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Ex post evaluation of Cohesion Policy programmes 2007-2013, financed by the ERDF and CF

**Work Package 4: Support to large enterprises**

# Inception Report

Contract N° 2014CE16BAT033

10 November 2014

**prognos**

# List of acronyms

Abbreviation	Long form
AT	Austria
CEE	Central and Eastern Europe
CF	Cohesion Fund
CIE	Counterfactual Impact Evaluation
CZ	Czech Republic
DE	Germany
DEGEVAL	Deutsche Gesellschaft für Evaluation (German Association for Evaluation)
DG REGIO	Directorate-General for Regional and Urban Policy
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EC	European Commission
EFF	European Fisheries Fund
EQ	Evaluation Question
ERDF	European Regional Development Fund
ES	Spain
ESF	European Social Fund
EU	European Union
FDI	foreign direct investments
HU	Hungary
IAREG	Intangible Assets and Regional Growth
lbs	Intermediary bodies
IT	Italy
KEQs	Key Evaluation Questions
LE	Large enterprise
MA	Managing Authority
MCS	mini case study
MNCs	Multinational enterprises
NIW	Niedersächsisches Institut für Wirtschaftsforschung (Lower Saxon Institute of Economic Research)
OECD	Organisation for Economic Co-operation and Development
OP	Operational Programme
PL	Poland
PR	Progress report
PT	Portugal

R&D / R+D+I	Research & development; research & development & innovation
RIS	Regional Innovation System
S3	Smart specialisation strategies
SAPARD	Special Accession Programme for Agriculture and Rural Development
SEZ	Special Economic Zones
SME	Micro, small and medium enterprises
TBE (TBIE)	Theory Based (Impact) Evaluation
TEN-T	Trans-European Network Transport
TFEU	Provisions of the Treaty on the Functioning of the European Union
TNC	Transnational corporation

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# 1 Introduction

KPMG Advisory Ltd. and Prognos AG, as subcontractor, have been awarded to perform a

***'Ex post' evaluation of cohesion policy programmes 2007–2013 financed by the European Regional Development Fund (ERDF) and Cohesion Fund (CF) — work package 4: support to large enterprises***

as part of the procurement procedure 2014CE16BAT033.

The contract has been signed by DG REGIO and KPMG Advisory Ltd. on the 1<sup>st</sup> of August 2014 (contract number: 2014CE16BAT033).

Contract conditions are specified through the following two documents:

- Tender specification (reference No ARES 505016 of 26.02.2014)
- Tender of KPMG/Prognos (reference No ARES 1515737 of 02.05.2014)

General conditions for service contracts apply.

## 1.1 The collaborating service providers

**KPMG** is one of the global leading advisory firms and has for more than a century provided its clients with independent, quality work, earning a reputation for independence, integrity, ethical behaviour, and objectivity. KPMG has approximately 155,000 employees worldwide at over 150 countries. With broad experience across all key government sub-sectors, KPMG's Government and Public Sector Services aims to cut through the complexity of industry challenges to deliver informed perspectives and clear value-added services, including a solid track record of evaluations, impact assessments and other related studies.

KPMG has a dedicated EU office in Brussels with a main contact person for evaluations. This office will support the project coordination and will ensure that we are available for any special requests on short notice at the premises of DG REGIO.

### **Prognos AG**

Prognos AG is a recognised research and consulting firm with a strong scientific background. For over 50 years Prognos has been working with issues which shape society and markets and their future development. Prognos' empirical work reflects highest scientific standards and there is a strong focus in its self-conception on the feasibility of any recommendations.

Our experts in European Structural and Cohesion policy combine a wide range of consulting services, from developing ERDF Operational Programmes, providing advice on strategic policy design, on-going monitoring and evaluation of programmes (ex-ante to ex post) to the support of programme implementation. Moreover, we support our clients with specific analytical services in thematic studies, combining our expertise in secondary and programme data analysis, counter-factual impact analysis and in-depth case studies.

# 2 Scope and objectives

## 2.1 Context

Although SMEs represented 99 % of all enterprises in the EU 28 in 2011, large enterprises are of key importance for the EU economy and generate a substantial portion of the EU's value added, exports and employment.<sup>1</sup> In particular, large enterprises, and more specifically, multinational corporations have driven the process of globalisation while at the same time strongly benefiting from it through their internationalisation strategies for production and service capacities (from 1980s), followed by the stronger internationalisation of research & development (R&D) activities (2000s onwards).

As there are still considerable gaps in economic output and living standards, in population density, and, overall, in the compositions of regional and national economies, the EU has made the **principle of cohesion** one of its key priorities. **European cohesion and structural policies** belong to the most relevant policy fields to strengthen economic and social cohesion, especially in the context of rapidly changing economic, demographic, and political realities in the EU, which have significantly transformed with the expansion of the EU within the last 5-10 years. For the period 2007-2013, €347 billion (at current prices) has been allocated for cohesion funds, more than 80% of which is targeted at promoting “convergence”<sup>2</sup>.

In all European regions, **direct and indirect support of individual firms**, in particular SMEs but to a certain extent also large enterprises, represented an important funding and development strategy in the ERDF Operational Programmes 2007-2013 – both at national and regional level.<sup>3</sup> Altogether, roughly €80 billion have been spent towards the support of enterprises and their innovation efforts; nearly a quarter of the €347 billion allocated to structural and cohesion policy.<sup>4</sup> While the overall rationale for this ERDF support – the development of strong regional economies – is quite similar for all regions, the specific rationale varies depending on the regional development levels and also according to individual Member State and regional enterprise policies. These can range from attracting foreign investors from both within and outside Europe (to e.g. peripheral and structurally weaker regions), and funding measures for productive investments (e.g. into modern machinery, production sites) and complementary services, the optimisation of industry-relevant infrastructures to support firm competitiveness, to the creation of more favourable conditions for investment.

For all regions this has been part of an attempt to unlock their endogenous development potential by supporting those firms which showed a relevant need and which, through the support from the ERDF, had the potential to strengthen their competitiveness and to secure and create employment in the region(s) where they operate. With this said, the Provisions of the Treaty on the Functioning of the European Union clearly state that there is a general discouragement of state aid to large enterprises (Art. 101 ff. TFEU and Art. 107 of the Treaty on the Functioning of the European Union for aid granted by states) while at the same time “the Union shall develop and pursue its actions leading

<sup>1</sup> In fact, large enterprises with more than 250 employees account for 1/3 of EU 28 employment and for more than 40 % of value added (excluding financial business economy data; Eurostat 2014)

<sup>2</sup> Source: European Commission, DG REGIO; see [http://ec.europa.eu/regional\\_policy/policy/fonds/index\\_en.htm](http://ec.europa.eu/regional_policy/policy/fonds/index_en.htm)

<sup>3</sup> While countries like, amongst other, Hungary and Czech Republic have national Operational Programmes for enterprise support, countries like Poland, Germany or Spain integrate enterprise support in the regional or multiregional Operational Programmes. Portugal has both, national and regional Operation Programmes, targeting enterprise support.

<sup>4</sup> Compare Mouqué (2012) What are counterfactual impact evaluations teaching us about enterprise and innovation support, DG for Regional and Urban Policy, Brussels.



to the strengthening of its economic, social and territorial cohesion” (Art. TFEU). This means, in other words, that any intervention in favour of large enterprises must justify **why public support is necessary** (such as market failures, capital market constraints, structural policy goals etc.) and clarify what kind of “return” to the public interest (such as cohesion and competitiveness) is expected. These specific rationales and effects then have to be monitored. There is, therefore, arguably a tension between Competition and Cohesion Policy in regard to support for large enterprises in weaker regions.

While it is the task of the ex post evaluation to assess, amongst others, the **effectiveness of large enterprises support by the ERDF and the Cohesion Fund**, there already exists some empirical evidence. As a recent paper by Mouqué (2012) outlines, based on a review of several counterfactual impact evaluations on enterprise in innovation support in the EU, the support from ERDF / Cohesion Funds for SMEs is much more effective than for large enterprises. More precisely, no significant changes for large enterprises were reported in the five counterfactual impact studies reviewed.<sup>5</sup> Moreover, recent reports question the increasing shares that large multinational enterprises absorb from Structural Funds programmes across Europe, perceiving them as “one-off payments” (e.g. free-ride and deadweight effects).<sup>6</sup> These findings are also reflected in a current document of the High Level Group reflecting on Future Cohesion Policy (2011)<sup>7</sup> that, with a focus on productive investment assistance (Art. 3, ERDF Regulation 2007-2013), identify a number of difficulties with the provision of Structural and Cohesion Funds support to large enterprises, namely:

- Lack of realised economic change (risk of “deadweight” cost)
- Relocation (risk of “incentivised relocation” of firms from Single Market; opposed to Preamble 42 / General Regulation)
- Durability of operations (risk of short-term effects and undue advantages; opposed to Preamble 61 / General Regulation)

On the other hand, authors such as Novotny and Jaburkova (2012)<sup>8</sup> argue that the support of large enterprises should not be evaluated in terms of direct benefits on the recipient-firm level only, but should also analyse the indirect and wider effects generated through linkages to local SMEs. In fact, using case study insights from Brno City Municipality (Czech Republic), they illustrate the effectiveness of investment incentives granted to large enterprises “in terms of fostering structural changes in the region and supporting the shift into higher value added activities that has boosted local SMEs’ growth” (p. 7). This argument is very much in line with the literature on spillover effects from large enterprises and multinational enterprises as well as the literature on the embeddedness of large enterprises in regional innovation systems, which outlines a number of effects of large enterprises through e.g. productivity spillovers, market access spillovers or knowledge spillovers and technology transfer, on their regional environment – in both new and old Member States of the EU.<sup>9</sup>

<sup>5</sup> For example, Martini & Bondonio (2012) find that impacts of an investment grants scheme in Italy were insignificantly or even negative for large enterprises (using the EU definition; > 250 employees), while SMEs benefited from the scheme. Similar results were found by Criscuolo et al. (2012) for the RSA investment grants in the UK and by CEBR (2010) for the Danish Innovation Consortium Scheme.

<sup>6</sup> O’Murchu & Cienski (2010) Multinationals cash in on EU funds, Financial Times.

<sup>7</sup> High Level Group reflecting on future Cohesion Policy, 9<sup>th</sup> Meeting (7 April 2011); results retrieved here: [http://ec.europa.eu/regional\\_policy/what/future/hlg\\_documents\\_en.cfm](http://ec.europa.eu/regional_policy/what/future/hlg_documents_en.cfm)

<sup>8</sup> Novotny & Jaburkova (2012) Large Enterprises in the European Economy and their Role in Regional Support Programmes, University of Economics Prague / Confederation of Industry of the Czech Republic, Prague.

<sup>9</sup> See e.g. Potter et al. (2002) The wider effects of inward foreign direct investment in manufacturing on UK industry, in Journal of Economic Geography 2; Revilla Diez & Berger (2005) The role of multinational corporations in metropolitan innovation systems: empirical evidence from Europe and Southeast Asia, in Environment and Planning A 35; Basile et al. (2008) Location choices of multinational firms in Europe: The role of EU cohesion policy, in Journal of International Economics 74; Narula &

## 2.2 Scope and objectives

### Scope

Direct and indirect support of individual firms, represented an important funding and development strategy in the ERDF Operational Programmes 2007-2013 – both at national and regional levels. As an overview of ERDF spending (2007-2014) shows, roughly 11 percent in the EU 27 and its cross border programmes has been allocated to enterprises. Major direct **support categories** include:

- Advanced support services for firms or groups of firms (Code 05)
- Investment in firms directly linked to research and innovation (Code 07)
- Other investment in firms (Code 08)

These spending codes are primarily linked to Art. 3 II (a, c), Art. 4 I, and Art. 5 I (b) of the ERDF Regulation 2007-2013.<sup>10</sup> The specific policy rationale for support can vary, among others, depending on regional development levels of “convergence regions or “competitiveness and employment regions”, funding ranges from productive investments (e.g. modern machinery, production sites etc.) to the creation of favourable conditions for attracting foreign direct investment (e.g. through investment incentives, location marketing, business support services). Thus, large enterprises can benefit from ERDF Operational Programmes which target them as a key beneficiary<sup>11</sup> but also benefit, even more significantly, from programmes whose rationale is not specifically about large enterprises but about regional competitiveness, SMEs, innovation-based growth or R&D.<sup>12</sup>

Existing data does not show the exact proportion of support to large enterprises, beneficiaries' lists of the individual Operational Programmes, thus further empirical evidence (including secondary databases<sup>13</sup>), is to be collected to provide proof for substantial support of these larger enterprises.

**Large enterprises, as defined in EU law**, are understood as those firms with more than 250 employees or a turnover above 50 million EUR or a balance sheet total of above 43 million EUR<sup>14</sup>. For the purpose of this evaluation, we suggest categorisation of large enterprises, based on the first versions of large enterprise beneficiary lists (see box below). The aim of the categorisation is to

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Guimon (2009) The contribution of Multinational Enterprises to the upgrading of national innovation systems in the EU New Member States; Iammarino, Kramer, Marinelli & Revilla Diez (2009) Intangible Assets, Multinational Enterprises and Regional Innovation in Europe. Intangible Assets and Regional Growth Working Paper 1.4, 04/2009.; Kramer & Revilla Diez (2011) Catching the Local Buzz by Embedding? Empirical Insights on the Regional Embeddedness of Multinational Enterprises in Germany and the UK. Regional Studies; Czarnitzki et al. (2011) Counterfactual impact evaluation of cohesion policy – work package 2: Examples from Support to Innovation and Research, Katholieke Universiteit Leuven.

<sup>10</sup> Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999.

<sup>11</sup> E.g. as in the case of the Czech Republic and, in particular, the Brno Municipality (for more details see Novotny & Jaburkova (2012) Large Enterprises in the European Economy and their Role in Regional Support Programmes, University of Economics Prague / Confederation of Industry of the Czech Republic, Prague)

<sup>12</sup> It also possible that large enterprise get support through spending codes other than 05, 07 and 08 (e.g. 04).

<sup>13</sup> O'Murchu and Cienski (2010) Multinationals cash in on EU funds, Financial Times Database on EU Structural Funds.

<sup>14</sup> See Commission Recommendation 2003/361/EC

facilitate the identification, reconstruction and testing of the Theories of Change for different types of large enterprises, as follows:

Preliminary data analysis suggests the following categorisation of large enterprises. Tracing complex ownership structures of large enterprises was found unreasonable, with an associated risk of exposing the evaluation to fundamental, yet unforeseen challenges.

In turn we would apply a '**common-sense' evaluator's judgment** approach, i.e. deciding the character of the enterprise on its origin, and the international recognition and coverage of its 'brand' (or that of its products and services). Although categories are intended to be disjoint, unique local knowledge is needed to identify companies and brands, which inherently brings in subjective elements to categorisation.

The guidelines of categorisation will be jointly interpreted with country co-ordinators during a joint team workshop in Portugal (29-31 October), in order to standardise the process as far as possible. We propose to accept this element of subjectivity, with the implicit margin of error of categorisation (which cannot be quantified).

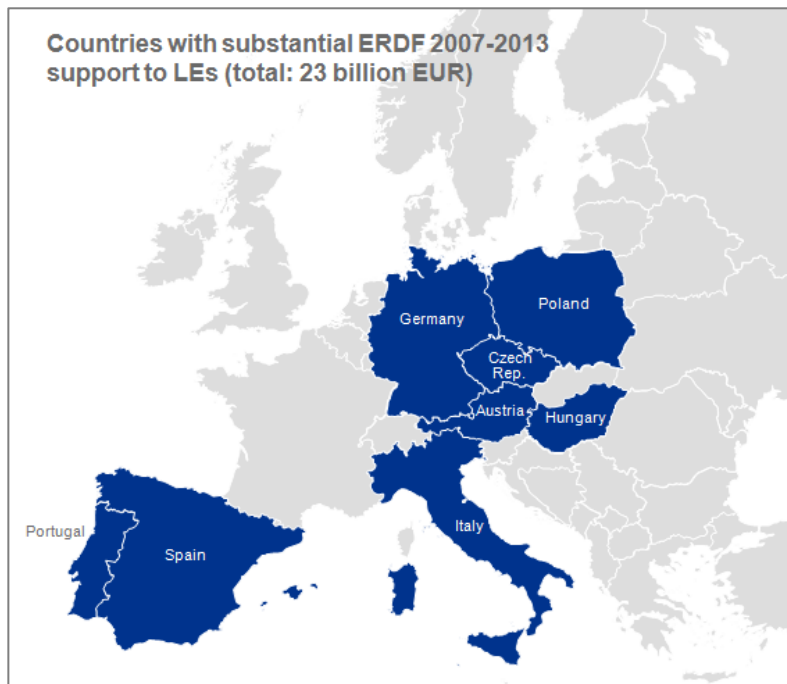
The categories suggested below were defined as a result of the classification of the Hungarian dataset of large enterprises (as of October 2014). This system has proven most applicable for use (and for international roll-out), given the complexity and heterogeneity of the supported large enterprises.

1. **FOREIGN MNCs:** large enterprises with their head office abroad and with office in the country concerned (e.g.: IBM, Coca Cola, Robert Bosch, Unilever etc.)
2. **DOMESTIC MNCs:** large enterprises with their head office in the country concerned and with other offices abroad
3. **NATIONAL LARGE ENTERPRISE:** large enterprise with offices only in the country concerned (e.g.: SALGGLAS Üvegipari Zrt, an auto-industrial glass manufacturing company in Hungary)

Beyond these categories, we will use size differentiation of enterprises applying the following categories: (1) under 250 employees; (2) 250-499 employees; (3) 500-999 employees and (4) 1000 employees or above. Nevertheless, the size categories will only reflect the character of the legal entity in the given country, and not the character of the whole (consolidated) enterprise.

Support to large enterprises from 2007 to 2013 in the three spending codes listed above, seems to be particularly significant in the following **eight countries** – either in absolute terms (Poland, Germany, Portugal, Spain, Hungary, Italy and Czech Republic) or in relative terms (Austria). However, large enterprise support is relatively 'hidden' in both beneficiary databases and calls for proposal, therefore the extent and exact location of support cannot be determined before the evaluation and the future results cannot be generalised to the whole European Union based on the case study countries.

Figure 1: Overview of case study countries



Source: Evaluators, 2014

For the **scope of the ex post evaluation** it is of key importance to combine evaluation techniques that are able

- to identify, reconstruct and refine existing or implicit **Theories of Change** for supporting different types of large enterprises (different regions, development stages, history, path dependencies etc.), and
- to assess the extent to which **Theories of Change have materialised** (by way of testing them), i.e. whether the intended change has been realised, and whether, why or how policies or programmes *caused* intended or observed outcomes

### Primary objective

Despite individual success stories on large enterprise support – often linked to foreign direct investment projects – current evidence, primarily using counterfactual impact evaluations, is questioning the effectiveness of public financial support from ERDF to large enterprises.<sup>15</sup>

At the same time, the main Theories of Change and empirical evidence on the spillover effects of large enterprise embeddedness in regional innovation systems are demonstrating their pivotal role in modern economies, thus raising the question what kind of support from Structural and Cohesion

<sup>15</sup> For example, Rodrigues-Pose & Novak (2013) Learning processes and economic returns in European Cohesion Policy; High Level Group reflecting on Future Cohesion Policy (2011); Martini & Bondonio (2012) Counterfactual impact evaluation of Cohesion Policy: impact and cost-effectiveness of investment subsidies in Italy; Criscuolo et al. (2012) The causal effects of an industrial policy; Mouqué (2012) What are counterfactual impact evaluations teaching us about enterprise and innovation support; Mohl & Hagen (2010) Do EU structural funds promote regional growth? New evidence from various panel data approaches.

Funds to large enterprises is necessary (if at all), where, why and how support to large enterprises works and where and why it does not work.

Closely linked to the **primary objective** of this ex post evaluation “**to assess the rationale, implementation and evidence of effectiveness of Cohesion Policy support to large enterprises**” (Tender Specifications, p. 11) and to create a solid information base for decision makers in structural policy.

