



**Expert evaluation network
delivering policy analysis on the
performance of Cohesion policy 2007-2013
Year 3 – 2013**

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

Luxembourg

Version: Final

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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
- MA Managing Authority
- OP Operational Programme

Executive summary

The Luxembourg Managing Authority (MA) uses two types of indicators on jobs created: total number of jobs and number of research jobs created. The main policy areas concerned are “RTDI and linked activities”, “Support for innovation in SMEs” and “Energy”. The projects that create jobs are typically R&D projects in the public research centres, incubator creation, and energy infrastructures projects.

The MA counts full-time jobs and permanent jobs (except for the indicator on research jobs created which also includes temporary jobs). A clear distinction is made in the Annual Implementation Reports (AIRs) between the planned and current outcomes. The AIRs present the jobs creation related indicators as an important tool to monitor the outcomes of the programme.

By the end of 2011, the number of jobs created is 113, of which 63 are research positions. In the meantime, the ERDF commitment rate is 88.9% (EUR 22.4 million) and the ERDF expenditure rate is 38% (EUR 9.7 million). The unit cost per jobs creation is EUR 85,746, if we consider only ERDF expenditure and EUR 290,134 if the entire public expenditure is considered (the ERDF Operational Programme (OP) only uses grants as a financing instrument). By policy areas, if we consider the ERDF commitment, the figures show a great variation of the unit cost per job creation, ranging from EUR 95,000 per job for “Support for innovation in SMEs” to EUR 660,000 per job for “Energy infrastructure”.

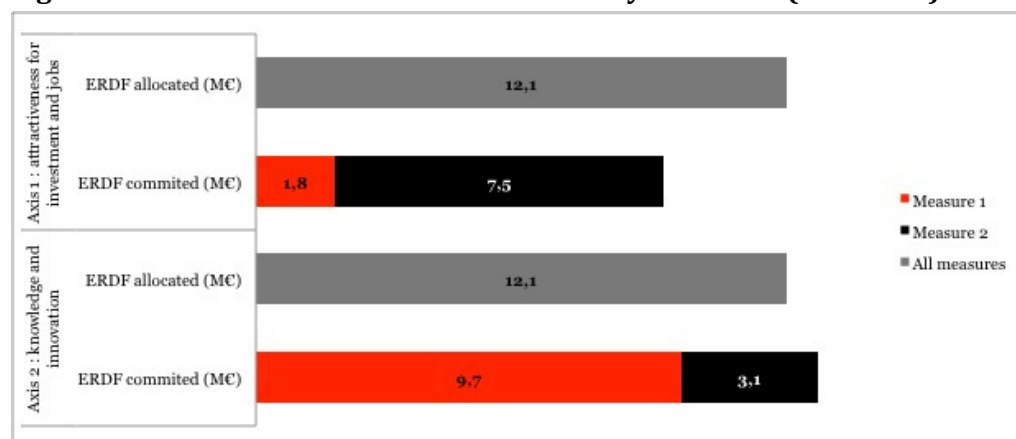
The MA does not face any particular problem to collect data (e.g. double counting), due to the small size of the country and of the programme. It has close contacts with the beneficiaries. The data collected seem reliable.

The MA is fully aware of the changes proposed by the European Commission (EC) regarding the indicators 2014-2020 and understands the new definition proposed. It is not anticipated any problem to collect data during the next programming period.

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

88.9% of ERDF allocated funds was committed by the end of 2011 (EUR 22.5 million out of EUR 25.2 million total ERDF for the whole period)¹. Axis 1 represents 42% of ERDF commitments, while Axis 2 represents 58% of the commitments.

