



**Expert evaluation network  
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performance of Cohesion policy 2007-2013  
Year 3 – 2013**

**Task 1: Job creation as an indicator of  
outcomes in ERDF programmes**

**Spain**

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**A report to the European Commission  
Directorate-General Regional and Urban Policy**

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## List of abbreviations

- AIR           Annual Implementation Report
- EC           European Commission
- FIR           Financial Implementation Rate
- FTE          Full-time Equivalent
- IB           Intermediate Body
- IDEA         Andalusia regional development agency
- IHB          Spanish indicators handbook
- INE          Spanish Statistical Institute
- JEREMIE     Joint European Resources for Micro to medium Enterprises
- MA          Managing Authority
- NOP         National Operational Programme
- OP          Operational Programme
- ROP         Regional Operational Programme
- TAR         Target Achievement Rate

## Executive summary

'Jobs created' is a core indicator used across all ERDF Spanish programmes. 'Jobs created for women' is also used in each programme. The definition of the job creation indicator and the methodology to be used are documented in the Spanish handbook describing the indicator system (IHB) for the ERDF Operational Programmes (OPs), which has been drafted and updated according to the European Commission (EC) guidelines and the on-going monitoring system.

The reported data is reliable in the majority of cases, especially in the core measures of aid schemes for regional investment incentives, due to the supervision undertaken on a project-by-project basis by the grant awarding bodies (beneficiaries). However, in cases involving calls for application with very low amounts granted to a large number of recipients the information is usually aggregated into a project for each order. Furthermore, there is not a unique form in all OPs to collect information and the possibility exists of applying different regional procedures.

The main function of the indicators is feeding the "FONDOS 2007" information system and providing updated information for the on-going monitoring of programmes.

The indicator on jobs' creation are mostly used in the areas of Enterprise Support and ICTs, which accounts for 85% of total target set, and RTDI Support (13% of total target). The current financial and economic crisis has significantly reduced business investment. Consequently, jobs creation indicators and Financial Implementation Rates (FIRs) have suffered in most of the lines related to grant schemes supporting investment (Target Achievement Rate - TAR - and FIR are low, 24% and 32% respectively) and RTDI (54% TAR and 31% FIR) in companies and SMEs.

Regional aid schemes to support investments in enterprises are the most important measures contributing towards gross job creation in the Spanish ERDF programmes. The unit cost of a job created under these measures in terms of certified expenditure is approximately EUR 32,000 (75% of this from ERDF). The unit cost by job created rises to EUR 173 thousand when the total private investment is taken into account.

Regarding the problems foreseen for the period of 2014-2020, Managing Authorities (MAs) and Intermediate Bodies (IBs) think that the new common definitions are clear, however they miss some indications on how the monitoring process should be organized and this, given the differences among the monitoring approaches of the various administrations, could pose coherence problem. The key questions that have been pointed out refer to the concise instructions on how, when and to what extent the imputation criteria must be applied.

## 1. The use of the indicator to assess outcomes in policy areas

The number of jobs created is used in most of the current ERDF programmes as an indicator of outcome in the policy areas of RTDI support, enterprise support including ICT, human resources (social infrastructures, health and education) and territorial development (tourism). In the current programme period, heavy investments in the policy areas of transport, environment and energy no longer use job creation as an outcome indicator because it is not considered as direct and permanent but an indirect effect of the demand pull generated by the construction industry.

Table 1 below shows the relative importance of the policy areas in which the number of jobs created is used as an indicator of outcome in terms of planned ERDF expenditure (by the time the targets were set) and actual expenditure at the end of 2011.

**Table 1 - Financial importance of priority themes with Jobs Creation as an outcome indicator ( EUR million and % values)**

Policy Areas	Programmed Allocations <sup>1</sup>		Expenditures		FIR
	EUR million	% values	EUR million	% values	% values
Enterprise Support (and ICT)	3,402	52.2	1,091	52.7	32
RTDI Support	2,966	45.5	916	44.2	31
Territorial Development	148	2.3	63	3.1	43
Total	6,516	100.0	2,071	100.0	32

Source: "Fondos 2007", DG Fondos Comunitarios.