### Theory-Based Evaluation approach

To meet this objective, a **Theory-based Evaluation**<sup>16</sup> approach will be applied. “ Theory-based evaluation has at its core two vital components. The first is conceptual, the second empirical. Conceptually, theory-based evaluations articulate a policy or programme theory. Empirically, theory-based evaluations seek to test this theory” (EVALSED). In line with that, this primary objective can be distinguished as follows:

- Quantify and qualify the support of large enterprises under Cohesion & Structural Policy
- Identify, reconstruct and refine main Theories of Change for large enterprise support for the 8 countries
- Test Theories of Change by using existing evidence, and by carrying out further empirical work
- Delineate policy implications and good practices

### Evaluation Questions

Starting from these primary objectives, the Ex post evaluation on support to large enterprises from Cohesion Policy programmes 2007-2013 shall provide answers to the following **Evaluation Questions** . While some of these Evaluation Questions have been derived directly from the Tender Specifications, others represent suggestions by the Evaluator (in italic letters).

<sup>16</sup> as per the definition of the EVALSED guideline on Theory-Based Evaluation (hereinafter referred to as ‘EVALSED’)

## Evaluation Questions

### Take stock of the support

1. **How much** support, in what **main forms/packages** has been given to large enterprises (including significant non-financial support, i.e. not giving money directly to the firm) and what were they supported to do?
2. What kind of large enterprises were targeted, and how can the support be **quantified for all Operational Programmes?**<sup>17</sup>
3. In addition, how can the support further be quantified for the **selected case study Operational Programmes?**<sup>18</sup>

### Set out the cause-effect issue

4. What are the **rationales** underlying large enterprise support (including the overall intended change foreseen to be caused by the programme), and how do they fit in the **broader enterprise strategy** for the region (region / country EU) more generally?

### Develop Theories of Change

5. What are the main **Theories of Change** of large enterprise support, taking into account explicit and/or implicit rationale(s) for support and the expected outcomes and the outcomes of the available literature?

### Gather existing evidence

6. What **examples** are available in the literature as regards where and why support to large enterprises works and doesn't work (explicit Theory of Change, what support, for whom, how it works, context, results that would be expected)?
7. In particular, what **counterfactual studies** are available for the support of large enterprise (context and outcomes), and to what extent are they likely to generalize elsewhere?

### Seek additional empirical evidence

8. What is the effectiveness of large enterprise support in terms of **investment, productivity, production and employment**?
9. What is the **sustainability** of the changes made (effects) and the quality of jobs<sup>19</sup>?
10. What are the **wider benefits** of large enterprise support (e.g. in terms of bringing technology or better business practices, stimulating skills and productivity, effects on local enterprises)?
11. Is there a difference in terms of wider benefits between support to **firms new to the region** and those **already present**?

### Assess (and re-assess) the contribution stories

12. When, where, how **support to large enterprise works** – and when does it not (where a case study coincides with a counterfactual evaluation, what light does the case study shed on the context and effectiveness of the scheme)?

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<sup>17</sup> In terms of: number of enterprises; typical conditions of support; total investment; total approved public support broken down into ERDF/national/etc.; payments to end 2013; main forms of support (grant, loans, non-financial support, etc.); main packages of support – if any (including non-ERDF support such as tax-breaks and help with the planning process, *VIP client management, fast track client management, etc.*); sector (technology and knowledge intensity); size distribution (how large the enterprise is); whether the enterprise was FDI or already present in the region

<sup>18</sup> in terms of: targeted nature of support (general, or targeted on strategic firms); markets that the firms serve; the main country of origin (for foreign firms)

<sup>19</sup> The definition of 'quality of jobs' will be defined later.

13. What is the appropriateness of policy interventions (**intervention logics**) in comparison with the major Theories of Change?
14. Are there elements of the rationales and/or the Theories of Change which systematically **fail to materialize** (e.g. firm behaviour does not change – “deadweight” – or wider benefits are promised but prove difficult to detect)?
15. Do case studies provide any signs of significant **unintended effects** of large enterprise support (e.g. adverse effects on local SMEs)?
16. Which of the **narratives** (and theories) drawn up during the literature review are actually borne out by the programme level case studies?

### Delineate policy implications and good practices

17. How and to what extent support to large enterprises contributes to the more **general strategy for enterprise** in the programme area (in other words, moving from support to large enterprises, whether already in the area or FDI, to the general economic health of the region and the SME base)?
18. What is a good strategy for developing large enterprises **already present** in the programme area, what is a good strategy for attracting foreign direct investment (**FDI**), and how does this fit into an overall enterprise strategy for the region, including developing local SMEs?
19. How to move from an export-led, FDI-based strategy to a strong **indigenous enterprise base**? Does the region of the selected case study programme have a **risk management strategy for FDI** (which may move in the longer term)? Should **FDI-based strategies** be time bound, and over what period?
20. Are the outcomes **efficient**, in that they are worth the financial cost?
21. What are the **lessons learnt** for future large enterprise support in EU Structural and Cohesion policy, what are **good practices** for developing large enterprises?
22. *Under which circumstances and conditions is the support to large enterprises from EU Structural and Cohesion Policy **desirable, justified and aspiring** and when is it not beneficial? (Acknowledging instruments, regional development levels, context situations etc.)*

### Co-operation with other Work Packages

In addition to these Evaluation Questions it is of key importance to also include a broader view on enterprise support from Structural and Cohesion Policy in the 2007-2013 period. Thus, as outlined in the Tender Specifications, Work package 4 is only one of three ex post evaluations on enterprise support. Closely reflecting and integrating the results of the analysis of SME support (Small and medium sized enterprises, innovation, ICT; Work package 2) and financial Instruments for Enterprises (Work package 3) will be an important task and objective of this evaluation. At the same time, Work package 4 has to provide inputs to the synthesis report (Work package 1).



# 3 Tasks and methodology

## 3.1 Overall approach

The approach of the study follows the concept of **Theory-Based Impact Evaluation**, emphasising the **reconstruction** and **testing** of identified Theories of Change. Key sources of our findings are the identified and reconstructed Theories of Changes, the outcomes of available counterfactual and theory based impact evaluations, and, in particular case studies at the level of selected programs in the eight countries, and at the level of individual enterprises/projects (referred to as mini case studies).

### 3.1.1 Key terms

As noted by EVALSED, several approaches have been developed within Theory-Based Evaluation over the years. They are common in a sense that key attention is paid to “**theories** of policy makers, programme managers and other stakeholders [...] that are logically linked together”.

In this framework, “theories can express an intervention logic of the policy [...] The actual outcome will depend both on policy effectiveness and on other factors affecting outcomes, including context [...] An essential element of policy effectiveness is the mechanisms that make the intervention work” (EVALSED, p. 2).

In Theory-Based Evaluation the term “**mechanism**” is not used functionalistic but rather to describe operating motives that foster change processes or prevent them from working. That is, mechanisms are not described in input-output-outcome schemes or logical frameworks but operate beneath the surface of these schemes (Leeuw 2012, p. 350): “Without knowing the mechanisms, and their capacity to **trigger behaviour (change)**, causal claims about the impact of programs will largely be guess work.” (Leeuw 2012, p. 350).

Thus, these mechanisms and their links with context and outcomes are central elements of the Theory of Change. These mechanisms can be defined as the “cogs and wheels that have brought the relationship between policies and outcomes into existence” (Elster 1989, cited in Leeuw 2012, p. 349) or, more technical, as “a constellation of entities and activities that are linked to one another in such a way that they regularly bring about a particular type of outcome” (Hedström 2005, cited in Leeuw 2012, p. 349).

Mechanisms need to be understood if our evaluation wants to open the black box of the intervention, i.e. if we want to answer (compare EVALSED, p. 62-64):

- what are the mechanisms that are believed to make the intervention work?
- how plausible is it that these mechanisms ‘do the job’?

To detect these mechanisms, one has to search in documents, interviews, transcripts and speeches (of policy-makers, civil servants, etc.) for statements that answer the question why it is believed (or hoped) that the new intervention will make a difference. But it is important to acknowledge as well that Theory-Based Evaluation should not attempt to test all the mechanisms of change triggered by a programme.



### 3.1.2 Approaches to articulate and test theories

The literature provides ample approaches for the identification and testing of theories. These include, among others, the Realist Evaluation (Pawson & Tilley, 1997), Theory of Change (Weiss, 1995), Contribution Analysis (Office of the Canadian Auditor General), Congruence Analysis (Annamalai, 2010), Policy Scientific Approach (Leeuw, 2003), Prospective Evaluation Synthesis (GAO, 1995) etc.

Working Paper 38 of DFID<sup>20</sup> (Stern et al., 2012) on the designs and methods of impact evaluation provides the following classification of Theory-Based Evaluation designs:

Specific variants of Theory Based Evaluation		Basis for causal inference
Causal process designs	Theory of Change, Process tracing, Contribution Analysis, Impact Mapping	Identification/confirmation of causal processes or 'chains'
Causal mechanism designs	Realist Evaluation, Congruence Analysis	Supporting factors and mechanisms at work in context

The choice of approach should be driven by the specific context (aims, evaluation questions, data availability, expected outcomes etc.) of the evaluation.

### 3.1.3 Approach: Contribution Analysis

Generally, contribution analysis provides a highly useful framework for this ex post evaluation. In particular its focus on. “drawing causal links and explanatory conclusions between observed changes and specific interventions” (EVALSED, p. 55) nicely frames our research; combined with its philosophy of providing plausible evidence and **reducing uncertainty** rather than promising to definitely causally link interventions and effects.

Thus, particularly the assumptions underlying Contribution Analysis should be made visible as both requirements and limits of our evaluation. As Leeuw (2012 p. 348) puts it, “a reasonable contribution claim can be made if:

1. there is a **reasoned Theory of Change** for the intervention: the key assumptions behind why the intervention is expected to work make sense, are plausible, may be supported by evidence, and are agreed by at least some of the key players;
2. the **activities of the intervention were implemented** as set out in the Theory of Change;
3. the **Theory of Change** – or key elements thereof – is **supported** by and **confirmed** by evidence on observed results and underlying assumptions, both of experts and of facts: the chain of expected results occurred. The Theory of Change has not been disproved;
4. **other influencing factors have been assessed** and either shown not to have made a significant contribution, or their relative role in contributing to the desired result has been recognized. (Mayne, 2011: 7–8)”

In order to integrate Contribution Analysis in our case-study based approach of Theory-Based Evaluation some further methodological remarks of Stern (2012) are helpful. With a focus on “causal

<sup>20</sup> “Broadening the range of designs and methods for impact evaluation”, Department for International Development, UK

inference”, i.e. “the ability of designs and methods to demonstrate that an intervention as cause leads to an effect” (p. 33), the following connections can be made to our approach:

- Contribution Analysis applies a “**causal process design**” (see above), i.e. as a basis of causal inference it focuses on the identification and confirmation / affirmation of causal processes or “chains”.
- Methodologically we combine this with a **case study approach** (programme cases and mini cases) which – as an evidence for causal inference – allows us to make comparisons across and within cases of combinations of causal factors. Comparisons will serve the primary aim of identifying similarities and differences across case studies. and are not expected to go beyond that and allow drawing general findings.

Overall, we need to be able to unpick “causal packages”, as most interventions “work” as part of a causal package in combination with other helping factors such as stakeholder behaviour, related programmes / policies, institutional capacities, cultural factors or socio-economic trends.

This evaluation design is, moreover, linked to the evaluation questions with the overarching questions: “has the intervention made a difference”. As shown below (in Stern et al., 2012), there are important implications for underlying assumptions to tackle and methodological requirements.

Key question <sup>21</sup>	Related questions	Underlying assumption	Requirements	Suitable designs
Has the intervention made a difference?	What causes are necessary or sufficient for the effect?	There are several relevant causes that need to be disentangled	Comparable cases where a common set of causes are present and evidence exists as to their potency	Experiments
	Was the intervention needed to produce the effect?	Interventions are just one part of the causal package		Theory-Based Evaluation, e.g. <b>Contribution Analysis</b>
	Would these impacts have happened anyhow?			Case-based designs, e.g. QCA

To integrate the “Theory of Change” approach of Weiss some clarification seems helpful on the way to analyse “attribution”. Weiss (1997, p. 43) suggested that “if the evaluation can show the series of micro-steps that lead from inputs to outcomes, then causal attribution for all practical purposes seems to be within reach”. In addition, Leeuw’s suggestion can be integrated (2012, p. 354) stating that “...instead of looking into micro-steps of the particular intervention [ONLY], Theory-Based Evaluation here can help by working with comparisons”.

These comparisons in our evaluation will be both possible through a comparison with existing evidence on LE support from the literature analysis but more importantly from our case-study approach (in particular our mini-cases). In the context of case studies we understand comparisons as identification of similarities and differences across the cases, without expecting general comparability of case studies.

<sup>21</sup> One of the original 4 questions discussed by the paper

### 3.1.4 General steps of Contribution Analysis

Regarding the methodological steps of Contribution Analysis as suggested by Mayne it should be highlighted that it is a highly iterative process, i.e. it does not necessarily follow a strict step by step logic.

General steps to be followed are as follows<sup>22</sup>:

**1. Set out the cause-effect issue to be addressed**

Acknowledge the attribution problem, determine the specific cause-effect question being addressed, determine the level of confidence required, explore the type of contribution expected, determine the other key influencing factors, and assess the plausibility of the expected contribution in relation to the size of the programme.

*Carried out under Task 1 & 2*

**2. Develop a Theory of Change**

Build a Theory of Change and results chain, determine the level of detail, determine the expected contribution of the programme, list the assumptions underlying the Theory of Change, include consideration of other factors that may influence outcomes, determine how much the Theory of Change is contested, assess the contribution story

*Carried out under Task 1 & 2, will be refined under Task 3*

**3. Gather existing evidence on the Theory of Change**

Gather evidence (e.g. Counterfactual Impact Evaluations, other impact evaluations, studies)

*Carried out under Task 2 and Task 3*

**4. Assess the resulting contribution story**

Assess the logic of the links in the Theory of Change, the credibility of the overall story, gaps in the theory, and stakeholders' agreement on the story

*Carried out under Task 3*

**5. Seek out additional empirical evidence**

Identify what new data is needed, gather evidence (e.g. through case studies, stakeholder interviews)

*Carried out under Task 3*

**6. Revise and strengthen the contribution story**

Revise the contribution story, go back to Step 4 if necessary

*Carried out under Task 3 & 4*

### 3.1.5 Elicitation and representation of the Theories of Change and causality

The paper of Leeuw ('Theory-Based Evaluation', prepared for EVALSED) borrows the definition of Theory of Change from Carol Weiss<sup>23</sup>, which is

<sup>22</sup> In some sources, Step 2 is followed by a Step concerning the first assessment of the contribution story – here this is included in Step 2

<sup>23</sup> 'Nothing as practical as good theory: Exploring theory-based evaluation for comprehensive community initiatives for children and families', 1995

*‘a way to describe the set of assumptions that explain both the mini-steps that lead to the long term goal and the connections between policy or programme activities and outcomes that occur at each step of the way’.*

It is argued that a good programme theory must fulfil certain criteria: it must be plausible, doable and testable.

Staying within the ambit of this definition, the literature provides abundant good practices that can be applied for the present evaluation, such as the Theory of Change repository by the theory of change community<sup>24</sup>, examples of theories of change by the Department for International Development of the UK<sup>25</sup>, and other various reports, textbooks and guidelines<sup>26</sup> on the subject. Common elements of these include

1. long-term or ultimate goal(s) (, ‘structural change’, etc.);
2. intermediary steps to attain the long-term goal(s);
3. causality of the steps; and
4. key assumptions.

The set of connected ‘building blocks’ of the Theory of Change are depicted on a map, which is a **graphic representation of the change process** (for the sake of simplicity, we also use the term Theory of Change for these maps).

**Annex 1** contains an example for the **graphical representation of a Theory of Change**. It follows a flow chart approach, visualises causal relationships of individual elements of the Theory of Change, and specifies key assumptions and contextual factors in the results chain.

With a view to complying both with the evaluation’s theoretical and practical requirements (addressing causality, while keeping the analysis implementable and understandable), **causality** is expressed by arrows in three different forms:

- **CAUSE:** “A” is one of the main, fundamental causes of “B”. This can either be a step in the results chain or an assumption / external factor. This is ‘must have’ condition, i.e. “A” is a *necessary* cause of “B”. “A” is not automatically *sufficient* though, multiple main causes may be required to let “B” happen (‘joint sufficiency’, as referred to by Befani in Stern et al, 2012). Importantly, no concern is given to marginal causes of “B” – focus is put only on fundamental causing factors.

*Example: sufficient amount of non-refundable ERDF money, plus tax incentives are jointly the main causes of global companies founding new businesses in the target area*

- **PRE-CONDITION:** “A” is a pre-condition of “B”, but not one of the main causes of that. Formally, “A” is also *necessary* for “B” to happen (again, not automatically sufficient). Intuitively, pre-conditions can be best captured by the interpretation that *lacking* them prevents “B” from happening, but their causal relationship is weak, at least in everyday terms.

*Example: the existence of appropriate transport infrastructure (e.g. motorways) is a pre-condition of global companies founding new businesses in the target area. If there are no motorways in the vicinity of the location, global companies do not invest*

- **SUPPORTING FACTOR:** “A” is contributing to “B”, but is neither a cause nor a pre-condition of that. This is a ‘nice to have’ condition, i.e. “A” is neither necessary nor sufficient cause of “B”,

<sup>24</sup> <http://www.theoryofchange.org/library/toc-examples/>

<sup>25</sup> [http://r4d.dfid.gov.uk/pdf/outputs/mis\\_spc/Appendix\\_3\\_ToC\\_Examples.pdf](http://r4d.dfid.gov.uk/pdf/outputs/mis_spc/Appendix_3_ToC_Examples.pdf)

<sup>26</sup> e.g. <http://www.actknowledge.org/resources/documents/ToC-Tech-Papers.pdf>

however it serves as a catalyst to let “B” happen. Lacking a supporting factor does not prevent “B”, however, its presence enhances the speed, quality, intensity etc. in which “B” takes place.

*Example: the existence of appropriate transport infrastructure (e.g. motorways) is a pre-condition of global companies founding new businesses in the target area. If there are no motorways in the vicinity of the location, global companies do not invest*

## Theories of Change

To identify and to test Theories of Change, we implement a **mixed method approach**, using a combination of several methods such as desk research, broad literature review, interviews with different kind of stakeholders (following the **elicitation method**<sup>27</sup>), subjective assessment of large enterprise projects by programme managers, and case studies (programme and mini case studies). A brief summary of our approach is shown and described below.

### 3.1.6 The challenge of identifying large enterprises: obtaining and filtering data

A key challenge of the work is that large enterprise support does not have dedicated spending codes, but is “hidden” in codes 05, 07 and 08.

The work carried out so far indicates that **obtaining large enterprise data** is clearly the **biggest challenge** of the evaluation work. In practice, challenges stem from the following factors:

- **No filtering category** for large enterprises: information systems of a number of Managing Authorities do not record enterprise size (e.g. Spain) – alternative methods (e.g. manual check, comparison with database) are required
- **Erroneous categorisation**: some firms are categorised as large enterprises, however, random pick of supplied records reveal that some are in fact SMEs (e.g. Hungary) – cross check is required with other databases
- **Many Managing Authorities involved**: larger countries with regional programmes (e.g. Germany, Italy) require data provision from a large number of Managing Authorities, which have different information systems and propensity to provide data – prevents the evaluators from applying a holistic approach
- **Slow response and data provision**: some Managing Authorities are busy (e.g. with programming) and are responding slowly (e.g. certain ones in Germany, Portugal) – data provision in some cases cannot be sped up without causing disturbance and irritation

<sup>27</sup> A short overview of the elicitation method is given in the paper of Leeuw ('Theory-Based Evaluation', prepared for EVALSED) as follows: "As policies and programmes are developed and implemented by organisations, the 'mental models' or 'cognitive maps' of people in these organisations, i.e., their theories, are important for understanding the anticipated impact of their policies or programmes. (...) One of the central questions is the relationships between these cognitions and the outcomes of organisations. All stakeholders should have 'cognitions' (theories) about the organisation and its environment. These maps of what is going on in their organisation partly determine their behaviour. (...) Parts of these maps or theories are implicit and are tacit knowledge, both on an individual and on a collective level. By articulating these mental models, it is possible to compare them with evidence from scientific organisation studies. (...) Examples of techniques for reconstructing, eliciting and assessing these mental or cognitive maps are the following:

- Look at the concrete record of strategic intentions (...);
- Look at decision-making in action (...);
- Work with managers on strategic breakdown situations (...);
- Use well-designed trigger questions in interview situations so that 'theories in use' can be detected. (...)"