Figure 1 – ERDF allocated and commitments by measures (end-2011)



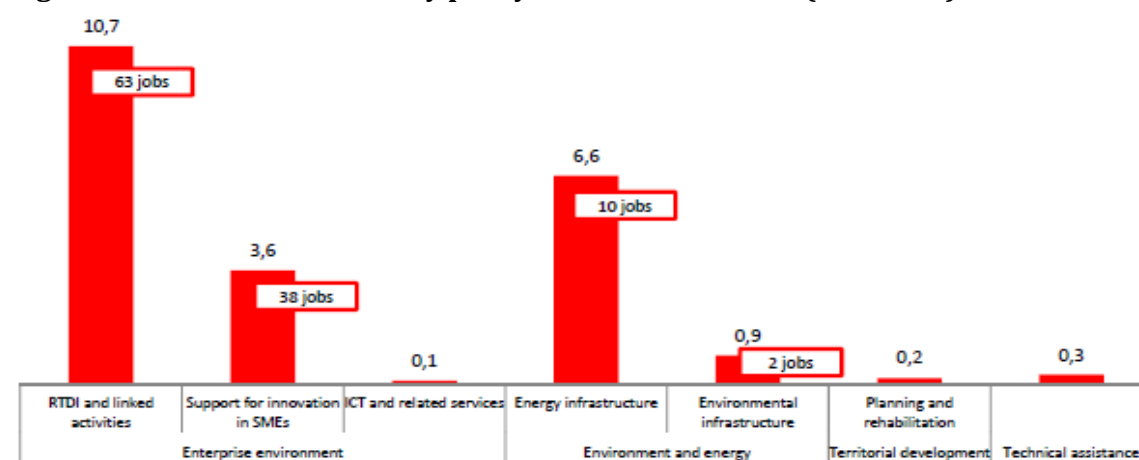
Source: AIR 2011.

Notes: Key: Axis 1 /Measure1 = Improve basic infrastructure for economic growth and promote new economic activities; Axis 1/ Measure 2 = Strengthen synergies between environmental protection and economic; Axis 2 /Measure1 = Increase investment in RTD; Axis 2 / Measure 2 = Facilitate all forms of RDTI.

The main policy areas in which jobs created are used as indicators of outcomes are “Enterprise and RTDI support” and “Environment and Energy”, i.e. the strategic priorities of intervention of the Luxembourg OP.

The MA uses 2 jobs related indicators: total number of jobs created (and distribution by gender) and number of research jobs created. The three policy areas “RTDI support” (63 jobs), “Support for innovation in SMEs” (38 jobs) and “Environment energy” (10 jobs) concentrate mostly 100% of the target and outcomes in terms of jobs creation, and research jobs creation (Figure 2).

Figure 2 – ERDF commitment by policy areas – EUR million (end-2011)



Source: AIR 2011 and interview with the MA.

¹ At the end of March 2013, 100% of the ERDF had been committed (interview with the MA on March 29, 2013).

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

Definition and methodology

The Luxembourg has only one ERDF OP. The definition of the indicator and the methodology used are clearly documented in the OP. Only the direct jobs created by the projects supported by the measures of the OP and the full-time jobs are collected. The distinction is made between male and female. For each indicator, the OP set in 2007 a target: 2000 jobs created, 200 of which are research positions. However, the targets have been revised in 2009 (300 and 80 respectively), the MA considering they had been overestimated in 2007, because the calculation method included both the jobs created and maintained. The new targets have been defined in line with the results of the previous programming period 2000-2006 and the financial capabilities of the programme. Therefore, from the discussion with the MA, it results clearly that only jobs created are now counted.

The quality of the new jobs created is not captured by the MA (e.g. high knowledge intensive jobs).

Content of data

Regarding the research jobs created (RTDI policy area), both permanent and temporary jobs are reported, because most of the research jobs created are on a short-term contract basis (contract with a fixed duration). The researchers (foreign researchers mainly) are recruited for the duration of the research projects (in average 3 years duration). In addition, the MA counts, when possible, the Research Jobs created 5 years after the start of the project.