The programmed allocations for the priority themes using job creation as an output indicator in 2012 amounted to EUR 6,516 million (approximately 31% of the total for ERDF and Cohesion Fund), with funding overwhelmingly concentrated in the policy areas of RTDI and Enterprise Support (including ICT). Actual expenditure in these areas follows a similar pattern, with a FIR in the range of 31-32%. A more detailed picture can be obtained by considering the main components of these policy areas.

In the RTDI support policy area, the largest part of the expenditure is devoted to RTDI investments in research centres, infrastructures and technology transfer (27% with a 32% FIR), whilst the remaining share (17%, with a 30 % FIR) goes to support RTDI investment in companies.

In the enterprise support area, most of the funding (48%, with a 33% FIR) is concentrated on aid for regional investment projects (regional incentives), whereas a much lower share (5%, 25% FIR) is devoted to ICTs and related services.

Finally, in territorial development the main intervention using job creation is telecommunication infrastructure.

<sup>1</sup> Programmed allocations in terms of expenditure (ERDF plus member state co-financing) have been affected by a reprogramming and a general increase in ERDF funding rates (from 70 to 80% in Convergence and Transitory Regime regions) which as a rule have reduced programmed expenditure by approximately 14.2% in Convergence ROPs and Technological Fund National OP. These changes were proposed in July 2011 to alleviate the impact of the financial crisis on the implementation of the programme.

**Table 2 - Gross Jobs Creation (number and % values)**

Policy Areas	Targets		Achievements		TAR
	No.	% values	No.	% values	% values
Enterprise Support (and ICT)	125,590	85.2	33,032	71.1	26
RTDI Support	19,709	13.4	13,352	28.7	68
Territorial Development	2,047	1.4	79	0.2	4
Total	147,346	100.0	46,463	100.0	32

Source: Fondos 2007.

The main job creation targets are set in the areas of Enterprise Support and ICTs (85%) and RTDI Support (13%). In the latter case most of the targets are related RTDI activities in firms (9.6% of the total) while a mere 3.7% was assigned to RTDI activities in research centres, infrastructures and technology transfer. The overall TAR is in line with the FIR, but further examination reveals significant differences in achievement patterns. The current financial and economic crisis has significantly reduced business investment. Consequently, jobs creation indicators have suffered in most of the lines related to grant schemes supporting investment (24% TAR) and RTDI (54% TAR) in enterprises, whereas the jobs creation output has maintained the expected pace in measures such as investments in ICTs (104% TAR).

When considering the figures shown above, the question could be raised of whether there is low target setting for RTDI. This is not our opinion, but as commented later - in section 4 - there seems to be major caution in using job creation indicators in the policy area of RTDI. In fact, most policy measures in the area do not express outcomes in terms of the number of jobs created, instead using a different indicator related to the number of people involved in the projects.

Other indicators include: the number of research posts created (96 as at the end of 2011, 47% TAR) which is only used in Phasing In programmes; and jobs created for women which is used in all the programmes. This latter indicator seems to reveal a gender bias in jobs creation, as the shares of job creation for women range from 10% (regional incentives) and 20% in ICT related activities, up to 34% in RTDI investment in companies). In the RTDI and enterprise policy areas, ERDF programmes in Spain use a human resource indicator, the number of people participating in the projects (the so called associated employment described in the next section), which provides additional evidence of a certain gender bias, with the shares of women in associated employment ranging from approximately 20% in regional incentives, ICTs, RTDI activities in research centres and technology transfer, up to 28% in RTDI projects in SMEs. However, these figures are well below as regards the proportion of women in the employed population: 44% on average in 2010, ranging from approximately 25% in industry to 49% in professional, scientific and technological activities (INE, Spanish Statistical Institute). The main reasons explaining this divergence in gender figures are probably that the indicators for women are not provided and entered into the monitoring system as accurately as in the case of total job creation and associated employment.

## 2. Definition, methodology, data reporting and wider use of the indicator

This section summarizes the main features as regards the definition of the job creation indicator, the guidance provided for collecting and aggregating the data and the content of the data available.