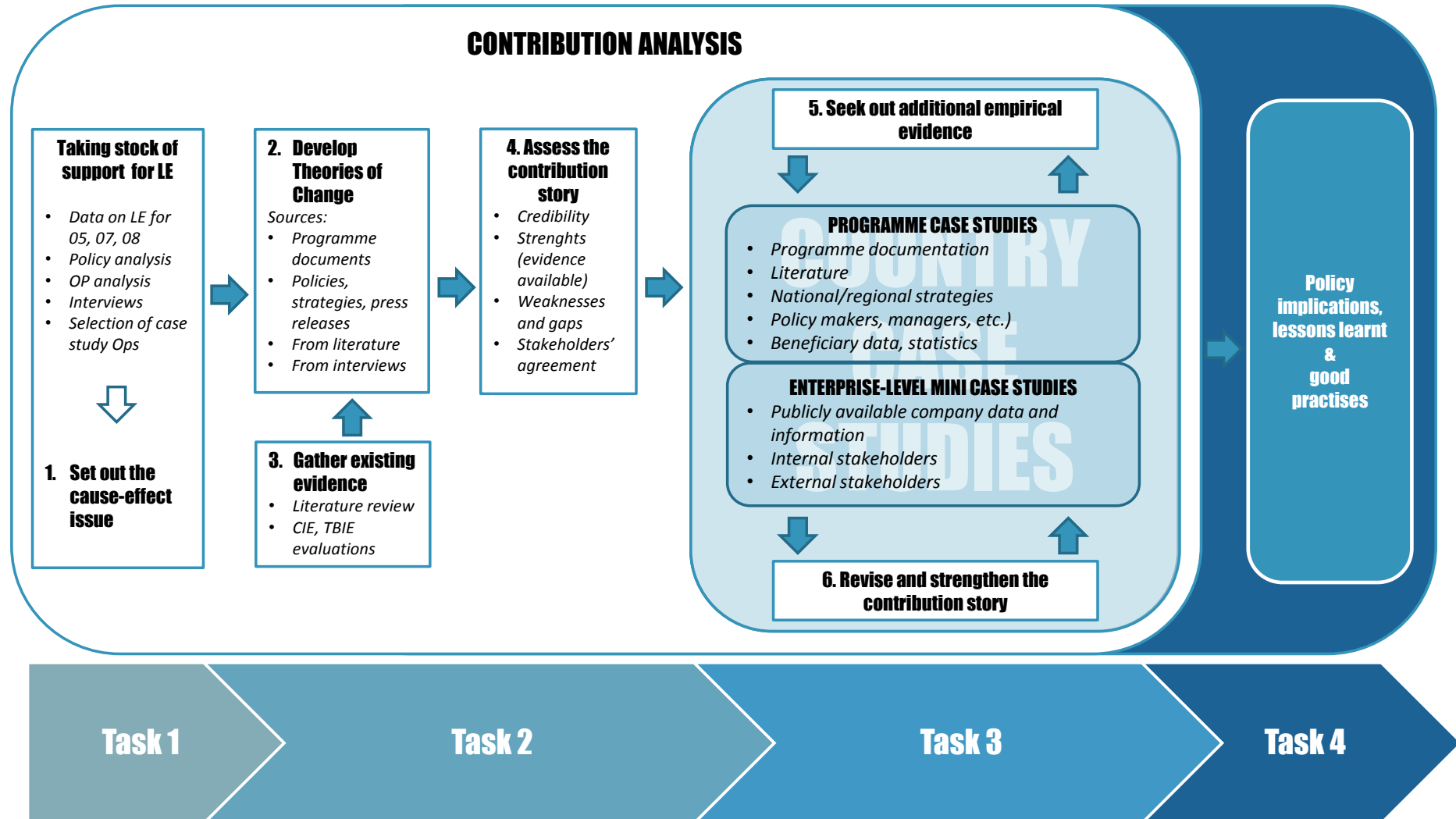
- **Significant spending on other ERDF codes:** one example seems to exist (yet to be confirmed) that significant spending for large enterprises is available on code 04 '*Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)*'<sup>28</sup> – not in scope, although it effects our conclusions
- **“Special” large enterprises** in the lists: a number of beneficiaries are formally large enterprises, however, their (or the implemented projects’) character seem not be in the scope of this evaluation. A preliminary list of these have already been prepared and sent to the European Commission for approval.
- **Subjective assessment of projects by programme managers:** subjective assessment of projects is aimed to capture the tacit knowledge of organisations on single projects (e.g. perceived effectiveness, perceived ‘behavioural’ changes) and incorporate this into the case study selection process. Nevertheless, due to work overload, fluctuation of employees or large number of projects institutional representatives may not be in a position to assess these dimensions.

### 3.1.7 Overview of evaluation Tasks

The following chart summarises our approach to evaluation Tasks, which is followed by their high-level description.

<sup>28</sup> Managing Authority in Mecklenburg-Vorpommern

Figure 2: Overview of our approach



Source: Evaluators and Foundation IDEA, 2014



Our main actions will follow four tasks indicated in tender specifications (they will be preceded with **TASK 0 - Inception**).

We start with taking stock of support for large enterprises (**TASK 1**). As indicated above, the key **challenge** of this stage is **to get reliable and cleaned data** on large enterprise support on the given codes. Following a pilot exercise by the Core Team, Eight Country Teams under the close supervision and on-site assistance of the Core Team will conduct in-depth analyses concerning issues mentioned in Tender Specifications (outlining the rationale underlying the large enterprise support, quantification of the support etc.). At this stage of the study we will collect and examine the necessary data, conduct several interviews with representatives of the Managing Authorities and other stakeholders. Annex 1 contains preliminary information to this Task, including the outputs of 'welcome meetings' with Managing Authorities (where it is possible to be organised within the timeframe). An important element of Task 1 is the selection of case studies according to the criteria indicated in the Tender Specifications.

*Reference to Contribution Analysis: Steps 1 & 2*

At the second stage of the evaluation (**TASK 2**) we will examine the policy rationales, existing literature and evaluation studies. Every program/intervention has its own logic and is based on a hypothesis that in given conditions and context, undertaking the particular actions will lead to some assumed changes. The shape of this logic typically begins in the heads of policy makers, pass into the hands of practitioners (Managing Authorities, Intermediate Bodies etc.) and finally encounters the beneficiaries of the support (Pawson & Tilley, 2004). We will gather evidence to **facilitate the identification** of those Theories of Change (narrowed down to the **8 selected case study programmes**), which correspond to the support for large enterprises. Within the next task, those theories will be tested through programme and mini case studies.

As many authors note, theories are often hidden and are not explicitly shown in program documentation. Our initial research confirms that Theories of Change for large enterprises are not likely to be explicit in the programmes concerned. To overcome this problem and to elicit theories, we will use several sources of information and methods during the evaluation process (programme documentation, literature, existing evaluation studies, national/regional strategies etc.). We will also conduct several interviews with stakeholders (policy makers, managers, beneficiaries, etc.). This will allow us to show how different interventions addressed to large enterprise are expected to have their intended changes. At this stage we will also look for Counterfactual Impact Evaluation, Theory Based Impact Evaluation, and other studies that might bring the evidence on the changes imputable to the case study programmes. During this stage of the study we will identify and examine all of the Counterfactual Impact Evaluations and Theory Based Impact Evaluations that are appropriate here. We already identified a few studies additional to the ones listed in the Tender Specifications (listed in Section 3.3.1).

*Reference to Contribution Analysis: Steps 1 & 2 & 3*

The third step of the study (**TASK 3**) embodies the core element of the evaluation, which is conducting the country level case studies for the purposes of testing Theories of Change and to analyse results. This is the **core stage of carrying the Contribution Analysis**, i.e. setting out the cause-effect issue for the selected programme, develop Theories of Change, gather existing evidence, assess the resulting contribution story, seek out additional empirical evidence in the form of programme and mini case studies, and revise the contribution story. The generation of detailed **case study evidence** is of particular importance here to refine and test the different Theories of Changes and contribution stories of large enterprise support across European regions in their specific national / regional context, help uncover the complex effect mechanisms of large enterprise support



(direct, indirect, wider effects)<sup>29</sup>, and to “generate more ‘real’ evidence of how the policy operates on the ground” (Gaffey 2009, p. 1)<sup>30</sup>. Ultimately, utilising this approach, the evaluation will be able to outline specific fields for continuous improvement of enterprises support – primarily focussing on large enterprises – in European Structural and Investment Funds (ESI).<sup>31</sup> To facilitate the in-depth and focused analysis of typical theories, programme case studies will be complemented by several micro level enterprise / project level mini case studies. Case studies will not only describe the evidence we will have found, but also test causal relationships and reveal logical chains.

Based on the evidence gathered in the all tasks, we will assess how and to what extent support to large enterprises contributes to the more general strategy for enterprise in the programme area. We will also assess the evidence for and against each theory of support for large enterprise. Our findings will be supported with relevant and available Counterfactual Impact Evaluation and Theory Based Impact Evaluation studies, with the results of in-depth qualitative research, which include mini case studies and interviews with crucial stakeholders and other evidence collected during the study.

*Reference to Contribution Analysis: Steps 3 – 6*

The culmination of the above work is the organisation of the seminar to challenge and validate our findings, and preparation of the final report (**TASK 4**), which will also draw conclusions on all of the evaluation questions introduced in Section 1.

*Reference to Contribution Analysis: Step 6*

## 3.2 Task 0 – Inception

<b>Objectives:</b>	To set up the project organisation, to develop a common understanding of the evaluation methodology with the Commission, to refine research tools and debrief team members
<b>Outputs:</b>	Meeting minutes of the kick-off meeting, <b>Inception report</b> , Progress report
<b>Key team members involved:</b>	Project managers, All Core Team members and the Adviser Expert Board, Brussels EU coordination & support team
<b>Timing / Days dedicated to task:</b>	12. 09. 2014 (current report)

Task 0 deals with project inception, finalisation of the work programme and the methodology. It is commenced with a formal kick-off meeting, with the aim of introducing the contractor to the Steering Group, to discuss technical and project management issues (e.g. receipt of data, contact points), as

<sup>29</sup> Following Potter et al. (2002) *direct effects* relate to activities taking place within local facilities of large enterprises or foreign investors (incl. direct output and employment). *Indirect effects* relate to activities created by the local presence of a large enterprise or foreign facilities (but taking place elsewhere; e.g. purchasing & sales linkages of foreign subsidiaries, local spending of wages & salaries by their employees). *Wider effects* relate to further outcomes that come about through changes in strategy, practices and competitive advantage of firms in the region of the large enterprise (as result of local presence of the large enterprise or foreign investor; dynamic changes related to productivity improvements, innovations etc. which are critical determinants for long time growth).

<sup>30</sup> Gaffey (2009) Case studies in the framework of ex post evaluation, 2000-2006: Expectations and experiences of the DG for Regional Policy, Brussels.

<sup>31</sup> Compare Rodriguez-Pose & Novak (2013) Learning processes and economic returns in European Cohesion Policy, in *Investigaciones Regionales* 25.

well as the terms of deliverables and meetings. The task is concluded with the present Inception report.

### 3.2.1 Task 0.1: Kick-off meeting

Based on the comments from the Steering Group the evaluators have developed and methodologically deepened several parts of the proposal. The particular tasks, where an updated or extended methodology can be found are the following:

- sensitivity/confidentiality questions in Task 1;
- testing of Theories of Change in Task 3;
- workshop discussion methodologies in Task 4.

The list of experts supporting the consortium has been amended by agreement with DG REGIO. Dirk Czarnitzki, Elliot Stern and Alena Zemplinerová will help with their expertise in evaluation methodology and enterprise support. Their involvement in the project is further detailed in the 'Allocation of tasks' section of this Inception report.

Administrative issues have also been settled at the Kick-off meeting, such as:

- deadlines of deliverables (discussed in detail in the 'Overview of main tasks and deliverables' and 'Detailed timeline' sections);
- dates of the upcoming two joint Steering Group meetings with relevant WPs;
- one-stop contact points from the parties;
- content of status report.

### 3.2.2 Task 0.2: Project launch, Inception report

In parallel with preparing the methodological additions by the Core Team, the country teams have been debriefed on the results of the kick-off meeting and the detailed work plan has been shared with them in order to ensure their availability. Furthermore, the Core Team has prepared a methodological guide for the country teams to preliminarily assess data availability (see in 3.3.1).

Based on the latter, country teams have organised and some of them already conducted a 'Welcome meeting' with the Managing Authorities. The aim of these meetings was to inform the stakeholders about the evaluation to be carried out by the consortium and to request preliminary information on the data on beneficiaries and on the availability of Counterfactual Impact Evaluation/Theory Based Impact Evaluation material (see Annex 5.2).

Other tasks related to the project launch have also been completed or initiated during the Inception phase:

- Communication channels set up between the Core Team and country teams.
- Tasks allocated among the project members in the light of definitive deadlines. Clear responsibilities and transparent timings have been shared with the project members, which will mitigate the risk of any slippage.

### 3.2.3 Task 0.3 Debrief team members

After the Inception report has been discussed and approved, the country teams will be debriefed with the necessary methodological support for the case study Operational Programme choice.

A reasonable choice of the case study Operational Programme is crucial for the success and timely delivery of the evaluation. Therefore, country teams will focus on data gathering and seeking for Theory Based Impact Evaluation /Counterfactual Impact Evaluation literature in the beginning of Phase 1.

A primary vehicle of information sharing will be the **joint workshop held in Portugal between 29-31 October**. Participants include Core Team, Country Co-ordinators and invited experts (under discussion). Key topics to be covered:

- brief project status
- conceptual background and fundamentals (Theory-Based Evaluation, Contribution Analysis, Theory of Change)
- key steps of Contribution Analysis, including the right way to reconstruct a Theory of Change
- selection strategy for mini case studies
- sharing experiences regarding challenges and mitigation methods
- Task 1 methodology – required outputs and quality requirements of the work (documentation, content, use of interview guides)
- Task 2 (literature review) methodology including Counterfactual Impact Evaluation/ Theory Based Impact Evaluation, national policies and programme documentation (e.g. operational programmes, priorities, calls for proposal).

## 3.3 Task 1 – Taking stock of support, selecting case studies

<b>Objectives:</b>	To gather information on enterprise support policies (such as regional development, support for strategic industries and RTDI) and the project portfolio specifically related to large enterprise support in the 8 countries from the Structural and Cohesion Funds
<b>Outputs:</b>	Project level data set on large enterprises, analysed policy background, described project portfolio along various dimensions, selected case study programmes, 2-5 Theories of Change for the selected programmes, Progress reports
<b>Key team members involved:</b>	Project manager, Core Team, Country Co-ordinators
<b>Timing / Days dedicated to task:</b>	Within 3 months / 148 days allocated

The primary outcome of Task 1 is the understanding of the breadth and depth of Cohesion Policy support to large enterprises in the 8 countries, the reasoning for the case study programme selection and the reconstruction of the first Theories of Change for the selected Programmes.

Case study selection is a bottleneck in project implementation. Due to the complexity of large enterprise support and the already identified challenges, country teams first **focus on gathering appropriately filtered large enterprise data**. This, complemented with the identification of available

Counterfactual Impact Evaluation studies and the overview of the heterogeneity of support, will allow for the selection of case study programmes at the earliest possible date.

It is **anticipated that data structure and completeness varies** from Managing Authority to Managing Authority. Therefore, certain data elements (e.g. according to NACE industry codes) are not expected to be available for all of the Operational Programmes. Accepting the inherent challenges identified above, the analysis will make use of all the information that can be obtained with reasonable effort.

The implementation of Task 1 and Task 2 will overlap with each other in time. The outputs of taking stock of support and literature review will be synthesised towards the end of Task 2. Literature review will be supported by data and vice versa when describing rationales of the support.

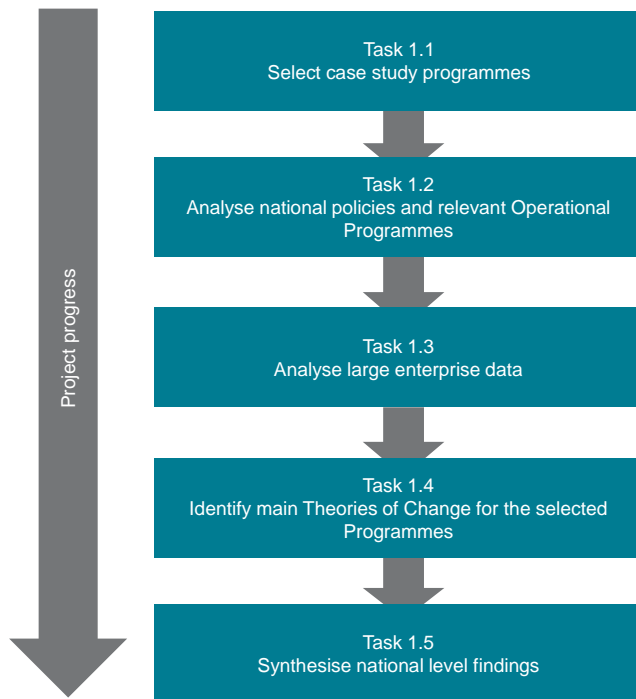
Each of the country teams will carry out the respective country analysis including policy and programme analyses. These analyses will be closely supported by the Core Team's horizontal work stream to ensure the overall quality and coherence of collected data. This work stream will also be responsible for ensuring the comparability of national datasets (as far as possible).

The findings of the analyses will then be synthesised by the Core Team. Should the required information become available from the analysis, the selection of case study programmes along the 3 dimensions provided in the Tender Specifications (significance of large enterprise support, representativeness in terms of forms/packages of support, availability of data and Counterfactual Impact Evaluations) becomes feasible.

Due to the problem of undifferentiated expenditure codes (SMEs & large enterprises), the issue of cleaning and re-classification of such data becomes inevitable. The lengthy process of requesting, receiving and transforming such data **renders data request a critical activity** of Task 1. Indicator data suffer from similar problems, which make **classification of data and early data request** even more **crucial**. It is foreseen that the follow-up of data analysis (e.g. by way of telephone interviews) should accompany these activities.

The evaluators have already received a partial result of the AIR database (data currently available from 2007 until 2012) supplemented with the Intermediate Report and the National Short Report for Poland, which are milestones of an ongoing work under WPO. To complete the time scope of the available data for the current engagement we have also gained access to the 2013 annual reports. Considering the limits of the summarized AIR database in the respect of our current evaluation, the database can be of future use as a base for overall descriptive statistics. All of the above inputs from the Steering Group are being processed and utilised mainly during taking stock of support.

Figure 3: Task 1 flow chart



Source: Evaluators, 2014

### 3.3.1 Task 1.1: Select case study programmes

The **result from our preliminary analysis** for the case study programme selection will be used as a starting point. It has been highlighted during the kick-off meeting that representativeness must be ensured especially in case of the three countries where our preliminary research has not found a clear initial case study suggestion. For the purpose of this evaluation representativeness is defined according to the tender specifications:

- the programme provides significant support to large enterprises;
- the form/packages of the support and rationale are broadly representative of large enterprise spending at national level;
- availability of data and Counterfactual Impact Evaluation for comparison.