Regarding the other jobs created (Support for innovation in SMEs and Energy infrastructure policy areas), the MA counts only the permanent jobs, i.e. jobs benefiting from a contract with no fixed duration ("*contrat à durée indéterminée*").

The MA counts jobs created indirectly as a result of the expenditure carried out (e.g. the jobs created by the companies hosted in the incubator co-funded by the ERDF are included in the figures) and jobs created directly by the project (e.g. research projects), and counts only the creation of new jobs, not the jobs maintained. In addition, the data reported in the AIR make a clear distinction between the planned (target) and current outcomes, making easier the follow-up of the realisation of the OP.

The MA does not face particular issues regarding double counting of jobs created. It knows almost all the beneficiaries and is well aware about their projects. It organises systemically (annually) field visits with the beneficiaries to control and assess the implementation stage of the projects and their outcomes. This allows the MA to appreciate the "reasonability", the accuracy of the figures reported by the beneficiaries. However, it does not ask to them accounting documents to certify the number of jobs created.

The figures reported only include jobs created by the ERDF. In addition, the jobs created during the construction stage of a project are included in the total number of jobs created and are not treated differently.

Wider use of indicator

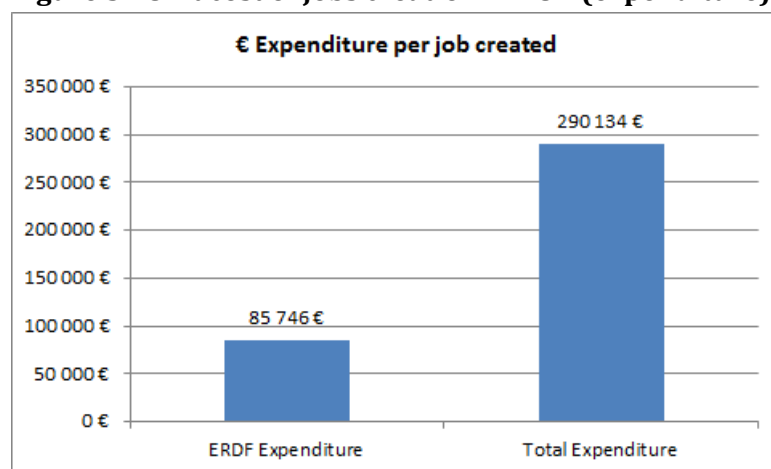
The job creation indicators are an important tool to monitor the outcomes of the ERDF OP, but do not seem more widely used in other national programmes or policies.

3. Cost per job created

By the end of 2011, 58 projects have been approved by the MA corresponding to EUR 22.4 million of ERDF committed, and EUR 9.6 million of ERDF disbursed (i.e. 38% of the total ERDF planned) and resulting in 113 jobs created, 63 of which are research positions.

The unit cost per jobs creation is EUR 85,746, if we consider only the ERDF expenditure, and EUR 290,134, if we consider the total public expenditure (see Figure 3 below).

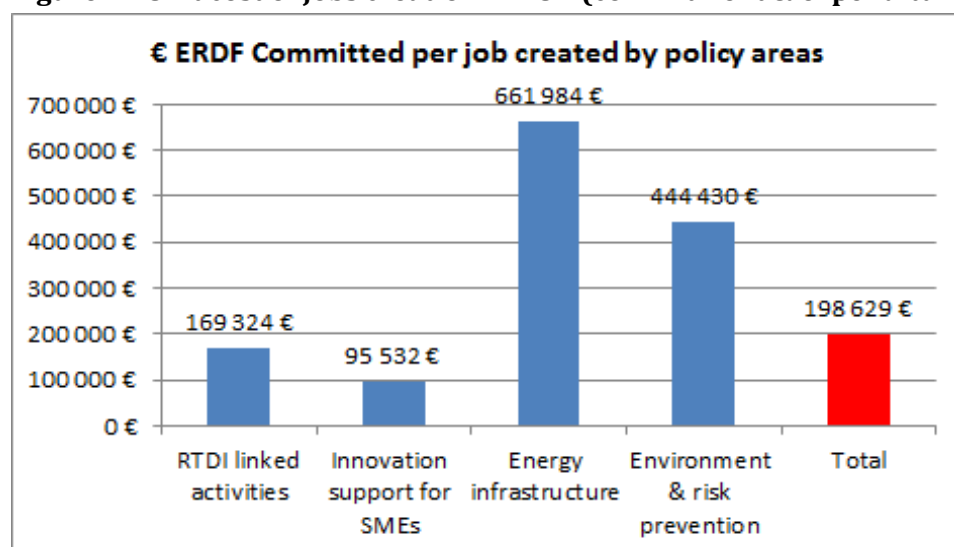
Figure 3 - Unit cost of jobs creation in EUR (expenditure)