### Definition and methodology

The definition of the job creation indicator and the methodology to be used are clearly documented in the Spanish handbook describing the indicator system (IHB) for the ERDF OPs<sup>2</sup>, which has been drafted and updated according to the EC guidelines and the on-going monitoring system. The system of indicators which has been designed identifies the main features of an indicator (definition, measurement unit, power and value and at the same time takes into account the needs of each region and IB. The system also describes the utility of each type of indicators and how they will be used for monitoring and evaluation. Finally it assigns responsibilities to different authorities and IBs in the management of the programmes according to their competences and capabilities.

'Total jobs created' in SMEs is a core indicator (core no. 9) used across all ERDF Spanish programmes. 'Jobs created for women' is also used in each programme.

The IHB is relatively brief, defining the following as main indicators:

- Gross number of jobs created in Full-time Equivalent (FTEs) as a direct result of a finished project (Core indicator number 9, indicator number 145 in the Spanish IHB). However, almost nothing is said about how to verify that the jobs created are a direct result of a finished project;
- Number of gross jobs created for women in FTE terms as a direct result of a finished project (Indicator number 106 in the Spanish IHB).

The Spanish indicator system includes an additional indicator of associated employment, which refers to people who have taken part in projects in the policy areas of RTDI, ICTs and Enterprise Support. It is considered that they must have carried out a relevant task in the project, and that activities associated with suppliers and providers of resources for the project are not included. However, these indicators do not capture permanent new jobs and research positions. Their purpose lies in determining the number of people that have acquired new knowledge and expertise as a result of their participation in a project. According to EC guidelines, jobs created are considered as new working positions that are created (i.e. which did not exist before) as a direct result of the completion of a project (not counting workers employed to implement the project). The position needs to be filled (vacant posts are not counted), increasing the total number of jobs in the organisation.

Final beneficiaries of the operations financed through ERDF OPs must adequately provide the values of the indicators in a timely manner, in accordance with the EC guidelines and the Spanish indicator handbook. The IBs of the separate OPs are responsible for providing

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<sup>2</sup> Dirección General de Fondos Comunitarios (2010), Manual Descriptivo de Indicadores 2007-2013, version updated on 1<sup>st</sup> March 2010.

information and keeping track of the indicators. Finally, the evaluation unit of the MA<sup>3</sup> is responsible for analysing the information and monitoring the Indicator system, but does not normally carry out additional checks and quality controls.

Similar definitions and methodologies are used in each OP for most of indicators, but some differences may exist among the separate programmes. As it is pointed out later on in the text, this is the case of the job creation indicators, which are collected from the final beneficiaries of the ERDF projects and aggregated according to priorities and OPs by IBs and the Territorial Programming and Evaluation Unit of the General Directorate of Community Funds (Ministry of Finance).

### Content of data

The jobs creation indicators are defined in gross terms (without considering the previous position of the jobholder) and in FTEs.

An explicit distinction has not been made on how to report data for temporary and permanent employment. The data are reported by the final beneficiaries to the OP's IBs who are responsible for checking their coherence and significance.

Jobs creation at the construction stage of transport and environmental infrastructures are no longer computed in the ERDF OPs for the current programming period. The job creation indicator focuses on the number of new job positions created after completion of the project, while job creation during the implementation of the projects is not taken into account. The reported data is reliable in the majority of cases, especially in the core measures related to aid schemes for regional investment incentives due to the supervision undertaken on a project-by-project basis by the grant awarding bodies (beneficiaries), who examine the reports submitted by the grant recipients before ordering the corresponding payments to finished projects. These reports are not simple declarations, but instead are requests for payment of the grants corresponding to the finished projects, which must contain the documentation justifying their respective output and results. When the awarding of grants is conditioned by employment creation, the reports include social security tax information stemming from new jobs created. However, in cases involving calls for application with very low amounts granted to a large number of recipients the information use to be aggregated into a project for each order. Furthermore, there is not a unique form in all OPs to collect information and the possibility exists of applying different procedures, due to the fact that in some regions, job creation can be considered strictly as an indicator of compliance with the requested conditions in grant application forms, while in others it can be understood in a more flexible way, as job creation in grant recipient companies.

