phone calls, (desk) research and interviews. A full list of the countries and experts is given in the following table.

**Table 11: List of national experts**

<table>
<thead>
<tr>
<th>Expert</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arno van der Zwet</td>
<td>Belgium</td>
</tr>
<tr>
<td>Oto Potluka</td>
<td>Czech Republic</td>
</tr>
<tr>
<td>Heidi Vironen</td>
<td>Denmark</td>
</tr>
<tr>
<td>François Levarlet</td>
<td>France</td>
</tr>
<tr>
<td>Alice Radzyner, Rolf Bergs</td>
<td>Germany</td>
</tr>
<tr>
<td>Anna Adamecz, Petra Edina Reszkető</td>
<td>Hungary</td>
</tr>
<tr>
<td>Alessandro Valenza</td>
<td>Italy</td>
</tr>
<tr>
<td>Klaudijus Maniokas</td>
<td>Lithuania</td>
</tr>
<tr>
<td>Jacek Kotrasinski, Alicja Weremiuk</td>
<td>Poland</td>
</tr>
<tr>
<td>Professor Augusto Medina</td>
<td>Portugal</td>
</tr>
<tr>
<td>Ricardo Pedraz- Gonzales, Parissaki Marili</td>
<td>Spain</td>
</tr>
<tr>
<td>Patricia Robertson</td>
<td>United Kingdom</td>
</tr>
</tbody>
</table>

\(^{46}\) The total does not include one of the national experts for Germany, as she is also part of the core team.
3.2 Work organisation

The Gantt Chart (see Figure 10) simulates the whole execution of the study, starting from signature of the contract (August 5th 2014). Organisation of the service is based on the specific time schedule of the deliverables and related meetings as given in sections 3.8 and 3.9 of the tender specifications, and further agreed with DG REGIO during the kick-off meeting.

The following kinds of deliverables have been therefore indicated in the chart:

- Inception report;
- First interim report;
- Two pilot case studies;
- Second interim report;
- Draft final report (including 12 country annexes);
- Final report (including 12 country annexes).

The Gantt Chart is based on the identification of the relationships between the activities\(^{47}\), which are necessary to prepare the deliverables. Bars in the chart illustrate the timing as well as the length of each activity. The total number of person days devoted to each activity is indicated on the right of each individual activity bar\(^{48}\), while the timeframe within which the activity will be carried out is indicated by the length of each bar.

Immediately after the kick-off, the core team has started working on the methodological inception report and on designing guidance and tools for the national experts. The inception report (this document) will be revised based on the comments received during the first steering group meeting. Pilot stocktaking exercises will also be carried out during September so task 1 toolkit can be validated in its final version by month end.

Literature review and the main part of stocktaking can then start immediately in October. They will be carried out in parallel and completed in one month to leave enough time for the necessary analyses and validation before delivery of the first intermediate report. This time frame will be comfortably adhered to considering the number of days required for each expert to complete his part of the work, and also considering that the activities are split between two experts in the countries that require the most intensive work.

To ensure the best possible utilisation of the time available, analysis and quality control will also be carried out concurrently with information collection activities. The idea is that the national experts will send centrally the information collected on FIs on an on-going basis, so that the core team can start analysis and verification as soon as possible. In this way, three full weeks will be available before the output is passed to the reporting phase. Additionally, two full weeks are left between completion of the work in the countries (November 7\(^{th}\)) and finalisation of the analysis and quality

\(^{47}\) Column ‘Predecessor’ of the figure below provides specific information on the individual relationships identified by the consultants.

\(^{48}\) In case of the deliverables mentioned above, the number of person days indicated in the chart refers both to the preparation of the deliverables and to the review of study reports (resulting in the final versions) after feed-back from the relevant meetings with the steering group.
control (November 21st). All the work carried out in this phase of the study will flow into the first intermediate report, to be submitted by the consultant on December 11th.

In parallel to the work on task 1 and 2, and right after submission of the inception report, the project managers will start organising the general team meeting. This will take place in late December 2014 after submission of the first interim report.

The contractor will then start working on the nine case studies before feedback from the steering group is available (SG meeting on January 23th). This should speed up the project and help avoid any risk of delay. However, comments from the steering group will be communicated to the national experts immediately and approach to the case studies adjusted accordingly. Desk research and work on-the-field will be carried out in parallel, always ensuring that all the documents of the specific programme are reviewed before contacting the relevant stakeholders.

A draft agenda and invitees for the seminar will be submitted in January. After agreement with DG REGIO on the date, programme and participants invitation will be sent to participants so that they are informed approximately 3½ months before the date set for seminar (no later than July 5th).

Two pilot case studies are submitted within 7 months (March 5th). Comments from DG REGIO are also used to revise the guidance on the case studies if needed. On that basis, document analysis and research on-the-field will be completed by the national experts, and reporting on the case studies submitted to the core team by the end of 9 months.

Month 10 is used to prepare the second interim report covering task 3 (submission on June 5th). Any modifications to seminar arrangements are agreed with DG REGIO, seminar documents sent to participants, and the event held within 11 months (July 5th).