The Steering Group has emphasised the **confidentiality** and sensitivity issues regarding data collection. In order to recognize and manage data confidentiality issues on time the country teams have started their initial assessment of available data. A number of Country Teams have contacted the identified institutions to request available corporate and project level data, and information of the relevant strategies and policies as the timing has been considered to be crucial as slow / inaccurate responses from the institutions can pose a risk for project's progress. Also, in the case of countries where a project level database may not be available to the desired level of detail, other data collection opportunities shall be assessed in cooperation with the contacted local institutions.

Besides confidentiality, addressing large enterprises among the beneficiaries has been mentioned as a challenge for taking stock of support. According to the contractor for WP0<sup>32</sup> Czech Republic, Germany, Hungary, Italy, and Romania are the only countries to report on large enterprises. This further underlines the necessity of a well-established methodology to address large enterprise beneficiaries. The process which aims to identify supported large enterprises consists of two pillars:

- assessment of the beneficiary databases;
- other qualitative research (State Aid notifications, large project applications) supplementing or validating information on large enterprise support found in the beneficiary databases.

The country teams have started to check preliminarily with the identified institutions the availability and characteristics of beneficiary data derived from the monitoring and information systems. Considering possible difficulties of extensive data collection the country teams have assessed whether the expenditure codes defined in the tender specifications (05, 07 and 08) are accessible at least at priority axis level.

In order to accurately determine the support to large enterprise beneficiaries from the previously filtered database, country teams will also consult the identified institutions, whether large enterprises can be identified based on one of the following methods:

- 1) There is a tag in the database indicating the large enterprise status of a beneficiary.
- 2) If there is a tag indicating SME status but no large enterprise status, the list of large enterprises can be inversely generated by deducting SMEs from the complete list.
- 3) There is no explicit tag indicating large enterprise status, but the large enterprise criteria variables (number of employees, turnover and balance sheet total) can be linked to the beneficiary from another database (e.g. company information database which can be accessed by the country team).
- 4) There is a project value threshold in the particular member state, which indicates that the project beneficiary is a large enterprise. In this case large enterprises can be addressed by listing projects above the threshold.
- 5) The country team has knowledge of measures / components / calls for proposal of a particular Operational Programme / priority, which have been intended to support only/mainly large enterprises. In this case large enterprise beneficiaries can be identified by listing projects falling under the particular measures / components / calls for proposal of the Operational Programme / priority.
- 6) Beneficiaries can be identified by their name in country databases

For the purpose of providing in-depth analysis and critical judgement on support of large enterprises country teams may provide other variables (as available), which further characterise large enterprise beneficiaries.

As methodologies of the records kept on beneficiaries are different in each country, developing a homogeneous database on large enterprise support will be a challenge. The Core Team will closely

<sup>32</sup> t33 srl: Intermediate Report, Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and Cohesion Fund (CF) – Work package Zero: Data collection and quality assessment, 2013CE16BAT060, May 2014

supervise the country teams and address any methodological differences of the collected data built into the process of data gathering. The constant feedback will help the country teams to refine the quality of the obtained data by running any additional data requests. Additionally, when a type of data is deemed to be important for the evaluation but it is only available for some of the eight countries in scope the data in question will not be omitted from the analysis. However; when presenting an incomplete summary of data we will indicate that the assessment is not exhaustive because of data unavailability for some countries.

After the final selection of case study programmes the Steering Group will be invited to approve or recommend a change. Some of the country teams face a lengthy procedure of obtaining the beneficiary data. In order to avoid delays in case of countries where the data gathering has already been successful the selection of the case study operational programmes may not happen at once for all countries. The Steering Group may be asked to approve or change the selected operational programmes in more steps. By selecting the relevant Operational Programme the scope of the further field work will be narrowed down to the case study programme.

Based on detailed review of the Hungarian database, we have found beneficiaries in the list of large enterprises that may fall in the large enterprise category from technical point of view, but we have a reasonable assumption that they do not belong among the primary theories of large enterprise support at national level. Therefore, we suggest to disregard the following types of beneficiaries in the course of the reconstruction and testing of Theories of Changes:

- **Non-for-profit** enterprises (might require a case-by-case decision)
- **Intermediary organisations** that further distribute funds to SMEs (e.g. JEREMIE fund managers or organisations providing advice to SMEs)
- **Central or local government-owned companies** that implement projects (e.g. public operators of industrial parks and infrastructure projects)

We confirm that we will work with the databases provided by the Managing Authorities and records, even when not fulfilling the applied LE definition or suggested to disregard as above, will not be removed from the analysis on the distribution of funds, but will be marked.

It is a possible scenario that we suggest to apply further filter cut-off for the large enterprise database of the selected case study programmes with the aim of focusing the analysis. Any suggested filtering will be consulted a priori with the Dirk Czarnitzki and DG REGIO, and agreed filtering approaches will be documented in the reports.

The beneficiary list will be analysed to highlight headline figures (as far as micro data allows), e.g.:

- percent of indigenous vs multinational enterprises
- average grant size
- distribution by NACE sectors
- technology and knowledge intensity industries

List and definition of key indicators will be finalised on the basis of the type of data commonly available for the 8 respective countries.

As regards the form of support, **repayable support** will not be excluded a priori from the analysis. The large enterprise beneficiary lists will be cross-checked with data from Annual Implementation



Reports 2013 published by DG REGIO<sup>33</sup> in order to identify if repayable support was applied under the programmes supporting large enterprises. In each case it will be checked whether repayable support was restricted to SMEs or there is a possibility that large enterprises could benefit under these schemes. The cross-check is to be performed based on information available in the calls for proposals and interviews with Managing Authority representatives.

### 3.3.2 Task 1.2: Analyse national policies and relevant Operational Programmes

In parallel with Task 1.1, the most relevant **national enterprise strategies** and other **policies** will be identified at regional and national level. We will then examine them to understand how large enterprise support in different contexts fits into the overall enterprise strategy and what role large enterprises play in national and regional strategic planning.

The different **natures of support** to large enterprises will be assessed, which will include funding approaches that might overlap with or add to Structural and Cohesion Policy. It will be analysed, whether the policies' primary aim is to develop enterprises already present in the region / country (and as such their sustainability), or whether the goal is to attract enterprises not present (foreign direct investment).

The review of relevant Operational Programmes will take place at this stage. To maintain focus, we drill down to the level of priority axis to identify main **rationales** to support large enterprises (which may be further deepened to Call for Application level, necessary).

This analysis will include:

- whether the target is attracting foreign direct investments or developing already present enterprises;
- whether the target group consists of indigenous firms or any other type of enterprises;
- whether the measure targets selected sectors and/or markets;
- whether the measure targets selected territories (such as disadvantaged territories, e.g. least favoured territories (LHH) in Hungary).

The analysis of the programmes and measures within the national policies will enable the evaluators to define the **desired changes** of interventions targeting large enterprises within the country.

It should be noted that Programmes and measures within the policy framework evolve as time advances. This will prove challenging for the 2007-2013 period, as many policies were fundamentally influenced by the financial and economic crisis, which started in 2008-09. The analysis will have to account for such fundamental changes.

This stage will pay particular attention to **identify information that is necessary to reconstruct Theories of Change** at later stages of the work (e.g. in strategies, quotes from the press, etc.)

The process will be overviewed and supported by the Core Team.

Task 1 and Task 2 are overlapping in time and the outcomes of both tasks support each other. The implementation of this particular subtask is especially connected the literature review (see section 3.4).

<sup>33</sup> [http://ec.europa.eu/regional\\_policy/impact/evaluation/data\\_en.cfm](http://ec.europa.eu/regional_policy/impact/evaluation/data_en.cfm)



### 3.3.3 Task 1.3: Analyse large enterprise data

The national data analyses of large enterprise support will draw inputs primarily from national databases on Structural Funds usage and other datasets provided by the Managing Authorities including the annual implementation reports. Also, further data will be subject to analysis such as from other government authorities, statistical offices and other information sources.

As a result of the analyses, distinct groups will be formed of the large enterprise projects. Such analysis will also provide input to what type of support is generally utilised by a certain group of large enterprises.

For the purposes of the analysis, enterprises will be categorised along different dimensions. As presented in section 2.2, enterprises will be classified under three types according to the character of the enterprise on its origin and the international recognition and coverage of its 'brand':

- Foreign MNCs
- Domestic MNCs
- National large enterprises

Furthermore, analysis will be distinguished along different employment size categories: (1) under 250 employees; (2) 250-499 employees; (3) 500-999 employees and (4) 1000 employees or above.

For sectoral classification, we apply the following groups based on NACE 1-digit codes:

- Manufacturing:
  - High technology (comprising Eurostat high-technology and medium-high-technology groups)
  - Medium technology i.e. Eurostat medium-low-technology group
  - Low technology
- Services:
  - More advanced services (NACE J, K, L, M, N, O, P, Q)
  - More basic services (all other NACE codes not falling to the above, excl. construction, mining and public utilities)
  - Construction
  - Mining
  - Public utilities
- Other (not classified)

The process will be overviewed and supported by the Core Team.

### 3.3.4 Task 1.4: Identify main Theories of Change for the selected Programmes

This task consists of the elicitation of the key Theories of Change for the selected Operational Programmes. Following the suggestions from external experts, we maintain focus and develop the **2 to 5 most significant Theories of Change** in the selected programmes.

Theories of Change are also integral parts and outputs of Task 2, which is going in parallel with Task 1.

Within the framework of **Contribution Analysis**, this task deals with:

*Step 1: Set out the cause-effect issue to be addressed*

*Step 2: Develop a Theory of Change*

It will be based on the outputs of previous tasks, interviews with Managing Authority stakeholders in addition to the desk research supported by the relevant Counterfactual Impact Evaluation/ Theory Based Impact Evaluation literature review.

This activity will be one in close co-operation with the Core Team, with multiple rounds of review

### 3.3.5 Task 1.5: Synthesise national level findings

The results of the national analyses will be collected by the Core Team and synthesised in order to draw common conclusions on large enterprise support. Besides assessing the common elements throughout the countries the synthesis will also draw attention to regional characteristics such as different support needs of enterprises

The synthesis will assess the **intended changes** of support and the typical target groups outlined in the country analyses. It will identify patterns which will eventually support the definition of the existing **Theories of Change for large enterprise support** (first versions of them). The other pillar of establishing Theories of Change will be the literature review during Task 2 (see 3.4). Outcomes of this particular subtask will support the theoretical background from Task 2 with the required data, statistics and quantitative analyses.

With the help of these theories and the results driven from the policy, programme and data analyses the overall narrative and rationale for large enterprise support will be outlined.

The synthesis will also serve as a platform to draw conclusions on international subjects such as whether multinational enterprises received support – themselves or through subsidiaries – in different countries (e.g. Coca Cola). Such results will provide important background to the selection of mini case studies to be conducted within Task 3.

## 3.4 Task 2 – Literature review

<b>Objectives:</b>	To identify examples from the literature of how Theories of Change, contribution stories (identified in Task 1) work in different contexts, in order to juxtapose them with findings under Task 3; to collect further inputs to the theory based judgment in Task 4 (Evaluation Questions)
<b>Outputs:</b>	Examples for explicit and/or tacit Theories of Change, identified evidence from existing Counterfactual Impact Evaluations and Theory Based Impact Evaluations, <b>First interim report</b> , Progress reports
<b>Key team members involved:</b>	Project manager, all Core Team members, Advisor Expert Board (and Country Teams for research and support in local language)
<b>Timing / Days dedicated to task:</b>	Within 4 months, 60 days allocated

The primary objective of the Literature review in Task 2 is twofold:

- Firstly, to provide input to reconstruct relevant Theories of Change that give input or are linked to policies in the Member States (e.g. theory of endogenous growth, export-base theory, regional innovation systems etc.).
- Secondly, to collect examples for what types of interventions work and which do not work in terms of public large enterprise support with a focus on ERDF/Cohesion Fund interventions.

In the context of **Contribution Analysis**, it aims at contributing to the following steps:

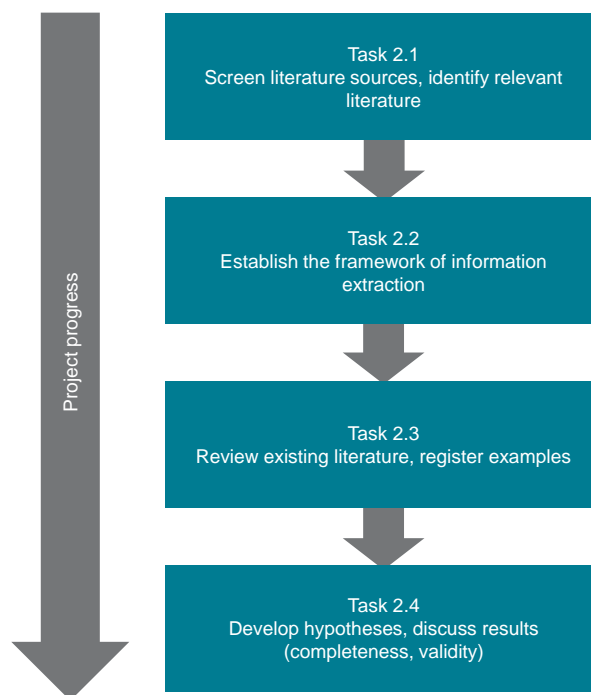
*Step 1: Set out the cause-effect issue to be addressed*

*Step 2: Develop a Theory of Change*

*Step 3: Gather existing evidence on the Theory of Change*

This evidence base, both in terms of Theories of Change and identified examples, will be complemented with information on how and why things work in different contexts, which will be fed into the case study design, and the answering of Evaluation Questions under Task 4.

Figure 4: Task 2 flow chart



Source: Evaluators, 2014

The task is concluded with the First interim report, which summarises findings of the first two Tasks, i.e. Task 1 (Taking stock of support, selecting case studies) and Task 2 (Literature review).

Task 2 is commenced in parallel with Task 1, especially as regards the scanning of abstracts and summaries of relevant studies, articles, evaluations, and the identification of other relevant literature. The update on the available Counterfactual Impact Evaluations (especially at national level, often in national language) is also an integral part of this preparation.

## General methodological approach

We will apply a systematic literature review which will follow the principles of a meta-synthesis as a non-statistical technique to integrate, evaluate and interpret the findings of multiple program strategies, evaluation studies or research papers. This involves analysing and synthesising key elements in each study, with the aim of transforming individual findings into representative conceptualisations and interpretations on Theories of Change of large enterprise support from ERDF/CF or other major national or regional policies in the analysed Member States. Ultimately, the literature review will be divided in two analytical parts:

- A **qualitative comparative analysis** will be utilised to identify relevant Theories of Change that give input or are linked to policies in the Member States. It allows for a systematic analysis of similarities and differences on large enterprise support from ERDF/CF or other relevant national or regional policies across sources and will allow to make connections among previously built categories (within and across Member State countries) as well as for assessing causalities in findings across sources.
- A **narrative analysis** will be conducted as a complementary step, considering the potential of stories to give meaning to the evaluation findings, and to reduce data to a summary.

However, a more in-depth framework will be needed in order to perform a systematic literature review following the outlined analytical procedures. This is presented in Task 2.2.

### 3.4.1 Task 2.1: Screen literature sources, identify relevant literature

#### Scope of relevant literature

Relevant literature sources for the purpose of this ex-post evaluation will comprise different categories of literature in order to feed into the comparative analysis as well as the narrative analysis outlined above. The following main categories will be utilised:

- Policy and programme documents, including ERDF Operational Programmes in the MS, as key sources for delineating Theories of Change and intervention logics<sup>34</sup>.
- Scientific articles, primarily peer-reviewed articles but also books / book chapters, as a validated source on either regional growth models (incl. expected Theories of Change), enterprise policy, and / or on policy contributions in the field of regional development through enterprise policy.
- Policy evaluations, particularly ex post and mid-term evaluations (incl. impact evaluations), as a fundamental source for building up an evidence base on existing knowledge about chains of changes, growth effects, negative externalities of large enterprise support as well as contextual factors that influence the effects prior to the field work.
- Short reports and programme communications (e.g. project demonstrations), which are less scientific but nevertheless will be an important source for the identification of contribution stories.

Generally, these sources will also include certain studies analysing SME support since there are examples of supporting large enterprises under priority axes titled as 'SME support'. In these cases, the results of the analysis of a given SME measure are relevant for the supported large enterprises,

<sup>34</sup> Please note that the collection and assessment of the policy and, particularly, programme documents will be already performed under Task 1. However, as Task 1 and Task 2 are closely intertwined methodologically, they will utilise for this task the assessment framework presented in Task 2.2.

too. Moreover, we will cover literature sources in all relevant national languages of the case study countries, which will be especially crucial for policy documents and policy evaluations as well as programme communications.

### Identification of relevant literature

The identification and particularly the review of literature will require more intensive senior involvement than Task 1 and the reconstruction of potentially hidden or tacit Theories of Change and contributes stories calls for routine and insights regarding the subject matter. Therefore, the close **integration of the inputs of our academic experts** in both the identification of the relevant literature and the validation of the relevance of the examples found will be an important measure at the beginning and end of Task 2.

Thus, the **identification process** will follow a multi-step procedure as described below:

Firstly, we collect and organise the literature already known to us and our academic experts, some of which is presented in the annex on a general level and on the level of the different Operational Programmes. This first identification process will be complemented by a compilation of documents (programmes, evaluations etc.) which can be retrieved directly from publicly available sites of the Managing Authorities and DG REGIO.

Secondly, we will conduct keyword searches and combined keyword searches utilising Boolean operators for identifying further literature.<sup>35</sup> The following keywords will be the starting point:

**Keywords** for the search may include the following terms (and their variants in English and in national languages): large enterprises (firms, companies); multinational enterprises (firms, companies); (impact) evaluation; (impact assessment); counterfactual / theory-based (impact) evaluation; study; research; success story; case study; EU (funds); Structural Funds; Cohesion (Policy); investment support; economic development; location choice(s); embeddedness; foreign direct investments; global / local value chains etc.

Generally, the utilised keywords need careful consideration in order to select terms that will generate the data being sought. Thus, in conducting this literature search we deem it important to keep a record of the keywords utilised (dynamic process) as these will need to be identified later when describing how the search was conducted.

Figure 5: Overview of relevant information sources

Source	Strength	Weakness
Google	Comprehensive search across websites	Only online resources publicly available
Google Scholar	Quickly highlighting popular and seminal research, lists no. of citations as indicator of relevance	Older studies are only found if author or title is known
CiteSeerX	Public search engine and digital library for scientific and academic papers	Stronger focus on mathematics, statistics than economics and policy
Social Science Research Network (SSRN)	Abstracts database and an electronic paper collection	Not peer-reviewed material
Microsoft Academic Search	Provides many innovative ways to explore scientific papers, conferences, journals, and authors	New platform, limited experience on performance
EconBiz	Comprehensive virtual library for economics and business Studies, subject-specific information and direct access to full texts	Not covering evaluation studies and policy documents, language bias
Research Gate	Continuously updated database with full-paper	Only registered academics

<sup>35</sup> With the help of Boolean operators (AND; OR; NOT), many databases can be searched with greater accuracy and quality.

Particularly for the second step of the literature identification, close involvement of the Country Teams will be necessary as many studies will only be available at national level (in local language). After the second step of the literature identification and documentation has been conducted, we will consult our academic experts and DG REGIO for further suggestions.

Thirdly, we will apply a snowball approach on the references list of the identified documents to further extend our literature base. Generally, it will be important to also incorporate on-going studies and evaluations and follow-up their statuses.

The output of the activity is a list of relevant articles for further analysis. A draft list is presented here for Germany. Further refinement is particularly needed regarding programmes and evaluations in the different regions of the covered MS.