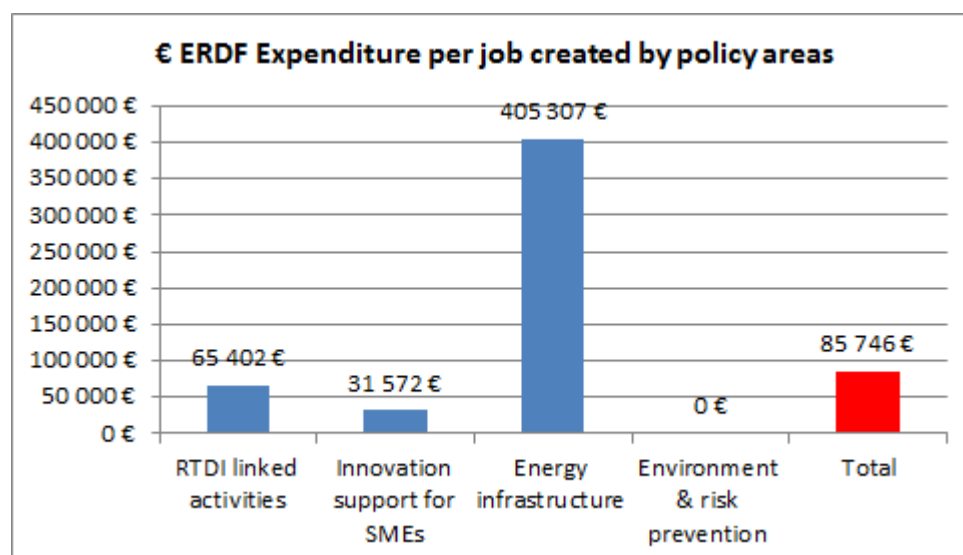


Source: AIR and figures provided by the MA (see Annex).

By policy areas, if we consider the ERDF commitment, figures show a great variation of the unit cost per job creation, ranging from EUR 95,000 per job for innovation support for SMEs to EUR 660,000 per job for energy infrastructure (Figure 4).

Figure 4 - Unit cost of jobs creation in EUR (commitment & expenditure)





Source: AIR and figures provided by the MA (see Annex).

The interventions covered by the jobs creation indicator cover two axes of the OP, and concern the policy areas “Enterprise environment” and “Energy and Environment”. The creation of jobs results mainly from research and development projects in the public research centres (measure 2.1. of the OP), and the support to innovation within SMEs (including the funding of Luxinnovation, the national innovation agency, and the creation of one incubator in Belval, the City of Sciences), and the 10 energy-related projects (infrastructure projects, but also pilot projects led by public research centres).

4. The indicator of job creation in evaluations and AIRs

The AIRs and the MA do not make a distinction between net and gross job creation. The MA does not gather the information from the beneficiaries to make a clear separation.

Globally, the information provided on job creation seems reliable. The MA has a close contact with the beneficiaries to assess quite precisely the number of jobs created, and to avoid any major inconsistencies (see point 2).