Following the seminar, all the work will be combined in the main body of the draft final report. This will be submitted within fourteen months after signature of the contract (October 5th), together with the 12 country annexes summarising the results of tasks 1 and 3. The draft final report will be discussed in the fourth meeting with the Steering Group. The contractor will then submit the final study in the definitive form, taking full account of the observations of the Commission, within 15 months from the date of entry into force of the contract (November 5th 2015).

The internal management activities will run throughout the course of 15 months with the various supervision and coordination required, along with the internal update meetings envisaged.

The following Gantt Chart will be reviewed after the first coordination meeting. On that occasion possible modifications will be discussed and agreed with the steering group. An updated version of the Gantt chart will be used during the following coordination meetings to report on the progress of the study activities.
Figure 10: Gantt Chart

<table>
<thead>
<tr>
<th>ID</th>
<th>Task Name</th>
<th>Duration</th>
<th>Start</th>
<th>Finish</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Task 1: Taking stock of support, selecting case studies</td>
<td>9 days</td>
<td>Tue 05/08/14</td>
<td>Fri 12/12/14</td>
</tr>
<tr>
<td>2</td>
<td>Act 1.a: Experts Management</td>
<td>79 days</td>
<td>Tue 05/08/14</td>
<td>Fri 21/12/14</td>
</tr>
<tr>
<td>3</td>
<td>Act 1.a: Design of the toolkit</td>
<td>44 days</td>
<td>Tue 05/08/14</td>
<td>Fri 08/10/14</td>
</tr>
<tr>
<td>4</td>
<td>Act 1.b: Desk review</td>
<td>35 days</td>
<td>Mon 22/02/14</td>
<td>Fri 07/11/14</td>
</tr>
<tr>
<td>5</td>
<td>Act 1.c: Validating, analysis and selection of cases</td>
<td>37 days</td>
<td>Thu 30/10/14</td>
<td>Fri 21/11/14</td>
</tr>
<tr>
<td>6</td>
<td>WP3.1: Literature review</td>
<td>6 days</td>
<td>Tue 05/08/14</td>
<td>Fri 07/11/14</td>
</tr>
<tr>
<td>7</td>
<td>Act 2.a: Experts Management</td>
<td>66 days</td>
<td>Tue 05/08/14</td>
<td>Fri 07/11/14</td>
</tr>
<tr>
<td>8</td>
<td>Act 2.a: Design of the toolkit</td>
<td>44 days</td>
<td>Tue 05/08/14</td>
<td>Fri 08/10/14</td>
</tr>
<tr>
<td>9</td>
<td>Act 2.b: Literature review</td>
<td>25 days</td>
<td>Mon 06/10/14</td>
<td>Fri 07/11/14</td>
</tr>
<tr>
<td>10</td>
<td>Task 2: The Case Studies</td>
<td>309 days</td>
<td>Fri 04/08/14</td>
<td>Wed 06/05/15</td>
</tr>
<tr>
<td>11</td>
<td>Act 3.a: Experts Management</td>
<td>123 days</td>
<td>Mon 17/11/14</td>
<td>Wed 06/05/15</td>
</tr>
<tr>
<td>12</td>
<td>Act 3.b: Design of the toolkit</td>
<td>57 days</td>
<td>Fri 01/03/15</td>
<td>Thu 17/03/15</td>
</tr>
<tr>
<td>13</td>
<td>Act 3.b: Document analysis</td>
<td>82 days</td>
<td>Mon 22/12/14</td>
<td>Tue 14/04/15</td>
</tr>
<tr>
<td>14</td>
<td>Act 3.c: Field research</td>
<td>82 days</td>
<td>Mon 22/12/14</td>
<td>Tue 14/04/15</td>
</tr>
<tr>
<td>15</td>
<td>Act 3.d: Reporting</td>
<td>50 days</td>
<td>Mon 19/02/15</td>
<td>Wed 06/05/15</td>
</tr>
<tr>
<td>16</td>
<td>Task 4: Seminar and final report</td>
<td>219 days</td>
<td>Mon 05/01/15</td>
<td>Thu 05/11/15</td>
</tr>
<tr>
<td>17</td>
<td>Act 4.a: Seminar</td>
<td>96 days</td>
<td>Mon 05/01/15</td>
<td>Thu 03/07/15</td>
</tr>
<tr>
<td>18</td>
<td>Act 4.b: Final report</td>
<td>15 days</td>
<td>Thu 20/10/15</td>
<td>Thu 05/11/15</td>
</tr>
<tr>
<td>19</td>
<td>Task 5: Meetings and other deliverables</td>
<td>315 days</td>
<td>Tue 05/08/14</td>
<td>Mon 10/10/15</td>
</tr>
<tr>
<td>20</td>
<td>Act 5.a: Inception report</td>
<td>94 days</td>
<td>Tue 05/08/14</td>
<td>Fri 02/02/14</td>
</tr>
<tr>
<td>21</td>
<td>Act 5.b: First intermediary report</td>
<td>20 days</td>
<td>Mon 24/10/14</td>
<td>Mon 02/02/15</td>
</tr>
<tr>
<td>22</td>
<td>Act 5.c: Field work studies</td>
<td>14 days</td>
<td>Mon 10/02/15</td>
<td>Thu 07/02/15</td>
</tr>
<tr>
<td>23</td>
<td>Act 5.d: Second intermediary report</td>
<td>22 days</td>
<td>Thu 07/02/15</td>
<td>Fri 07/02/15</td>
</tr>
<tr>
<td>24</td>
<td>Act 5.e: Draft final report</td>
<td>66 days</td>
<td>Mon 06/07/15</td>
<td>Mon 20/10/15</td>
</tr>
<tr>
<td>25</td>
<td>Act 5.f: Progress reports</td>
<td>270.5 days</td>
<td>Mon 02/08/14</td>
<td>Mon 24/09/15</td>
</tr>
<tr>
<td>26</td>
<td>Act 5.g: Meetings with DG REGIO / Steering Committee</td>
<td>31 days</td>
<td>Mon 10/10/15</td>
<td>Mon 10/10/15</td>
</tr>
<tr>
<td>27</td>
<td>Task 6: General management and coordination</td>
<td>38 days</td>
<td>Tue 05/08/14</td>
<td>Thu 05/11/15</td>
</tr>
<tr>
<td>28</td>
<td>Act 6.a: Contact point and weekly update</td>
<td>328 days</td>
<td>Tue 05/08/14</td>
<td>Thu 05/11/15</td>
</tr>
<tr>
<td>29</td>
<td>Act 6.b: General meeting (incl. eva, meetings)</td>
<td>21 days</td>
<td>Mon 06/10/14</td>
<td>Fri 19/12/14</td>
</tr>
<tr>
<td>30</td>
<td>Act 6.c: Quality check country reports</td>
<td>59 days</td>
<td>Wed 06/05/15</td>
<td>Mon 31/08/15</td>
</tr>
<tr>
<td>31</td>
<td>Act 6.d: Quality check other deliverables</td>
<td>27 days</td>
<td>Wed 30/09/15</td>
<td>Wed 30/09/15</td>
</tr>
<tr>
<td>32</td>
<td>Act 6.e: Language quality check</td>
<td>34 days</td>
<td>Fri 05/09/14</td>
<td>Wed 04/11/15</td>
</tr>
</tbody>
</table>