Figure 6: Draft list of literature for Germany

Type	Example
<b>Policy &amp; Programme Documents</b>	<ul style="list-style-type: none"> <li>■ BMWi (Bundesministerium für Wirtschaft und Technologie) (2009): <b>Strategic Reporting 2009. National Strategic Framework Plan for the Use of EU Structural Funds in the Federal Republic of Germany 2007-2013</b> (Strategische Berichterstattung 2009. Nationaler Strategischer Rahmenplan für den Einsatz der EU-Strukturfonds in der Bundesrepublik Deutschland 2007-2013), Berlin/ Bonn.</li> <li>■ Prognos AG (2010): <b>Implementation of the Objective „Regional Competitiveness and Employment“ in the Framework of the European Structural Policy and Options for its Continuation in the next Programming Period 2014-2020</b> (Umsetzung des Ziels „Regionale Wettbewerbsfähigkeit und Beschäftigung“ im Rahmen der europäischen Strukturpolitik und Handlungsoptionen für seine Fortführung in der Förderperiode 2014-2020), Berlin.</li> <li>■ BMWi (Bundesministerium für Wirtschaft und Technologie) (2007): <b>National Strategic Framework Plan for the Use of EU Structural Funds in the Federal Republic of Germany 2007-2013</b> (Nationaler Strategischer Rahmenplan für den Einsatz der EU-Strukturfonds in der BRD 2007-2013), Bonn/ Berlin.</li> <li>■ ERDF Operational Programmes 2007-2013 of the 16 Federal States in Germany (e.g. ERDF OP Saxony 2007-2013; ERDF OP NRW 2007-2013 etc.)</li> </ul>
<b>Scientific articles</b>	<ul style="list-style-type: none"> <li>■ Knoll, W. (2012): <b>Effectiveness and Design Principles of Direct Economic Development Schemes. Does funding make a difference?</b> (Wirksamkeit und Designprinzipien der direkten Wirtschaftsförderung. Macht Förderung einen Unterschied?), in WiPol Blätter 01/2012.</li> <li>■ Schopp, A. (2012): <b>How can Objectives of the EU and Regional Strategies be combined?</b> (Wie können Ziele der EU und regionale Strategien verbunden werden?), DIW-Wochenbericht, Berlin.</li> <li>■ ZEW (Zentrum für Europäische Wirtschaftsforschung GmbH) (2009): <b>The Future of EU Structural Policy</b> (Zukunft der EU-Strukturpolitik), Mannheim.</li> <li>■ Becker, Peter &amp; Natascha Zaun (2007): <b>The New Strategic Planning of the European Cohesion Policy in Theory and Practice</b> (Die neue strategische Planung der europäischen Kohäsionspolitik in Theorie und Praxis), Berlin.</li> <li>■ Becker, Peter / SWP (Stiftung Wissenschaft &amp; Politik) (2009): <b>European Cohesion Policy and its Modernisation</b> (Die europäische Kohäsionspolitik und ihre Modernisierung), Berlin.</li> <li>■ Prognos AG (2013) <b>Analysis of Obstacles for Innovation in Companies – Especially SMEs – with the Implementation of Results from Research and Design into Marketable Products and Possible Solution Approaches</b> (Untersuchung von Innovationshemmnissen in Unternehmen – insbesondere KMU – bei der Umsetzung von Forschungs- und Entwicklungsergebnissen in vermarktungsfähige Produkte und mögliche Ansatzpunkte zu deren Überwindung), im Auftrag des BMWi; Laufzeit 2012-2013, Berlin.</li> <li>■ IfM Bonn (2008): <b>Notes on the Equity Ratio in German SMEs</b> (Anmerkungen zur Eigenkapitalquote im deutschen Mittelstand), Working Paper 2/08, Ifo Institut (2008): <b>Revolvierende Fonds als Instrument zur Neuausrichtung der Förderpolitik</b>. Gutachten im Auftrag der Sächsischen Landesbank, Dresden.</li> </ul>
<b>Policy evaluations</b>	<ul style="list-style-type: none"> <li>■ Prognos AG/ Prof. Bade (2010): <b>Half-time evaluation of the ERDF Operational Programme</b></li> </ul>



**Competitiveness & Employment Bavaria 2007-2013 – In-depth analysis 2: Impact of enterprise support / productive investment scheme** (Zwischenevaluation des Operationellen Programms des EFRE im Ziel RWB Bayern 2007-2013 – Vertiefungsanalyse 2: Wirksamkeit der einzelbetrieblichen Investitionsförderung)

- Prognos AG / NIW (Niedersächsisches Institut für Wirtschaftsforschung) / Prof. Bade (2010): **Enterprise-level Performance Review of Firm Support from GRW and ERDF 1998-2008: Growth and employment effects for Lower Saxony** (Einzelbetriebliche Erfolgskontrolle der Förderung von Unternehmen aus der GRW und dem EFRE in den Jahren 1998-2008: Wachstums- und Beschäftigungswirkung für Niedersachsen)
- Prognos AG & NIW (Niedersächsisches Institut für Wirtschaftsforschung (2009): **Assessment of the Economic Effects of the ERDF Program for the Improvement of the Conditions for SMEs in Lower Saxony 2007-2013** (Abschätzung der ökonomischen Effekte der EFRE-Programme zur Verbesserung der Rahmenbedingungen für KMU in Niedersachsen 2007-2013), Hannover/ Bremen,
- Prognos AG (2010): **Analysis of the Effects of the ERDF Development Schemes on the Regional Innovation System in the State of Bremen and Consequent Options for the Continuation of the Competitiveness & Employment Objective after 2013** (Analyse zu den Wirkungen der EFRE-Förderung auf das regionale Innovationssystem im Land Bremen und daraus abgeleitete Handlungsoptionen für die Fortführung des RWB-Ziels nach 2013), Bremen.
- GEFRA / ifs /MR (2011): **The Industrial Policy Dimension of the ERDF – Integrated Structural Policy in Berlin** (Die industriepolitische Dimension des EFRE - Integrierte Strukturpolitik in Berlin), Berlin.
- GEFRA / IAB (2010): **Ex post evaluation of Cohesion Policy programmes 2000-2006 financed by the European Regional Development Fund - Enterprise Support** - an exploratory study using counterfactual methods on available data from Germany.
- GEFRA / MR (2009): **The European structural policy in NRW: The European added value of the target "Regional competitiveness and employment"** (Die Europäische Strukturpolitik in NRW: Der europäische Mehrwert des Ziels „Regionale Wettbewerbsfähigkeit und Beschäftigung“) on behalf of the State Chancellery and the Ministry of Economic Affairs, Energy and SME of NRW.
- IWH (2007): **Interregional Balancing Policy in Germany: Analysis of the Effects of Selected Systems for the Establishment of „Equal Living Conditions“** (Interregionale Ausgleichspolitik in Deutschland: Untersuchungen zu den Effekten ausgewählter Systeme zur Herstellung von „gleichwertigen Lebensverhältnissen“). IWH Sonderheft 2/2007, Halle.

**Short reports /  
programme documents**

- RWB-EFRE (o.J.): **EU Structural Development Schemes in Baden-Württemberg** (EU-Strukturförderung in Baden-Württemberg). Wissen, Innovation, Nachhaltigkeit. Regionale Wettbewerbsfähigkeit und Beschäftigung. Informationsbroschüre, Stuttgart.
- Schulte, Claudia (2010): **Report on Experiences from Previous Contests 2007-2009** (Erfahrungsbericht zu den bisherigen Wettbewerbsverfahren 2007-2009), Düsseldorf.
- NBank (2010): **Enterprise-level Investment Support Schemes (Collective Issue »Improvement of the Regional Economic Structure«)** [Einzelbetriebliche Investitionsförderung (Gemeinschaftsaufgabe »Verbesserung der regionalen Wirtschaftsstruktur«)]. Bekanntmachung vom 21.12.2009, URL: [http://www.nbank.de/Unternehmen/Wirtschaft/Investition/Einzelbetrieb\\_Investitionsfoerderung.php](http://www.nbank.de/Unternehmen/Wirtschaft/Investition/Einzelbetrieb_Investitionsfoerderung.php), 15.01.2010
- GEFRA (2009): **Requirements and Options for the Use of European Structural Policy in the Years 2014-2020 in the „New States of Germany“ including Berlin** (Anforderungen und Handlungsoptionen für den Einsatz der europäischen Strukturpolitik in den Jahren 2014-2020 in den neuen Bundesländern einschließlich Berlin), Münster.
- Ifo Dresden (2008): **Revolving Funds as an Instrument for the Realignment of Development Support Policy** (Revolvierende Fonds als Instrument zur Neuausrichtung der Förderpolitik). Gutachten im Auftrag der Sächsischen Aufbaubank. In: ifo Dresden Studien 44, 2008, Dresden.
- Land NRW (2007) **ERDF Operational Program Regional Competitiveness and Employment 2007-2013: Project Selection Criteria**. EFRE OP RWB 2007-2013: Projektauswahlkriterien, Düsseldorf.

### 3.4.2 Task 2.2: Establish the framework of information extraction

Generally, it is anticipated that Theories of Change and contribution stories in the literature will showcase considerable diversity in terms of structure, methodology and scope. To counteract that, we will develop an Excel-based framework for data collection. This framework will guide the literature review process and allow for a systematic organisation of information and coherent analysis of the documents. The **key components** of the framework can be summarised as:

1. Effects of the intervention (focus on LEs)
2. Influential factors on programme performance (2007-2013)
3. Intervention strategy of the programme

We rely on the inputs of our senior team members throughout this activity, and, as experience shows, suggest to finalise the framework after a first screening of the available literature in order to integrate potentially relevant categories identified within the prime material. It will particularly be a crucial and challenging task to delineate the different Theories of Changes in the programme documents, therefore a comprehensive framework but also a sophisticated analytical approach are necessary (for the latter, see Task 2.3). An indicative **framework** is presented below:

Figure 7: Framework for literature review<sup>36</sup>

Category	Columns of Framework
<b>General information about the publication</b>	Author / Institution
	Document Title / Title
	Year of Publication
	Type of Document (policy document, evaluation etc.)
	Country / Region (in individual cells)
	Keywords
<b>Basic information on the programme / intervention</b>	Type of intervention / form of support
	Target of intervention
	Target group (LE, SME)
	Target sector
	Financial / technical conditions
	Allocated inputs
	Target outputs
	Desired final changes
<b>Effects of the intervention (focus on LEs)</b>	Realised outputs
	Contribution of programme outputs to programme outcomes (actual results)
	Examples / contribution stories
<b>Influential factors on programme performance (2007-2013)</b>	National context
	Regional context
	Programme context
<b>Intervention strategy of the programme</b>	Needs of the MS or region
	Underlying impact Chain
	Underlying assumptions
	Changes of intervention over time
	Case for change
	<i>Description of underlying Theory of Change</i>

<sup>36</sup> Please note that, depending on the specific type of literature source, not all information will be available. Nevertheless we suggest using only one framework which will allow for an easy handling and filtering of information (e.g. country-specific filtering, intervention types). This will support an efficient use of the results in later stages of the evaluation.



<b>Methodology</b>	Methodological approach & techniques (incl. limitations of the approach)
<b>Other</b>	Comments on circumstances, problems, stakeholders etc.

Source: Evaluators, 2014

Overall, it will be important to understand the definition of ‘success’ used in the different studies, i.e. by what criteria each study measures effectiveness (e.g. Counterfactual Impact Evaluations might measure outputs, value added, employment, etc.). This will be documented in the framework.

In sum, through the combination of the key components, this framework shall enable all reviewers to re-construct the fundamental Theories of Change from existing research. The latest templates and instructions will be rolled out to Country Teams with examples from the countries covered directly by Core Team members. They will be guided to produce comprehensive and relevant reviews.

### 3.4.3 Task 2.3: Review existing literature, register examples

In general, the review process will follow the simple principle “ preview, question, read, summarize” , which ultimately facilitates an easy identification and retrieval of material particularly if a large number of publications are being reviewed. This will be further supported by the utilization of the framework described above.

The literature review requires expertise and insight into both evaluation methods and techniques and large enterprise support. Therefore, the Core Team will **centralise this task** as much as possible and involve the external experts throughout the process. If the use of national language prevents such centralisation, the Core Team will supervise the process and review the outcomes of Country Teams with a critical mindset.

As the identification of Theory of Changes requires an in-depth understanding of the assumptions and expected causal relationships within the intervention, we will in close collaboration with the academic experts prepare a concise overview of the primary **theories of regional development** that have been guiding structural policy making. These will comprise theories that explain and recommend strategies relying on external development impulses for regional development (“ factor mobility strategies”) and theories focusing on mobilising and enhancements of endogenous potentials of a region (“ endogenous growth strategies”).<sup>37</sup> All reviewers will receive an overview of the theories prior to the literature analysis.

<sup>37</sup> For a short overview, see Prognos (2010) Implementation of the Objective “ Regional Competitiveness and Employment“ within European Structural Policy and Options for the Implementation within the funding period 2014-2020, on behalf of the German Federal Ministry of Economics and Technology.

Figure 8: Background and process for identifying Theories of Change



Source: Evaluators, 2014

The outcome of the exercise is a list of identified Theories of Changes. In that we accumulate available evidence on **what works and what doesn't**, while we are incorporate evidence on why things work.

Due to the heterogeneity of approaches, techniques, outcomes and support schemes, the first results will be **peer reviewed** within the Core Team and among external experts. This serves not only the purpose of methodological consistency, but the emergence of a collective knowledge and understanding of how large enterprise support works in different contexts in the countries concerned.

By the end of the subtask, we will be able to

- confirm the list of typical Theories of Changes drafted in Task 1;
- identify Theories of Changes of special interest (e.g. because of contradicting evidence), to be analysed in greater depth in Task 3.
- develop a detailed list of evidence on large enterprise support (examples for what works and what doesn't) to be challenged through case studies; and
- feed qualitative information into answering the Key Evaluation Questions in Task 4.

#### 3.4.4 Task 2.4: Develop hypotheses, discuss results (completeness, validity)

Finally, we analyse the results and attempt to draw preliminary findings on the available evidence. To structure our thinking and focus our efforts to key issues, we **formulate hypotheses** related to large enterprise support. Hypotheses will govern case study designs and interview guides and the selection of mini case studies (see Task 3).

The final outcomes are going to be discussed amongst Core Team members and experts during an interim workshop, with the primary aim of testing the validity and completeness of the findings and hypotheses.

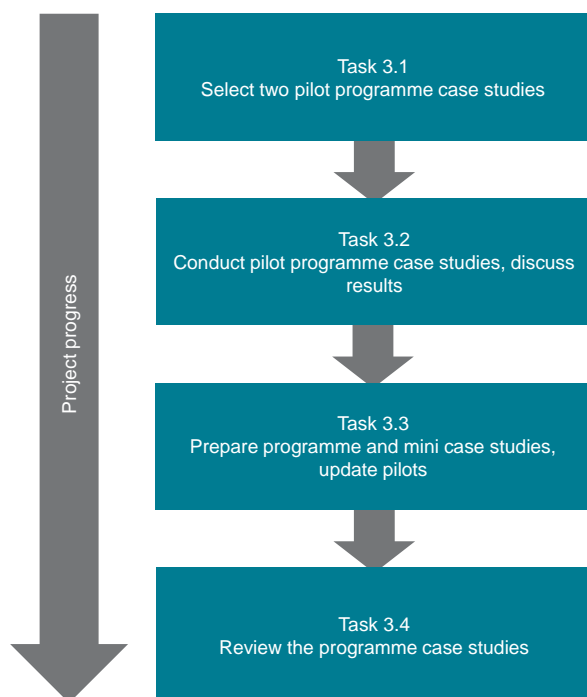
The outcome of Task 1 and 2 will be documented in the **First interim report**, which will be discussed with the Steering Group.

### 3.5 Task 3 – The case studies

<b>Objectives:</b>	To test identified Theories of Change by series of case studies, and to contrast them with other available evaluation results (in particular with Counterfactual Impact Evaluations)
<b>Outputs:</b>	8 programme case studies (including <b>2 pilot case studies</b> ), mini case studies with large enterprises, reviewed Theories of Change, <b>Second interim report</b> , Progress reports
<b>Key team members involved:</b>	Project manager, all Core Team members, Advisor Expert Board and Country Teams
<b>Timing / Days dedicated to task:</b>	Within 10 months, 221 days allocated

Case studies are primary information sources, used with the aim of challenging the outcomes of Task 1 and Task 2, and conduct the empirical part of Theory-Based Evaluations (testing).

Figure 9: Task 3 flow chart



Source: Evaluators, 2014

The Tender Specifications<sup>38</sup> define case studies at the **level of national or regional programmes**, one for each country.

Task 3 will focus on these selected programmes and follow the steps of **Contribution Analysis** to test the Theories of Change identified during Task 1 and Task 2:

*Step 1: Assess the resulting contribution story*

<sup>38</sup> Section 3.5, page 12

*Step 2: Seek out additional empirical evidence*

*Step 3: Revise and strengthen the contribution story*

Case study designs will be driven by reconstructed theories of change.

The main objectives of Task 3 are to assess Theories of Changes, test the Theories of Change through empirical work, analyse what works and what does not in a given context and revise theories if necessary.

### Approach to test Theories of Change

Conclusions will be formulated on multiple levels, i.e. at the level of (1) individual Theories of Change (2-5 per programme); (2) selected national programmes and (3) the 8 countries as a whole. Conclusions will typically avoid generalisation and focus on identifying “**confirming**” and “**neutral**” and “**disconfirming**” evidence to the Theories of Change, which help decrease the uncertainty as to whether the theory works in reality, or not.

Since rigorous quantifiable evidence on the effectiveness of large enterprises support will not be available in the majority of the cases, we test the identified Theories of Changes by using multiple qualitative aspects, and by confronting these information sources. Testing will take place through the following generic steps below:

1. **identify the context**, refine outcomes of Task 1 and Task 2
  2. explore **programme delivery mechanisms** through document analysis (mostly Calls for Applications, Operational Programmes and action plans), interviews with current and former Managing Authority representatives, and additional information query as applicable
  3. reconstruct large enterprise **project list** (refine under Task 1)
  4. facilitate a **subjective project categorisation** by programme managers<sup>39</sup> along various dimensions (e.g. perceived effectiveness, perceived ‘behavioural’ changes,) – we may apply a threshold (such as TOP 100 or EUR 1M) should this become unfeasible at this stage
  5. establish a ‘**project rank**’ using the subjective assessment of programme managers
  6. **select mini case studies**<sup>40</sup> – information rich individual large enterprise projects (purposive sample with maximum heterogeneity along the project rank)
  7. conduct mini case studies, project level **testing** of Theories of Change including (1) elements of the Theory of Change, (2) causal relationship within the Theory of Change and (3) key assumptions / external factors, additionally mini case studies will reflect the Managing Authorities’ perception and project rank, i.e. project effectiveness and changes imputable to the project
  8. incorporate findings of previous **available evaluations (Counterfactual Impact Evaluation / Theory Based Impact Evaluation)** and studies
  9. analyse to what extent **Theories of Change materialise**, and what are the reasons behind that
- The outcomes will be synthesised to explore the similarities and differences across cases regarding reasons for what works, what does not and in what context. Following that, we look at all 8 programme case studies and structure findings and conclusions to compare the results as far as possible and reveal the similarities and differences of programme effects.

<sup>39</sup> Under the assumption that large enterprise projects are large enough to have meaningful information on most of them within the Managing Authority

<sup>40</sup> following the Commission’s terminology (Gaffey, 2009), explained in following paragraphs

## Programme and mini case studies

Our multiple case study approach therefore applies two levels of cases:

1. **Programme case studies:** they focus on the region in which the programme operates. They describe the context (policy and programme) and the delivery mechanism(s) of the programme, juxtapose intended and realised changes, provide conclusions on the identified Theories of Changes and on the coherence of the results with the local enterprise policy and strategic context. Theories of Change have evolved over time in most cases (mostly due to the economic crisis), which is going to be reflected in the analysis.

Programme case studies take a narrative form, and follow the content provided by the Tender Specifications, i.e. quantification of support along various dimensions, target of the support, implicit rationales and expected outcomes, as well as realised outcomes, and reflection on the coherence with, and contribution to national or regional enterprise policies. Also, they summarise (but not generalise) the outcomes of mini case studies. Case studies will focus on analysis not description, i.e. the exploration of the interconnections, logical links and consequences of the evidence identified.

The key information sources include policy documents, programme documents, other publicly available written information sources (e.g. articles, news), beneficiary database and company databases and stakeholder interviews.