The data collection process continues with the transmission of data from grant awarding and executive agencies (beneficiaries) to the regional and central authorities (IBs). The latter receive the reports from the beneficiaries in their respective sphere of attributions and following their review, enter them into the information system. In most cases the information is fed into the monitoring system on a project-by-project basis, although in some cases involving calls for application with very low amounts granted to a large number of recipients, information

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<sup>3</sup> Sub-Directorate General of Territorial Programming and Evaluation, Directorate General of Community Funds of the Ministry of Economy and Finance.

is aggregated into a project for each order. The reported data does not include jobs created indirectly as a result of the expenditure made, and only refers to jobs created directly after completing ERDF-funded projects.

The main way of avoiding double-counting in job creation is based on the separate assignment of new job creation at individual operation levels by final beneficiaries, although no specific efforts are normally made to avoid the relatively rare cases in which a company's jobs creation could be imputed to both an RTDI investment aid and to consultancy services. However, this would not be a case of double counting if the job creation had occurred in the firm which provides the services.

Efforts to reflect the quality of jobs are not normally made in the indicator system. The job creation indicator only includes new working positions that arise once projects have been implemented, and so for this reason jobs that are safeguarded or maintained are not reported.

The jobs creation indicator is collected in a separate way for the operations undertaken through ERDF and ESF programmes. Due to the inexistence of an OP in Spain combining ERDF and ESF funding, there is no specific procedure in place to correct any double counting that could result from the overlap of job creation outcomes between the ERDF and ESF.

### **Wider use of indicator**

The main functions of the indicators is feeding the "FONDOS 2007" information system and providing updated information for the on-going monitoring of programme implementation.

The central government MA (the General Directorate of Community Funds) aggregates the data from the information system across beneficiary and IBs to calculate the figures for jobs created in the various ERDF programmes. As a rule plausibility checks are not usually carried out and nor is a country-wide aggregation of job creation indicators made.

The monitoring and evaluation systems for Spain's national and regional plans usually include macroeconomic indicators of employment. However, the jobs creation indicator is rarely used to monitor national or regional plans that are not co-financed by Structural Funds.

## **3. Cost per job created**

This section is dedicated to estimating the unit costs per job created in four typical measures in the Spanish ERDF programmes.

"Classic" regional aid schemes are the most important measures contributing towards job creation in the Spanish ERDF programmes. They consist of grant schemes co-financing investment projects in Convergence regions within the defined limits for regional incentives according to competition policy rules. This is a national measure included in Convergence, Phasing-out and Phasing-in regional OPs. The unit costs of a job created under this measure across different programmes in terms of certified expenditure is approximately EUR 32 thousand (75% from ERDF). The unit cost by job created rises to EUR 173 thousand when the total private investment is taken into account. This figure is well above the costs per job created in the rest of the selected policy measures, due to the fact that regional aid schemes are aimed at encouraging creation and enlargement of companies in the region by means of targeting relatively large investment projects.



A JEREMIE<sup>4</sup> Fund has been set up within the Andalusia Regional OP (ROP). This financial engineering instrument provides refundable aid in the form of capital contributions, and equity loans for business investments (89% of which are SMEs) in strategic areas for regional development in Andalusia. The investments approved by the Andalusia JEREMIE Fund amount to EUR 105 million, promoting the implementation of projects for more than EUR 339 million which is expected<sup>5</sup> to result in the creation of 5,600 direct jobs over the next three years from 2011 to 2014 (2011 Annual Implementation Report (AIR) of Andalusia ROP, p 245). The unit costs of a job created is EUR 17.5 thousand. 70% of this is from ERDF and 30% from the regional government. The unit cost amounts to EUR 60.5 thousand when induced private investment is taken into account.