Source: t33
4. **Quality of the deliverables**

Various quality measures are planned to ensure reporting of a high academic and editorial quality at both national and the synthesised EU level.

Verification of methodological tools is the first step in this process. A draft version of the toolkit will be used to carry out pilot exercises on ten OPs in five Member States under task 1. Based on these, changes are made to the documents, which should ensure their suitability for stocktaking. At a later stage, the case study toolkit will be discussed with the national experts and the advisory board at the team meeting (see Task 6, section 2.6). This will ensure that the points needing to be covered are explained as clearly as possible and the experts know what is expected from them. After presentation to the experts, the toolkit will be used to carry out two pilot case studies (task 3, see Chapter 2). If this shows the need for any modifications, changes will be incorporated in the toolkit before it is used for the remaining work. Validation of the toolkit should thus provide the first-level quality control in terms of both data and deliverables.

At a later stage, all deliverables will go through a multistage quality control process to meet the required quality standards (see Table 12).

First, the draft final version of the case studies will be circulated to the MAs who have been interviewed during the study. This will clarify and correct any misunderstanding / miscommunication between the national experts (interviewers) and the MAs (respondents), lending additional credibility to the entire process. Any changes arising from this review will be incorporated into the case studies by the national experts before delivery to the core team.

**Table 12: Reports and quality control**

<table>
<thead>
<tr>
<th>Report</th>
<th>Editorial quality</th>
<th>Academic quality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quality manager</td>
<td>Quality manager</td>
</tr>
<tr>
<td>Inception report</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>First interim report</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Two pilot case studies</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Second interim report</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Draft Final report</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Final report</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

* Written comments

Source: consortium

Additionally, one member of the core team, responsible for quality control of the deliverables (see also Chapter 3), will read the first draft of all reports in detail and verify (academic quality):

- the careful planning and implementation of the evaluation approach and methodology (including validation process);
the clarity and conciseness of reporting;
the appropriate use of data and information: sources will be clearly identified and distinction made between official statements / reports and the comments / reflections by team experts (supported by proper empirical evidence).

The expert will suggest minor changes and / or request a modified, more detailed analysis from the respective experts, including the national experts in the case of cases studies and national reports. Members of the advisory board will also comment on the deliverables and make suggestions for improvements.

Once the relevant expert has amended the document, the quality manager will repeat the review process to ensure that the suggested changes have been incorporated satisfactorily. If the document needs further work, it will be returned to the expert in question to meet the requisite standard.

Before being submitted to DG REGIO, a thorough editing and language check will ensure the documents are clear and easy to read.

The editorial quality check will comprise:

- Full and correct application of a coherent referencing system e.g. Harvard system;
- Correct quotes and citation;
- Correct layout template;
- Available list of abbreviations; and
- Correct numbering and design of figures, tables, and maps.

Any comments received from DG REGIO will be sent back to the relevant experts for incorporation in the final deliverables.