Altogether 8 (national or regional) programme case studies will be done, one for each country.

2. **Mini case studies:** they focus on a single large enterprise / project that is the beneficiary of the programme<sup>41</sup>. Mini case studies use a story-based approach, and use a standard structure that covers the topics of

- background of the beneficiary (key facts, foundation, ownership structure, etc.)
- key aspects of the business model (market presence, product and service offering, national/international coverage, business strategy, brands)
- key business challenges, of which the needs that triggered programme participation
- objectives and intended changes of programme participation (explicit & tacit ones)
- financial and technical implementation of the undertaking, efficiency of implementation
- project outputs (physical observation, if possible)
- realised outcomes (results, effects) of the project, **approached by two ways:** (1) the perceived changes that the beneficiary attributes to the support; and the (2) perceived contribution of the project to pre-defined types of changes (derived from the theories)
- judgment of the effectiveness (comparison of objectives and realised outcomes)
- reflection on the coherence with / contribution to overall programme strategy and policy objectives
- key stakeholders of the project
- sustainability of outcomes
- good practices & lessons learnt
- reflection on the underlying hypothesis / **Theory of Change**, whether the effects have been reached, the causalities are correctly assumed, and hypotheses are valid

Each mini case study investigates a purposively selected individual case (i.e. one supported project with a certain type of large enterprise) to an in-depth extent, explores underlying reasons and context (e.g. firm strategy) that triggered participation, surfaces mechanisms and causal chains of changes,

<sup>41</sup> In certain cases, large enterprises are beneficiaries of the programme, even though they are not the final recipients of funds. Such cases might also be analysed through mini case studies if their aggregated value and relevance justifies that

and attempts to map direct and indirect outcomes, as well as wider benefits of the EU support. Mini case studies reveal information to **test Theories of Change**, to reduce uncertainty regarding its assumptions and. Mini case studies provide information on whether Theories of Change materialise in practice, i.e. whether different levels of outcomes and causal expectations (e.g. attribution) are attained, and whether key assumptions are valid.

We apply a **multi-respondent approach** to each mini case study. The key information sources beyond documentary evidence, company data, administrative database, company registers etc. are semi-standardised interviews with a beneficiary representative(s) – preferably a group of them to facilitate a focus group-like discussion, and interviews with other stakeholders deemed relevant, such as supplier firms, local municipalities, civil society or industry experts. Mini case studies feed in to programme case studies.

During the information collection phase we focus on gathering reliable, evidence based information. Interviews provide subjective judgements and personal views of the interviewee, which can add new angles to the evaluation but may lack evidence base; thus, the information received have to be treated properly in the course of the analysis. We have to examine the risks and their associated controls in order to collect the information necessary for case studies.

The main risks identified and the proposed actions to mitigate them are as follows:

- a) Conflicting interest of stakeholders might prevent reaching common univocal conclusion

To mitigate this risk our interviewers prepare with facts and evidence for the interviews, utilising the outcomes of Task 1 and 2 as well. In addition we use stakeholder analysis to understand different views, powers and interests. During the interview we allow time for the discussion of seemingly inconsistent pieces of information.

- b) Collecting unnecessary information

In order to collect the appropriate information we will keep the focus on the tender specifications and the evaluation tasks. Templates and predefined data collection criteria are prepared in advance and applied to focus on collecting the necessary information only. Furthermore, we allow sufficient time for data analysis and review.

- c) Resistance of stakeholders to take part in the evaluation process

To avoid the resistance we invite the stakeholders as experts to the subject and we visit them with specific questions which only covering their area of competence. In addition, we communicate the aims of the evaluation and explain the reasons behind the information request.

- d) “ Success reporting” , concealing problems

While we aim to include multiple representatives from the selected firms, we will be aware of the fact that enterprises tend to conceal negative aspects of their projects, or their activities and motivations.

The project level evaluation raises the question of the **confidentiality**. We focus on data management (how to collect, assess, examine the data) in order to allow the interviewed companies to stay anonymous. Our aim is to create a good relationship and an efficient cooperation with the firms being subject to the mini case studies. On the interviews we point out that all the information received is held in confidence and used solely for the purposes of the current evaluation. Although we plan to present mini case studies anonymously, specific characteristics, i.e. the information presented for the contextual analysis, might still allow the identification of firms.

Therefore, **only an abstract of the mini case studies will be published** in the main report, while the full mini case study reports will be kept confidential, and put into the annexes. The publishable summary will include 'sanitised' data, i.e. aggregated results of the mini case studies. Related to this, we intend to use expressions and categories with wider interpretation, which disguises sensitive information. For example we use a wider industry approach 'FMCG company' appellation instead of 'beverage company' appellation.

The amount of mini cases is going to be 1-3 firms per Theory of Change identified as significant, estimated to average around **3-5 cases per country** (i.e. per programme case study). We expect that by the analysis of **~30 cases at EU level** we will be able to gather reasonable amount of information for testing Theories of Changes, i.e. where the relative cost of an additional case exceeds the new and genuine information potentially gained from it. The final number of cases depends on the outcome of previous work phases and discussions with the Steering Group. We select at least 3 candidates for each case to mitigate the risk of the rejecting participation in the evaluation.

Altogether, case studies will rely on inputs from Task 1 and 2, documentary and data evidence and stakeholder interviews. As regards the latter, we estimate **200** (80 + 120) **interviews** in total, as reasoned below:

- Programme case studies: we carried out **initial research** regarding the stakeholders of the national or regional programmes. 81 stakeholders were identified, which is a provisional estimation, but indicates that we will conduct approximately **10 interviews per selected programme**
- Mini case studies: we intend to contact 2-4 members of the organisation (in the form of 1-2 interviews) – etc. the EU project manager, Chief Financial Officer, Chief Sales Officer, a technical expert (e.g. R&D manager), 1-2 representative from its business partners (e.g. university, suppliers, buyers) and 1-2 from the environment they operate in (e.g. local municipality, civil organisation). This adds up to approximately **4 interviews per mini case study**

### 3.5.1 Task 3.1: Select two pilot programme case studies

**Two pilot countries** and their respective programmes will be chosen, the draft versions of which will be discussed with the Commission services. We commence pilot case studies as early as possible, i.e. right after Task 2 results in the necessary inputs for the work. The task is concluded with the Second interim report.

The Country Team will be involved intensively in the desk research and field work activities related to case studies, under the close supervision of Core Team members and external experts.

We followed pragmatic considerations in selecting the pilot cases, taking into account the:

- variety of the identified Theories of Changes, available Counterfactual Impact Evaluations and other evidence of large enterprise support;
- previous evaluation experience of core team members with the programmes;
- coverage of the country in terms of nationality by one of the core team members

Based on these criteria, **Germany** and **Hungary** are the two candidates for being pilot countries.

The methodology for case studies will be finalised in consultation with the Theory Based Impact Evaluation experts. The Steering Group is proposed to be involved in the finalisation process, in order to save time on the preparatory phase.



### 3.5.2 Task 3.2: Conduct pilot programme case studies, discuss results

The first step is the preparation of the programme case study and mini case study templates that reflect the hypotheses developed, and the Theories of Change, contribution stories and examples identified in previous tasks.

This is followed by the detailed observation of the **available documents**, including the

- Local relevant policy documents and legislation
- Operational Programme (different versions, if changes/reallocations have occurred)
- Calls for project applications, model grant agreements, application manuals, qualification criteria (eligibility, selection/award criteria)
- Procedures (Managing Authorities, Intermediary bodies)
- Minutes / outcomes of Monitoring Committee meetings, Selection Committee meetings
- Monitoring documents

The next step is the overview of the **list of beneficiaries**, and their classification and analysis along the following dimensions (as applicable in local data sets):

- grant amount (categories)
- project size (categories)
- industry (NACE)
- location (region, locality)
- form of support (grant; loan; other/non-ERDF)
- enterprise type (global, foreign, indigenous large enterprises)
- most probable Theory of Change (e.g. based on the Call for Application)

Project managers are asked to evaluate the individual projects according to our predefined categorisation. This step allows identifying different types of projects, e.g. good and bad examples as well as typical projects. **Mini case studies** are selected with the aim to test the Theories of Changes, but we also aim to represent different projects (i.e. industrial branch, economic size of the firm, success of implementation, intended change of the project). Therefore, we apply maximum variation (heterogeneity) sample, and select projects from the total spectrum of the project rank. It would also be interesting to investigate the same global enterprise in two different countries.

As the case study guidance of the Commission highlights, the enormous number and diversity of Cohesion Policy programmes prevents the evaluation of each and every programme. The Tender Specifications argues that the selection of 8 countries, resulting in 75% coverage, is an appropriate sample to be representative at EU-28 level. This representativeness is decreased by focusing on one programme per country, even though programmes with higher spending are more likely to be selected. Working with individual cases further diminishes the scope to provide representative results in statistical terms.

The proposed solution is to focus on **3 to 5 information-rich** and **typical cases** with credible and coherently demonstrated **stories of large enterprise support**. As Vanclay (2012)<sup>42</sup> quotes in his study, many papers in the subject concluded that very often a story conveys information much more

<sup>42</sup>Guidance for the design of qualitative case study evaluation – a short report to DG REGIO (February 2012) by Frank Vanclay

effectively (convincingly) than other forms of evidence. In certain settings, stories can be more real, meaningful, engaging and more likely to be remembered than information derived from quantitative techniques. The perceived diversity of the Theories of Change is a strong argument to opt for this approach.

The selection of specific projects will consider the extent to which 'mini cases' are likely to (1) demonstrate typical cases and (2) allow for in-depth analysis and mapping of outcomes. This requires an open and collaborative environment with the selected beneficiaries. Case selection therefore will not only rely on project databases, but the personal recommendations of local Managing Authority and/or Intermediary body officials, articles, and existing good relationships of KPMG, Prognos and its partners with large enterprises from other advisory engagements.

Knowing the list of mini case studies, specifically tailored **semi-standardised interview guides** are developed taking into account our hypotheses and the Theories of Change.

The implementation and documentation of the pilot case studies will take place at two different levels, i.e. programme level (programme case studies) and enterprise level or project level (mini case studies), with the indicative content and strategy described above. They will include provisional conclusions regarding the Theories of Changes.

During the pilot exercise we collect practical experiences and suggestions for improvement regarding the templates and interview guides. The results will be reviewed internally first, then the two case studies will be submitted to the Steering Group for formal review and further discussion.

### 3.5.3 Task 3.3: Prepare programme and mini case studies, update pilots

We use the outcomes of the pilot exercise and the suggestions of the Steering Group to refine our approach, of which we inform Country Teams.

Core Team members will visit the countries not directly covered by them. The **Core Team will accompany the Country Teams** to the most important interviews (e.g. Managing Authority representatives, key large enterprise officials) and lead the meetings. In cases where the business language in large enterprises is not English, the language coverage of the Core Team will be sufficient to participate actively in those meetings (see CV profiles of Core Team). The Core Team will also help with the documentation of the results and organisation of the collected information.

The consistency of the field work will be facilitated through a continuous '**help desk**' to Country Teams throughout the whole exercise, and the thorough review of draft and final materials. In the meantime, pilot case studies will be updated as agreed with the Steering Group.

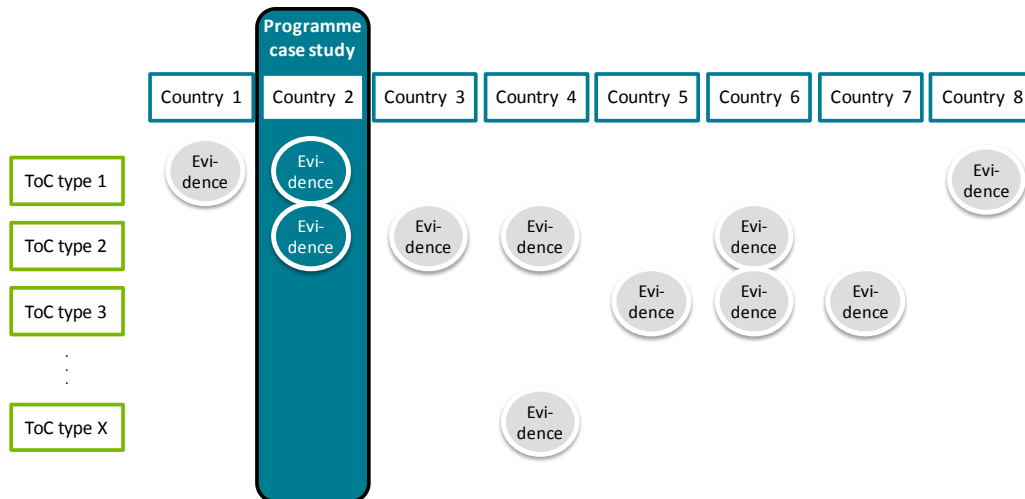
Conclusions regarding the changes sought by the programme in programme case studies will be drawn on a wide evidence base, the most important angles of which are the identified theories in Task 1, the Counterfactual Impact Evaluation and Theory Based Impact Evaluation examples from Task 2, the programme case studies at national or regional level, and the mini case studies.

### 3.5.4 Task 3.4: Review and harmonise programme case studies

The final step of Task 3 is the critical review of programme case studies by Core Team members and the external experts, and the harmonisation of the content across countries. This might require minor additional field work at country level, typically in the form of follow-up questions to interviewees and the clarification questions regarding national policies, programmes and enterprise support measures.

Each mini case study will be aggregated and summarised at national or regional programme level, clearly indicating different changes, efficiency etc., reflecting on the identified Theories of Change, contribution stories and available results of Counterfactual Impact Evaluations. Country-level synthesis is a comparison aiming at observing the **different Theories of Change in similar context**.

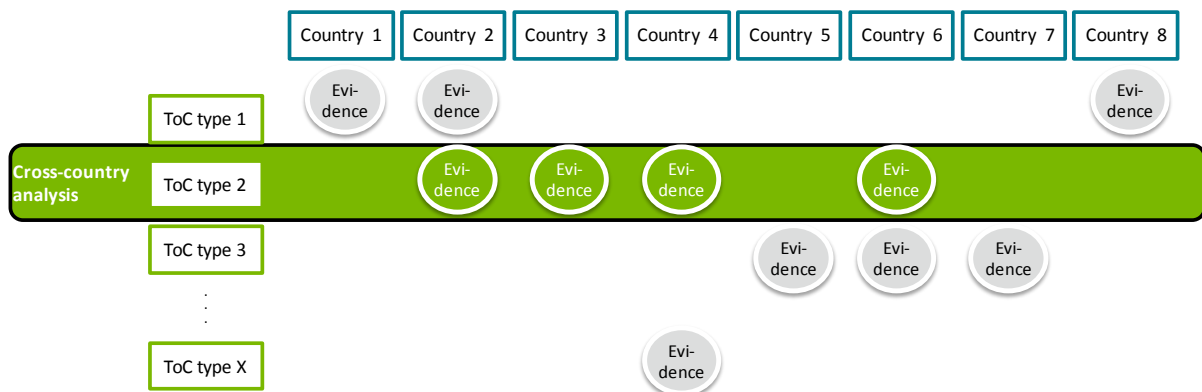
Figure 10: Analysing different Theories of Change in similar context



Source: Evaluators, 2014

The analysis of unique projects may also enable to compare **similar Theories of Change in different contexts**, should there be similarities in underlying theories across the selected programmes.

Figure 11: Analysing similar Theories of Change in different contexts



Source: Evaluators, 2014

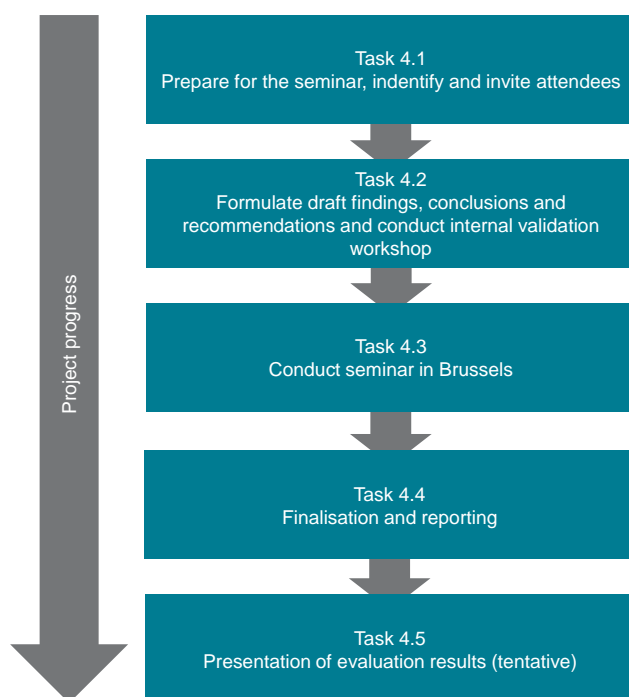
The output of the exercise is the **Second interim report**, with the documentation of the programme case studies, mini case studies – integrating the inputs of the academic advisory board.

### 3.6 Task 4 – Seminar and final report

<b>Objectives:</b>	To formulate, challenge and validate draft answers to Key Evaluation Questions findings, conclusions and recommendations by experts, document the outcomes
<b>Outputs:</b>	Seminar, <b>Draft final report</b> , <b>Final report</b> , Progress reports
<b>Key team members involved:</b>	János Matolcsy (PM), Jan-Philipp Kramer, András Kaszap, Rafal Trzcinski, Anda Berényi, Matt Higham
<b>Timing / Days dedicated to task:</b>	Within 15 months, 108 days allocated

The primary role of Task 4 is to organise the evidence collected under Tasks 1-3, formulate meaningful findings and conclusions and recommendations, and validate them by a wider group of stakeholders.

Figure 12: Task 4 flow chart



Source: Evaluators, 2014

The organisation of the seminar shall be the first step of this task, to be commenced early on in parallel with Task 3 in order to facilitate the availability and presence of the invited parties. Close co-operation with the contractor for WP1 is required in view of administrative issues and financial reimbursement of travel and subsistence costs of all participants.

Following the finalisation of case studies, the core team formulates draft answers to Key Evaluation Questions, findings, conclusions and recommendations, using a wide evidence base and the triangulation of information sources (case studies, previous evaluation studies, analysis of large enterprise beneficiary database, Managing Authority interviews). Due to the limited time of the seminar (1 day), we conduct a preliminary **internal validation workshop** with all the experts involved in the core team. Workshop participants examine through draft materials, check their validity, and propose amendments.

Seminar participants will receive the agenda and draft materials in advance with a view to facilitating meaningful on-site discussion. Focus of the discussion will be placed on **identifying further evidence** (or counter-evidence) to our findings, the discussion of their **consequences** on current and future policies, and the identification of other '**spin-offs**' of the evaluation, such as suggestions for further areas of research. Outcomes will be used to amend findings, conclusions and recommendations.

The **reporting** (as regards the draft final and final report) will take place at the end of this process. It will enumerate the context, methodology and the evidence base of the evaluation, as well as the findings along the proposed evaluation questions by the Tender Specifications.

### 3.6.1 Task 4.1: Prepare for the seminar, identify and invite attendees

In order to ensure the availability of the experts from the focus countries' Managing Authorities the contractor for WP1 should be contacted during the implementation of Task 3. The administrative matters (covering a wide range of issues, e.g. invitation of attendees, assistance in booking flights and accommodation, account for the expenses) require a close co-operation between the project team and the contractor of WP1.

Due to the limited number of seminar participants it is crucial to identify the key persons, who can provide the necessary experience and knowledge to discuss the preliminary findings based on the previously performed tasks. The **proposed invited parties** are:

- two representatives of each Managing Authority responsible for the Operational Programmes selected as case studies (e.g. head of the Authority / the person in charge of the professional implementation and / or evaluation of the particular programme / person in charge of large enterprise support programmes)<sup>43</sup> and, additionally, selected representatives from implementation bodies identified in the course of the project;
- 5-6 external experts (including the three advising on this evaluation)<sup>44</sup>;
- 4-5 Commission officials (representatives from the Steering Group);
- Representatives from WP 1 (Applica).