The so-called Inno-Empresa Programme is a measure in the convergence ERDF ROPs encouraging the adoption of innovative practices by SMEs. It accounts for approximately 1.8% of the job creation in Spanish ERDF programmes. This measure provides grants to beneficiary SMEs, either directly or through intermediate organizations that promote innovation projects in SMEs. Inno-Empresa grants support process and product innovation projects, organisational innovation as well as quality management. The unit cost of a job created through this measure approximately amounts to EUR 42.3 thousand of certified expenditure (77% from ERDF), whereas the ratio of investment per job created increases to EUR 98 thousand when the amount of induced private investment is taken into account.

The Global Grant managed by the Andalusia regional development agency (IDEA) is a sub-programme consisting of several measures, one of which provides incentives to companies to develop projects in the field of digital content, security and digital identity. The measure accounts for approximately 1% of the job creation in Spanish ERDF programmes. The cost per job created is relatively low at EUR 12.6 thousand of certified expenditure (70% from ERDF). This figure increases to EUR 30 thousand once induced private investment is taken into account.

The unit cost figures calculated above are relatively reliable as in most of the cases the documents and reports from the recipient companies have been examined by the grant awarding bodies before payment<sup>6</sup>.

#### **4. The indicator of job creation in evaluations and AIRs**

To date, no systematic attempt has been made to estimate net (rather than gross) job creation. Only a few evaluations have been carried out and these do not address the issue.

The information on the number of gross jobs created included in the AIRs is reliable in most of the cases, especially in the measures related to aid schemes for regional investment incentives thanks to the review carried out prior to payment conducted by grant awarding bodies as described in section 3 (Content of data). Quality checks include appraisal by the experts at the

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<sup>4</sup> Joint European Resources for Micro to medium Enterprises.

<sup>5</sup> Data on the JEREMIE Fund has been taken from the 2011 Andalusia AIR as it provides the first expected results stemming from the first financial instruments of this kind in Spain.

<sup>6</sup> The data for the JEREMIE Fund in Andalusia are the values expected by the officials who informed on the granting of the funds. In the case of INNOEMPRESA, the creation of employment was not included as an objective for the selection of projects until 2012, although the companies provide information on their job creation figures at the moment of making the request, and on justifying the reception of funding.

grant awarding bodies, as well as delivering the social security forms corresponding to the newly created jobs for a number of years when job creation is requested for eligible applications. However, as already highlighted in section 3, some variations may exist depending on criteria used by different regional agencies, as well as the significance and the amount of the awarded grants.

Furthermore it is possible to include expected results in AIRs, for example in the case of Andalusia 2011 AIR in which information on the expected results of the JEREMIE fund was provided.

There seems to be great caution in most ERDF OPs regarding the job creation indicator, which may be a result of a certain reluctance of the grant awarding and executive bodies to adopt firm commitments in terms of job creation. This is especially clear in the policy areas of R&D and ICT, where most measures do not express outcomes in terms of the number of jobs but in terms of associated employment which indicates the number of people involved in the projects. This could be due to the fact that R&D employment effects tend to materialise in the longer term.

The large National OPs (NOPs), Technological Fund and Knowledge Based Economy, only account for 0.6% of the jobs created in the Spanish ERDF OPs, whereas the most important share of reported created jobs (42.4%) stemmed from the Andalusia ROP, which concentrates 39.4% of the expenditure in the corresponding policy areas. Despite some possible regional differences in the reporting criteria, the regions of Convergence and transitory regimes (Andalusia, Castile-León, Castile-Mancha, Extremadura, Asturias, Galicia and Murcia) representing the largest shares of job creation (89% overall) broadly account for the largest proportions of ERDF expenditure supporting other investments in companies, which are not related to RTDI. The difference between the RTDI focused NOPs and the ROPs is probably an issue related to the different maturity of job creation due to incentives for regional investment concentrating on the latter.

Overall, 40,000 jobs may be a relatively plausible estimate for sustainable gross job creation in the Spanish ERDF OPs to date. However, these jobs might be affected by the current recession in Spain, which is resulting in difficult employment conditions with a very high unemployment rate of 27%.

## **5. Looking forward to the 2014-2020 programming period**

MAs are familiar with the new definition of the common indicator for jobs creation in the forthcoming 2014-2020 period, and in particular they understand the definitions of indicators 8, “Employment increase in supported enterprises”, and 24 “Number of new researchers in supported entities.”