Job creation is presented in the AIRs as an important indicator that reflects the programme outcomes. That is the reason why the MA has requested to change the initial fixed targets in 2007 to be more in line with the reality of the programme and the types of supported projects. The initial target (2000 jobs created by 2013), even by including maintained jobs, was clearly overestimated compared to the type of supported activities and the financial capacities of the programme.

However, with 113 jobs created by the end of 2011 and 38% of ERDF disbursed, and taking into account the deal flow of projects in the pipe, it is questionable to achieve the new target of 300 jobs created at the end of the programming period. At this stage, no action or programme modification is envisaged by the MA.

5. Looking forward to the 2014-2020 programming period

The MA is fully familiar with the new definitions of the job creation common indicators for 2014-2020, particularly regarding indicators 8 “Employment increase in supported enterprises” and 24 “Number of new researchers in supported entities”. Regarding the latter, it is already an indicator of the current programme. The MA is participating to the Evaluation Network meetings of the DG Regio, and supports the changes proposed by the EC. It does not anticipate any problem to collect data on this basis.

The job creation indicator is, obviously, a useful instrument to address the need of the EC to assess the achievements of the programme in terms of macro-economic impacts. However, considering the focus of the Luxembourg programme on energy and innovation projects, it could be more relevant to assess the achievements of the programme in terms of development of new capacities of renewable energy production (expressed as a share of the total percentage of renewable energy production in the energy mix), and in terms of number of new products and services developed and closed to the market.

References

AIR 2011.

Interview

Interviews with the MA:

Romain Weisen, Ministère de l'Economie et du Commerce extérieur / Direction de la politique régionale (autorité de gestion FEDER), Directeur.

Bob Simon, Ministère de l'Economie et du Commerce extérieur / Direction de la politique régionale (autorité de gestion FEDER), Chargé de mission.

Annex

Tables

Annex Table A - Calculation table of Unit Cost per Job Creation

Policy Areas used by the Expert Evaluation Network		Planned		Commitment (88,9%)				Expenditure (38,4%)				k) Outcomes
		a) Total cost	b) ERDF	c) Total Cost	d) ERDF	e) ratio / job created ERDF (e = d/k)	f) ratio / job total cost (f=c/k)	g) Total expenditure	h) ERDF expenditure	i) ratio / job ERDF declared (i =h/k)	j) ratio / job total cost declared (j=g/k)	
Entreprise environment	RTDI linked activities (01, 02, 05, 07, 74 code)	na	13 379 143 €	na	10 667 406 €	169 324 €	na	12 444 808 €	4 120 318,90 €	65 402 €	197 537 €	63
	Innovation support for SMEs (03, 04, 06, 09, 14, 15)	na	3 281 677 €	na	3 630 226 €	95 532 €	na	3 495 673 €	1 199 730,35 €	31 572 €	91 991 €	38
	ICT & related services (11, 12, 13)	na	757 310 €	na	122 580 €	not relevant	not relevant	0 €	0,00 €	not relevant	not relevant	0
Environment & Energy	Energy infrastructure (33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43)	na	2 271 929 €	na	6 619 838 €	661 984 €	na	16 212 291 €	4 053 072,69 €	405 307 €	1 621 229 €	10
	Environment & risk prevention (44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54)	na	3 786 550 €	na	888 860 €	444 430 €	na	0 €	0,00 €	0 €	0 €	2
Territorial development	Integrated project for urban and rural regeneration (61)	na	757 310 €	na	200 000 €	not relevant	not relevant	0 €	0,00 €	not relevant	not relevant	0
Technical Assistance	Technical Assistance (85, 86)	na	1 009 747 €	na	316 208 €	not relevant	not relevant	632 417 €	316 208,27 €	not relevant	not relevant	0
Total	Total	85 107 217 €	25 243 666 €	74 927 248 €	22 445 118 €	198 629 €	663 073 €	32 785 188 €	9 689 330 €	85 746 €	290 134 €	113

Source: AIR 2011 and figures provided by the MA.