Overall, a number of up to a **maximum of 25 participants** (plus members of the project team) is seen as beneficial, allowing a fruitful discussion. During the implementation of the Tasks 1-3 the possible group of external and Commission attendees is going to take shape as the most suitable persons are likely to be interview partners from the previous tasks.

The invitation material should describe the significant potential impact of the discussion by the attendees on the final report and the chance to suggest further areas of research in order to raise awareness of the invited persons. The **invitation letter** is to be signed by DG REGIO.

The agenda of the seminar and draft materials shall be provided to the attendants who have already confirmed their presence. Moreover, a list of invited participants will be send with the invitation in

<sup>43</sup> To be specified after the case study programmes have been selected in all countries.

<sup>44</sup> Besides the external experts closely involved (currently Elliot Stern and Dirk Czarnitzki, confirmed Alberto Martini, and moreover, Javier Revilla Diez) we would additionally suggest to invite Phil McCann (University of Groningen; former Special Advisor to Commissioner Hahn) as key academic expert on cohesion policy, regional growth and the role of large enterprises and Frans Leuw as an expert on theory-based impact evaluation.

order to stimulate the motivation of invitees to participate likewise. Draft materials are prepared upon the findings of the internal validation workshop detailed below.

We will also offer the opportunity for participants to suggest topics for discussion and to comment the proposed discussion areas prior to developing the final agenda.

### 3.6.2 Task 4.2: Formulate draft findings, conclusions and recommendations and conduct internal validation workshop

Parallel to the organisational tasks a draft report shall be prepared including initial findings and recommendations. The document will include the preliminary results of the previous tasks set by the Tender Specifications:

- brief description of the methodology used in the case studies;
- summary of the interviews and evidence gathered during the performed tasks;
- initial findings and recommendations;
- preliminary open questions to help launching the discussion.

The first draft will include the preliminary conclusions in relation to the key evaluation questions as presented in chapter 2.2. The conclusions on most Evaluation Questions will draw inputs from various tasks conducted throughout the project which will inherently contribute to a validation of the separate findings as well.

The first draft version of the report will be presented by the evaluators at an **internal validation workshop** in presence of the **core project team including the adviser expert board and the Steering Group**. The aim of the internal validation workshop is to check the validity of the preliminary findings and to propose amendments before sending the draft material of the seminar to the participants. The initial agenda of the seminar (including potential discussion topics from seminar attendees) is also to be validated at the workshop.

The proposed date of the validation workshop is about **3 weeks before the seminar** in order to incorporate comments of the core team into the draft report and the agenda and to provide the material for the seminar participants leaving a reasonable time for them to form their opinion.

### 3.6.3 Task 4.3: Conduct seminar in Brussels

Due to the limited time of the seminar a well-designed agenda is crucial to exploit all discussion opportunities. The seminar will be conducted according the final agenda which is based on the initial agenda of the preliminary validation workshop and complemented by the comments of the seminar participants. The proposed agenda is subject to modification based on questions arising during the project implementation period. The key components of the **agenda** comprise:

- The seminar would start with an **opening introduction** by DG REGIO and a summary (aim, progress) of the project presented by the evaluators.
- A short description of the **methodology** would follow the introduction.
- The main section would be the **presentation / discussion of lessons learned and comparative insights from the 8 case studies** with specific findings across the Operational Programmes. We believe that country subsections would be of interest for every representative of the Managing Authorities as they could share valuable insight on other Operational Programmes. Discussion on

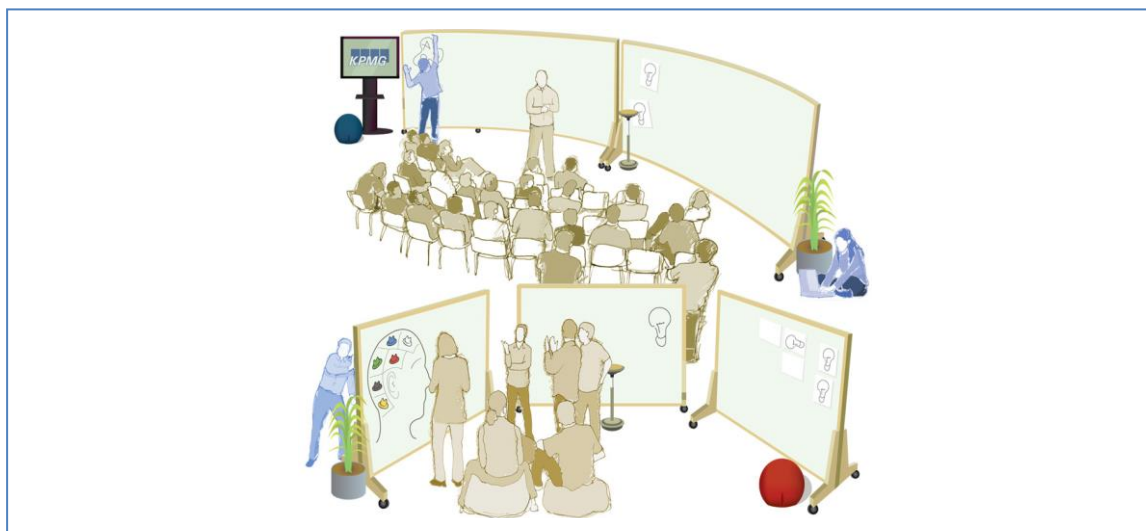


good and bad practices could serve the purpose of supporting the design of Operational Programmes in the future.

- As a closure of the seminar the **overall initial findings and recommendations** would be presented.

In order to facilitate this seminar, we suggest utilising an innovative workshop methodology developed by KPMG called **U-Collaborate**. Originally developed as an approach to complex problem solving, U-Collaborate has also proven to be highly effective as a methodology for **validation**.

Figure 13: U-Collaborate (Proven – Innovative – Creative – Effective – Fast – Solution focused – Unconstrained)



Source: Evaluators, 2014

Thus, besides the presentation of lessons learned and comparative insights from the ex post evaluation (as outlined above in the agenda), U-Collaborate can, in particular, enable a productive discussion with the seminar participants. Due to the number of participants, the discussion block will take place in groups of not more than 25 people (plus moderators and evaluators), split around topics deemed appropriate at the final stage of the evaluation. Validation is facilitated by the following elements that will be integrated in the discussion block of the seminar:

- **Elicitation of stakeholders' perceptions:** Explore the current state, i.e. the perception / experience with large enterprise support, from the different stakeholder and experts perspectives.
- **Stress Test:** Use an option evaluation framework to test thinking built into the conclusions of large enterprise support from Cohesion and Structural Funds.
- **Alignment:** Final check of alignment and consensus on the final conclusions of the ex post evaluation.

These three discussion elements will not follow one another but will be included at different time slots of the seminar, allowing for a good balance of presentation and discussion that goes beyond classical Q&A. As part of the seminar preparation process, we suggest utilising the structure of U-Collaborate which includes the following elements:

- **Design/Planning:** during the work, we will specify the exact seminar objectives and agenda. This could potentially also involve the development of a more specific seminar theme.
- **Facilitation:** provide front of the room facilitation for the large group and KPMG/Prognos subject matter specialist support in break outs. Adjust agenda real-time as needed throughout the event.



- **Deliverables:** build chronological capture of all created content (file structure includes assignments, inputs, report outs, notes on walls, etc.) and agreed upon deliverables, which may also include an executive summary of outputs (usually in PowerPoint).
- **Logistics:** manage selection and contracting with venue and catering. Collate and produce all inputs. The administrative matters will be coordinated with WP 1 (see Task 4.1)
- **Environment:** set up space, including technology, whiteboards, and plants.

In the end, a **seminar report** will be prepared that documents the hard work of the participants. The objective is to have in one document the key issues brought up in the discussions. The report should include:

- Introduction
- Objectives
- Organisation of workshop
- Q&As
- Key issues identified by participants
- Feedback
- Annexes: Presentations and workshop hand-outs, seminar outputs, and list of attendants

To facilitate this documentation process, the workshop will be audio recorded in order to comprehend all relevant comments from the participants.

#### 3.6.4 Task 4.4: Finalisation and reporting

With the knowledge from the seminar at hand the findings, conclusions and recommendations will be finalised along the evaluation questions of the Tender Specifications and additional Evaluation Questions introduced during project implementation. The report will draw the conclusions focusing on the guidelines laid down in the inception report and it will consist of the proposed two sections (main body and eight country annexes).

Following the internal drafting and finalisation processes (including quality and language review) the draft final report will be distributed to DG REGIO, relevant parties to be defined and the advisory board of the project for final review. Any comments and further recommendations for the amendment of the report will be welcome as the final report will eventually be commended.

The final report is to be delivered to DG REGIO at the end of the implementation phase of Task 4. The deliverables of the final report will be prepared in Word and pdf formats and sent both via e-mail and as a hard copy (both printed and on CD) in the desired number of copies.

#### 3.6.5 Task 4.5: Presentation of evaluation results (tentative)

After finalisation of the evaluation report a personal presentation of the final results can be held upon the request of DG REGIO. A project closure meeting would give the opportunity to conclude the experience gathered during the project implementation which could provide valuable input to future evaluations.

## 3.7 Risks and challenges

The following table provides an overview of risks and challenges that we perceive to be of relevance and that potentially have to be dealt with in the evaluation. In addition, we present actions that are capable of dealing with those risks and challenges. While risks typically represent factors that are external to the evaluation (e.g. availability and quality of secondary data, limited Counterfactual Impact Evaluation studies), challenges as defined here stand for internal tasks that a complex evaluation often faces (e.g. different intervention logics in case study countries, time lag effects of large enterprise funding). Both dimensions can be controlled and dealt with specific actions that in particular combine (methodological) expertise and experience.

Figure 14: Overview of risks and challenges

Description of risk / challenge	Task impacted	Impact on quality (none/ minor/ medium/high)	Impact on schedule (none/ minor/ medium/ high)	Actions to mitigate risks / find solution to challenge
<b>Conceptual quality: Adequate consideration of theoretical background, appropriateness of methods and case study approach</b>	Task 1 & 3	High	Medium	Team composition: expertise in ex-post evaluation, case studies and counterfactual analysis as well as large enterprise /multinational enterprises analysis and enterprise support; In-depth analysis of the scientific literature in the initial phase; Reflection of the concept with the steering committee; Pre-tests of chosen empirical instruments
<i>In particular:</i>				
Different Theories of Change in the 8 case study countries	Task 1 & 2	Minor	Minor	Team composition: experts in all case study countries and beyond (EU 28) can provide contextual information; Literature and document analysis to determine relevant Theories of Change
Intervention logic in some Operational Programme not explicitly shown or changing intervention logics during programme implementation (e.g. due to financial crisis)  Reconstruction of rationale for large enterprise support (over time, in-context)	Task 1	High	Minor	Involvement Managing Authorities & representatives in charge of programme development; Utilisation of existing intervention logics for structural and cohesion policy interventions <sup>45</sup> as a starting point; Focus on specific intervention logics targeting enterprises support (incl. firm-level); Utilisation of a comparative case study approach will allow to identify similarities and differences across countries (types of regions)
Theory-based impact evaluation new in the field of structural policy evaluation	All tasks	Minor	Minor	Utilisation of experienced evaluators in the Core Team and in country teams as well as an external academic expert with long track-record in this subject In-depth preparation of methodological fundamentals
Representatives who planned / wrote programmes are not anymore working at the Ministries, Managing Authorities etc.	Task 1 & 3	Medium	Minor	Team composition: experts in all case study countries and beyond (EU 28) can provide contextual information; Usage of written documents to fill information gaps (incl. grey papers); Involvement of several organisational units (incl. specialist departments in Ministries) to fill information gaps;

<sup>45</sup> Compare Prognos AG (2010) Implementation of the Objective “Regional Competitiveness and Employment“ within the European Structural Policy and Options for the Implementation within the funding period 2014-2020, Chapter 4: Impact of ERDF interventions on structural change (description and analysis of intervention logics, cross-intervention effects, financial relevance of interventions; in German), on behalf of German Federal Ministry of Economics and Energy.

				Identification and contacting the original representatives (as final solution)
Different level of firm embeddedness and technological relatedness of large enterprises with the industry portfolio of the case study regions	Task 3	Minor	None	Literature analysis to specify the connection of industry relatedness & large enterprise funding success <sup>46</sup> ; Analyse regional industry profiles in case study regions order to identify industry relatedness; Development of customized templates for case study teams according to these specifications
<b>Structural quality: Organisation of work</b>	Task 1-3	High	Medium	Use of experienced evaluation teams; Regular feedback sessions among central evaluation team and country-representatives (face to face); Network-based platforms for documentation
<b>Data quality: Availability and feasibility of data on beneficiaries for evaluation purposes</b>	Task 1 & 3	High	Medium	Team composition: experienced researchers in analysis of beneficiary and secondary data in all case study countries and beyond (EU 28); In-depth analysis of the data availability and its feasibility in the initial phase (first review shown in Annex 1 of this proposal); Data triangulation
<i>In particular:</i>				
Availability of secondary data on enterprise level (less problematic in case of large enterprise compared to SMEs)	Task 1 & 3	Minor	Medium	Team composition: use of country-level experts to determine the most relevant and reliable secondary data source; Utilisation of Amadeus database while considering its limitations <sup>47</sup>
Availability, quality and format of project level data across various countries	Task 1 & 3	High	Medium	Use of team with in-depth experience on ERDF project databases (e.g. from monitoring & evaluation projects); Close coordination with WP 0 “ Data collection & quality assessment” , Managing Authorities & COM
Access to programme data managed by Managing Authorities	Task 1 & 3	High	High	Use of local teams for data collection and communication with Managing Authorities who are culturally sensitive and speak a common language
Identification of firms that are not primary recipients but beneficiaries of EU funds	Task 1 & 3	Medium	Medium	Smart utilisation of public beneficiary lists (e.g. using text mining techniques to extract relevant data); Close coordination with Managing Authorities to identify large enterprises funded (e.g. using short survey); Additionally using existing databases on large enterprise funding and foreign direct investments in the case study countries <sup>48</sup>
<b>Process quality: Consideration of ethical standards, options for feedback loops and self-reflection, selected types of documentation</b>	Task 3 & 4	High	Medium	Evaluators are strictly committed to evaluation standards and members in professional evaluation associations; e.g. Prognos is an institutional member of the German Association for Evaluation (DeGEval), KPMG is delegating members to the European Evaluation Association
<i>In particular:</i>				
New finding / challenges discovered in WP 0 with implications on timing of analysis	Task 1 & 3	Medium	Medium	Flexibility to integrate new findings; Realignment and reorientation of the work programme possible; Additional solutions in section on “ data quality”

<sup>46</sup> Compare Neffke & Boschma (2011) How Do Regions Diversify over Time? Industry Relatedness and the Development of New Growth Paths in Regions; Economic Geography 87.

<sup>47</sup> Compare Czarnitzki et al. (2011) Counterfactual impact evaluation of cohesion policy – work package 2: Examples from Support to Innovation and Research, Katholieke Universiteit Leuven.

<sup>48</sup> For example, Prognos AG (2014) prepared a large database including over large 70 foreign direct investment projects in Europe (including project volume, regionalised employment effects etc.). Moreover, we have access to a large Financial Times Database on large enterprises receiving support from EU Structural Funds.

<b>Quality of results: Intersubjectivity, replicability, validation of analysis</b>	all	High	Medium	Triangulation of information; Organisation of validation workshop with scientific advisory board in Phase 4; Ongoing discussion of striking findings with scientific experts and stakeholders; Final seminar with representatives from Managing Authorities, external experts, Commission officials
<i>In particular:</i>				
Impacts of large enterprise funding only becoming visible after long-term periods (time-lag effects)	Task 3	Medium	Minor	Multilevel empirical research, which includes different analytical components; Using existing impact evaluations and challenge those from the 2007-13 perspective with a more qualitative assessment; Comparative analysis in regard to the funding effects across case study countries / regions; Discussion and reflection of the results with scientific experts and stakeholders
Sufficient respondent rates resp. motivation of large enterprises to provide information	Task 3	High	Medium	Using different information and communication channels; Structured planning of a motivational campaign; Involvement of networks / industry organisations (involved in ERDF board or Monitoring Committee) in planning of empirical steps (interviews)
Limited econometric evidence for direct effects from EU funds on large enterprise (only some existing Counterfactual Impact Evaluation) and different measurement categories for “change”	Task 3	High	Minor	Utilisation of existing high quality Counterfactual Impact Evaluation as benchmark for the more qualitative case study analysis (which also focuses on indirect and wider effects of large enterprise support); Identification of additional Counterfactual Impact Evaluation studies and other impact evaluations from relevant countries (compare preliminary list in section 3.3.2); Integration of new Counterfactual Impact Evaluation studies expected in 2014 (e.g. Trzcinski forthcoming in Poland)
Descriptive vs. analytical (case) study results	Task 3 & 5	High	Minor	Development of in-depth methodological approach and templates (i.e. Theories of Change templates) for data collection and in particular data analysis; Data analysis performed and validated by experienced Core Team members.
<b>Emergence of new requirements outside the initial scope of the Ex post evaluation</b>	Task 1-3	Medium	High	Close coordination with the customer, the steering committee and other relevant WPs (WP 0: Data; WP 2: SMEs; WP 3: Financial Instruments); Flexibility to adapt new findings or changes in the political environment; Research plan will be realized step-by-step; Realignment and reorientation of the work programme possible

# 4 Work plan

## 4.1 Overview of main tasks and deliverables

Figure 15: Overview of main tasks and deliverables

Reference to tasks	Report/ Date	Deadline	Meeting with SG
<b>TASK 0</b> Inception	<b>Inception Report</b>	12 September 2014	24 September 2014
<b>TASK 1 – 2</b> Taking stock of support Literature review	<b>First Interim Report</b>	12 December 2014	23 January 2015
	<b>Two pilot case studies</b>	1 March 2015	tba (11, 12 or 13 March 2015)
<b>TASK 3</b> Case studies	<b>Second Interim Report</b>	1 June 2015	
	<b>Seminar</b>	1 July 2015 (at latest)	
<b>TASK 4</b> Seminar and final report	<b>Draft Final Report</b>	1 October 2015	
	<b>Final Report</b>	1 November 2015	
<b>All</b>	<b>Progress reports</b>	1 <sup>st</sup> of every month	

## 4.2 Detailed timeline

Figure 19 below presents the detailed timeline of the project i.e. the four tasks and subtasks, reports and meetings with the client during the evaluation.

Figure 16: Project timeline

Tasks	Timing																		
	October				November				Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
	6-10	13-17	20-24	27-31	3-7	10-14	17-21	24-28											
<b>1: TAKING STOCK OF SUPPORT</b>																			
1.1. Elaborate data gathering framework																			
1.2. Obtain country databases on EU support and fill framework with data																			
1.3. Review of relevant policies, strategies																			
1.4. Select case studies																			
1.5. Validate selected case studies by Steering Group																			
<b>EVALUATION WORKSHOP</b>																			
1.6. Synthesize country data																			
1.7. Obtain additional country data																			
1.8. Analyse data																			
1.9. Write Data analysis chapter																			
1.10. Countries identify relevant Counterfactual Impact Evaluation/ Theory Based Impact Evaluation literature (feedback to case study selection)																			
1.11. Prepare theories of change framework for countries																			
1.12. Prepare country level theories of change																			
<b>2: LITERATURE REVIEW</b>																			
2.1. Identify general large enterprise literature																			
2.2. Review of general large enterprise literature																			
2.3. Prepare and write theories of change based on country data and literature																			
2.4. Write the summary and complete the first interim report																			







Tasks	Timing																		
	October				November				Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
	6-10	13-17	20-24	27-31	3-7	10-14	17-21	24-28											
3.18. Second interim meeting with Steering Group														M5					
<b>4: SEMINAR AND FINAL REPORT</b>																			
4.1. Identify seminar attendants																			
4.2. Invite seminar attendants																			
4.3. Organise seminar in Brussels																			
4.4. Prepare agenda for seminar																			
4.5. Prepare overall content of seminar presentations																			
Further elaborate discussion method																			
4.6. Deliver seminar documents																			
4.7. Prepare presentations for seminar																			
4.8. Formulate draft conclusions, recommendations																			
4.9. Formulate answers to Evaluation questions																			
4.10. Internal validation workshop																			
4.11. Conduct seminar in Brussels																			
4.12. Write report																			
4.13. Review and comment																			
4.14. Deliver draft final report																			
4.15. Final meeting with Steering Group																			
4.16. Amend draft report based on comments																			
4.17. Deliver final report																			
<b>Progress reports</b>					PR2				PR3	PR4	PR5	PR6	PR7	PR8	PR9	PR9	PR10	PR11	PR12

Source: Evaluators, 2014



The study team assumes that the study will take 15 months. The above project timing has been prepared on the basis of the Steering Group approved delivery deadlines.