The problems MAs and IBs foresee lie mainly in the differences between the regions in the basis of data collecting and in reporting conditions for grant awarding bodies. Detailed criteria should be put forward on how to consider and verify job creation in the separate measures focusing on this target, and standard forms should be used in all of the regions for reporting the creation of jobs and new research positions. These improvements should result in increased homogeneity and coherence in data collection across regions and OPs.

These key problems must be addressed in the following programme period with the inclusion of concise instructions applicable to the entire set of programmes and grant awarding bodies. In addition, the current infrastructure for monitoring should be improved to satisfy the new requirements by means of reinforcing the capabilities of regional and central authorities to supervise grant awarding and implementing bodies, as well as to undertake inspections and assessments in the field.

## 6. Further remarks

Regarding implications for the future estimation of the jobs creation and the new researchers' indicators, detailed instructions clarifying ways, times and places for computing new job and research positions should be issued. The evaluation units of MAs and IBs should also define specific procedures for computing seasonal and part time works in terms of FTE. The choice of a ILO/statistical/other standards procedure should be specified in concise instructions in order to reinforce homogeneity and comparability among separate OPs.

The choice of the "number of new researchers in supported entities" as a common indicator for the 2014-2020 programme period is suitable in the case of Spain as the current indicator in RTDI projects "associated employment" (number of people involved in the projects) does not reflect the number of newly created research positions. In the event of keeping associated employment as a complementary indicator in order to determine the spread of new knowledge and expertise, it must be applied equally amongst different OPs and regions and people with a relevant role in the project should be clearly separated from organization members which are less significantly involved.

More attention should be paid to warning devices and plausibility tests in the structural funds information system, for instance in the current programming period some biased information about the lack of equal opportunities have probably been generated due to the fact that the number of jobs created for women was not included as an indicator in some measures/programmes and that the related data were not supplied in some other measures.

The monitoring and supervisory capabilities of evaluation units (at MA and IBs) should be reinforced to supervise data provided by final beneficiaries and to improve consistency in collecting jobs creation and the indicator on new researchers. As good a practice quality checks of indicator data should be carried out on a regular basis (e.g. twice a year).

The indicator system has been designed and implemented by the Spanish authorities as a way of improving the management and monitoring of ERDF programmes. In the current period of 2007-2013, indicators play an important role in the on-going monitoring of the programmes, and are not intended to only respond to the needs of the EC. However, most of the advances have focused on output indicators while progress has been lower in performance indicators. In the case of job creation indicators, some problems of coherence have arisen in the process of collecting information, although the most important aspect is the continuing lack of any kind of operational methodology to help improve the performance of the different policy measures. This said, it should also be acknowledged that the current economic crisis in Spain and the drop in the investment has hindered progress in this area.

Finally, the criteria of very strict links with specific ERDF projects may lead to an overly narrow concept of job creation. Job creation should not be merely considered as an indicator of output, but should instead attempt to quantify the results of alternative economic policy measures. This approach calls for elaborating and developing proper calculation methods, which regrettably is a field in which monitoring and evaluation bodies have little experience in Spain, with the exception of estimates based on macroeconomic modelling.

## References

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European Commission, DG Regional and Urban Policy, "The Programming Period 2014-2020: Guidance Document on Monitoring and Evaluation –ERDF and CF–", December 2012.

## Interviews

List of people interviewed and their position:

- Aurora Patiño, Jefa de servicio de indicadores, DF Planificación y Fondos Comunitarios, Regional Ministry of Finance, Xunta de Galicia.
- Juan Conde Jefe de servicio de planificación, DF Planificación y Fondos Comunitarios, Regional Ministry of Finance, Xunta de Galicia.
- Adolfinia Martinez Guirado, Servicio de Evaluación, DG Fondos Comunitarios, Junta de Andalucía.
- María Gorriti, subdirectora General Adjunta de Programación Territorial y Evaluación, DG Fondos Comunitarios, Ministerio de Hacienda y Administraciones Públicas, Gobierno de España.