The following **reports** will be delivered as part of the evaluation:

- R1 – Inception report
- R2 – First interim report
- R3 – Two pilot case studies
- R4 – Second interim report
- R5 – Seminar documents
- R6 – Draft final report
- R7 – Final report

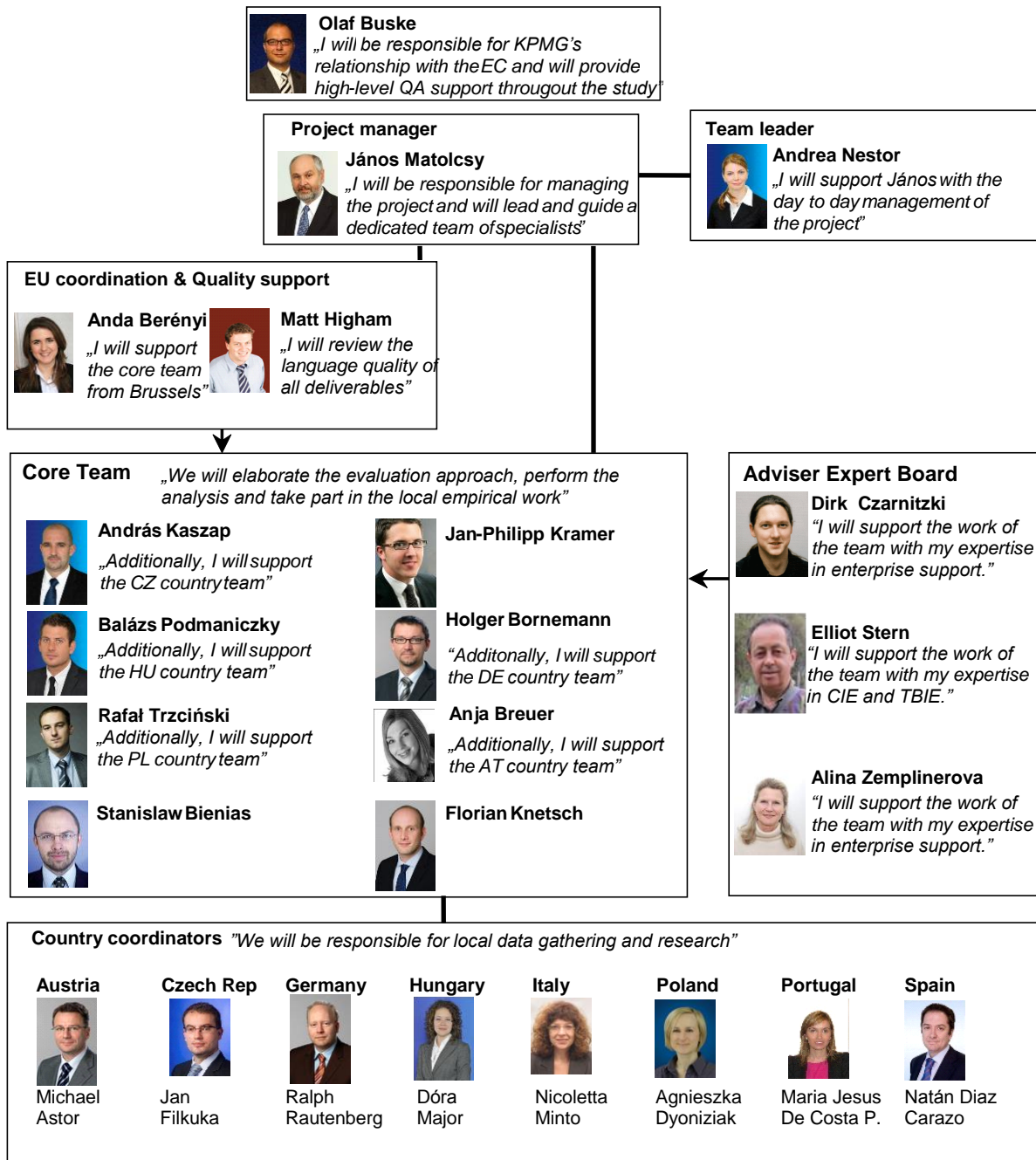
**Progress reports** (PR) will be delivered every month (PR 1 – PR 12).

### 4.3 Allocation of tasks

There has been some changes in the project organisation since submitting our proposal. The Steering Group has proposed a different team of experts. The new setup of the Adviser Expert Board has been finalised: Elliot Stern<sup>49</sup> (Theory Based Impact Evaluation methodology), Dirk Czarnitzki (enterprise support) and Alena Zemplerová (enterprise support in ‘new’ member states) have confirmed their involvement.

The Hungarian country team will be led by Dóra Major in place of Bence Kováts. The official notification of the replacement along with her CV has been transmitted to the Steering Group.

<sup>49</sup> Frans Leeuw, who has been initially recommended by DG REGIO, has not been available for the whole project, but the evaluators have invited him for a one day seminar on evaluation methodology.



The **Project manager** (Mr János Matolcsy) will be the permanent point of contact on our side for the project. He will be responsible for overall coordination, planning the methodology and for overseeing project delivery and quality control of the services delivered. He will participate at all Steering Group meeting and he will have the overall responsibility for the whole project.

The **Team leader** (Ms Andrea Nestor) will support the Project manager in many aspects such as project planning, timing and budget control and will deal with day-to-day management tasks such as handling information requests, dealing with administrative matters, for managing any staff-related issues and ensuring continuous service and the required progress of the project.

Mr Olaf Buske, as the **High-level QA partner** and KPMG’s Lead Partner for the European Commission will have a role in ensuring client satisfaction and high quality of services.

The **Core Team**, a pool of evaluation and policy experts, will be in charge of delivering the services. This team will form the heart of the technical work to be performed: The main tasks of the Core team are to elaborate the methodology, review Counterfactual Impact Evaluation/ Theory Based Impact Evaluation literature, provide practical frameworks for the Country Teams, make sure that the applied approach is well-understood, synthesise the inputs from teams, formulate conclusions, conduct the seminar in Brussels, and write the interim and final reports.

The **Adviser Expert Board** has been set up to support the Core Team with its specific insights related to the subject matter and the methods used. They will bring a wealth of experience and knowledge, as well as academic capacities to this evaluation. The role of the experts is to comment on each deliverable based on their area of expertise. This includes:

- assessing the quality of the deliverable;
- making brief, specific, constructive suggestions for change or improvement.

The form of the comments can be the following:

- Written: the experts receive the deliverable either at the time of submission to the DG REGIO or approximately a week before. Expert comments are copied to DG REGIO at least 2 days before the Steering Group.
- In person: experts deliver their comments at expert meetings held around the time of the Steering Group.
- Both written and oral: the experts provide their comments personally at meetings and record them in writing as well.

We propose that the experts comment our deliverables in the following manner<sup>50</sup>:

Deliverable	Elliot Stern	Dirk Czarnitzki	Alena Zemplerová
Deliverable 1: Inception report	Written comments document after the submission and before the Inception meeting with Steering Group	Written comments after the submission and before the Inception meeting with Steering Group	-
Deliverable 2: First interim report	Participation in the Steering Group meeting on the 23 <sup>rd</sup> of January and written comments in advance	Participation in the Steering Group meeting on the 23 <sup>rd</sup> of January and written comments in advance	Participation in the Steering Group meeting on the 23 <sup>rd</sup> of January and written comments in advance
Deliverable 3: Two pilot case studies	-	Written comments before the submission of the deliverable to DG REGIO	Written comments before the submission of the deliverable to DG REGIO
Deliverable 4: Second interim report	Written comments before the submission of the deliverable to DG REGIO	-	Written comments before the submission of the deliverable to DG REGIO
Deliverable 5: Seminar documents	Participation in the Seminar	Participation in the Seminar	Participation in the Seminar
Deliverable 6: Draft final report	Written comments before the submission of the deliverable to DG REGIO methodology	Written comments before the submission of the deliverable to DG REGIO	Written comments before the submission of the deliverable to DG REGIO

<sup>50</sup> Based on the availability of the experts the proposed way that experts will comment may be changed in the light of circumstances and by prior agreement with DG REGIO.

	sections	support sections
Final report	-	-

The experts will attend the Seminar held at the end of June 2015. Additionally, we recommend a personal meeting between them and DG REGIO during Task 3 regarding the presentation and acceptance of the two pilot case studies.

The **EU coordination and quality support team** will provide Brussels-based support throughout the project execution. They will act as personal contact points for the EC and support arrangements for the seminar to be conducted in Brussels. They provide quality assurance to the deliverables both in terms of language and the coherence between the Core Team's and the Country Teams' work – ensuring at the same time that the Adviser Expert Board's input is duly integrated and the EC's expectations are met after all.

Separate **Country Teams** have been set up for each country in the scope of this evaluation. In the organisational chart we present each team member who will be in charge of leading the local teams carrying out the empirical work in their respective countries. This involves contacting local stakeholders and collecting relevant and comparable local data for the analysis (as described under Task 1), collecting and reviewing existing country literature only available in the local language (as described under Task 2) and providing local knowledge and expertise in the execution of the case study research in close cooperation with the Core Team (as described under Task 3). To offer the best combination of our resources, KPMG takes responsibility for the local work in Spain, Portugal, Poland, Czech Republic, Hungary and Italy, while Prognos oversees local work in Germany and Austria.

The table below presents the detailed allocation of tasks and the evaluators' responsibilities based on the detailed work plan presented in the previous chapter. We have indicated the four main groups responsible for delivery: the Core Team, KPMG EU office, the country teams and the subject matter experts.

Figure 17: Task allocation

Tasks	Task allocation					
	Core Team	KPMG EU	Country teams	Experts		
				Elliot Stern	Dirk Czarnitzki	Alena Zemplerová
<b>0: INCEPTION</b>						
0.1. Welcome meeting with Managing Authorities	x		xx			
0.2. Write inception report	xx					
0.3. Review and comment	x	x				
0.4. Deliver inception report	xx					
0.5. Inception meeting with Steering Group	xx					
<b>1: TAKING STOCK OF SUPPORT</b>						
1.1. Elaborate data gathering framework	xx				x	x
1.2. Obtain country databases (beneficiary list, project descriptions, project value, etc.) on EU support and fill framework with data	x		xx		x	x
1.3. Review of relevant policies, strategies			xx			
1.4. Select case studies	x		xx			
1.5. Validate selected case studies by Steering Group	xx					
<b>EVALUATION WORKSHOP</b>	x	xx	x	x	x	x

Tasks	Task allocation					
	Core Team	KPMG EU	Country teams	Experts		
				Elliot Stern	Dirk Czarnitzki	Alena Zemplerová
1.6. Synthesise country data	xx					
1.7. Obtain additional country data			xx			
1.8. Analyse data	xx				x	x
1.9. Write Data analysis chapter	xx					
<b>2: LITERATURE REVIEW</b>						
2.1. Identify general large enterprise literature	xx					
2.2. Review of general large enterprise literature	xx					
2.3. Countries identify relevant Counterfactual Impact Evaluation/ Theory Based Impact Evaluation literature (feedback to case study selection)			xx			
2.4. Prepare Theories of Change framework for countries	xx			x		
2.5. Prepare country level Theories of Change	x		xx			
Review programme documents (CfP, Counterfactual Impact Evaluation/ Theory Based Impact Evaluation, etc.)			xx			
Conduct interviews	x		xx			
Develop hypotheses, form Theories of Change on selected case studies	x		xx			
2.6. Prepare and write Theories of Change based on country data and literature	xx			x	x	x
2.7. Write the summary and complete the first interim report	xx					
2.8. Review and comment	x	x		x	x	x
2.9. Deliver first interim report	xx					
2.10. First interim meeting with Steering Group	xx			x	x	x
<b>3: CASE STUDIES</b>						
3.1. Select two pilot case studies	xx					
3.2. Formulate case study framework	xx			x	x	x
Further elaborate testing methodology (3.3.-3.7.)	xx			x	x	x
Select interviewed parties	xx					
Prepare interview questionnaires	xx					
3.3. Data analysis (e.g. output indicators)	xx					
3.4. Subjective project rating by project managers (interview)	xx					
3.5. Select mini case study sample (purposive, max. heterogeneity) and conduct case studies	xx					
3.6. Analyse available Counterfactual Impact Evaluation/ Theory Based Impact Evaluation data	xx					
3.7. Test Theories of Change using available evidence	xx			x	x	x
3.8. Document R3 (pilot case studies)	xx					
3.9. Review and comment R3	x	x				
3.10. Deliver two pilot case studies	xx					
3.11. Discuss the pilot deliveries with the Steering Group	xx					

Tasks	Task allocation					
	Core Team	KPMG EU	Country teams	Experts		
				Elliot Stern	Dirk Czarnitzki	Alena Zemplerová
3.12. Prepare methodology, templates for country teams, possible on site country visits	xx			x	x	x
3.13. Prepare country case studies	x		xx			
3.14. Review and harmonise country case studies (findings)	xx			x	x	x
3.15. Prepare second interim report	xx					
3.16. Review and comment	x	x		x	x	x
3.17. Deliver second interim report	xx					
3.18. Second interim meeting with Steering Group	xx			x	x	x
<b>4: SEMINAR AND FINAL REPORT</b>						
4.1. Identify seminar attendants	xx	x				
4.2. Invite seminar attendants		xx				
4.3. Organise seminar in Brussels	x	xx				
4.4. Prepare agenda for seminar	xx					
4.5. Prepare overall content of seminar presentations	xx					
Further elaborate discussion method	xx					
4.6. Deliver seminar documents	xx					
4.7. Prepare presentations for seminar	xx					
4.8. Formulate draft conclusions, recommendations	xx			x	x	x
4.9. Formulate answers to Evaluation questions	xx					
4.10. Internal validation workshop	xx	x		x	x	x
4.11. Conduct seminar in Brussels	xx			x	x	x
4.12. Write report	xx					
4.13. Review and comment	x	x		x	x	x
4.14. Deliver draft final report	xx					
4.15. Final meeting with Steering Group	xx					
4.16. Amend draft report based on comments	xx					
4.17. Deliver final report	xx					
<b>Progress reports</b>	xx					

## 4.4 Communication and logistics

For maintaining a proper information flow the contact points from both ends have been agreed. The following figure contains the contact information:

	Name	E-mail
KPMG	János Matolcsy	janos.matolcsy@kpmg.hu
	Andrea Nestor	andrea.nestor@kpmg.hu
European Commission	Daniel Mouqué	daniel.mouque@ec.europa.eu



Communication channels have been set up between the Core Team and country teams. Developing a collaboration site has been considered but rejected because of practical issues, i.e. monitoring of an additional project management tool does not effectively fit into the workflow of the project members based on previous experience. However, in order to ensure proper information flow the basic e-mail protocols have been settled.

The basis of everyday communication will be e-mail for both among the members of the consortium and between the core team and the country teams. If necessary, e-mail communication will be supplemented by conference calls. The review of deliveries and detailed task descriptions will be exchanged in writing, while methodological matters and project delivery finalisation will be discussed via telephone. The core team will also support the country teams onsite – we have calculated with at least one personal meeting, methodological training per country team. In any urgent matters the core team is ready to undertake conference calls or personal meetings in a short notice.

## 4.5 Quality control

### 4.5.1 Quality control procedure: principles

We strive to provide all services at a high level to the satisfaction of our clients. This is facilitated by company-wide quality standards and an effective quality assurance system. Thereby, we attach great importance to highly qualified staff and a comprehensive system of internal controls. At KPMG, quality assurance is a continuous process that encompasses all facets of quality assurance, both in relation to engagements and in general. In addition to the high requirements of KPMG as one of the leading international advisory firms, we would like to emphasise and present our quality system tailored to the needs of DG REGIO.

Our communication approach will be an important part of quality assurance. We will ensure that the need for changes in the planning and implementation of the work will be identified and communicated at an early stage. We will prepare regular status reports, which enable us to have a continuous view on the timely progress of our work, the feasibility of the planned analysis, or on any external or internal issues that arise during the project duration – and to forward this information to the Commission Services.

#### Timely delivery

We will strive to adhere to the time schedule as requested by the Commission Services, which is reflected in the project timeline included in chapter 4.2. We will ensure that the milestones in the work plan for the implementation of each respective task as agreed with the EC will be reached in a timely manner. In order to do so:

#### Quality of deliverables

Review of deliverables will be performed on the following levels:

- At level of the Core Team, self-reviews and informal reviews will be carried out by more senior team members to ensure that the deliverable is in line with pre-defined criteria.
- The second level review will be performed by the Project Manager, János Matolcsy focusing on high quality professional content and correctness.
- In case of each deliverable we will involve at least two external experts to review the document, ensuring high standards of scientific quality and credibility of the study results and policy recommendations.
- Narrative / language quality of our reports will be reviewed as described below in the Language Quality paragraph.

The review of deliverables will focus on the following criteria:

- Accuracy: The deliverable meets the requirements defined in the Specifications.
- Consistency: The work is consistent with other project components and deliverables in content, approach and methodology, and stylistic presentation.
- Conformity: the work adheres to pre-established project methodologies, standards and guidelines. It also conforms to the existing body of literature on the subject matter.
- Completeness: The work meets the task objectives, adheres to Tender Specifications and satisfies the EC's requirements/expectations.
- Clarity: the work is unambiguous, follows a clear and logical line of thought, and is comprehensible.
- Language quality

## Language Quality

Language quality is paramount in communicating effectively our messages in a clear and logical way. We understand that native English language quality is highlighted within the quality aspects of the delivered text. Therefore, we take special measures to ensure that all deliverables meet this requirement. The required quality will be ensured by the following measures:

- Native level English knowledge is part of the skill set of most team members, therefore all material will be written in good quality.
- Some of our external experts master English on a native level. They will also correct any language issues during their reviews.
- We will dedicate a native English QA expert (Matthew Higham) to review the language quality of all deliverables.
- We will use the economist style guide.

In this respect, we would ensure that our messages are communicated clearly in simple yet effective language. We will follow a language style which is direct, grammatically correct, simple, and follows a clear and logical line of thought, culminating in the development of implementable and easily understandable conclusions and recommendations.

Furthermore, we have involved native speakers for all case study countries which will allow us to communicate efficiently with all relevant stakeholders in the mother tongue and integrate crucial inputs for this ex post evaluation, e.g. national evaluation results (Counterfactual Impact Evaluation) not published in English and Operational Programmes.

## Indicators for monitoring the quality of our performance

To ensure a high standard of the quality of work to be performed under this specific contract, we will regularly monitor the areas presented in the following table:

Figure 18: Key monitoring areas: Progress and deadlines

Monitoring area	Detailed questions	Supporting documents	Responsible person
1. Status	Are we progressing according to the detailed plan? Are responsibilities and deadlines clear for all team members? Has the EC requested any adjustments in terms of the timeline – if yes, have these been taken into consideration and have we updated our planning?	<ul style="list-style-type: none"> <li>■ Status checklists</li> <li>■ Meeting minutes</li> <li>■ Regular internal status update e-mails</li> <li>■ Conference call notes</li> </ul>	Andrea Nestor János Matolcsy
2. Deadlines	Have the deadlines been respected? Are the country coordinators delivering all information respecting the deadlines? Is the latest status showing that we are able to meet the upcoming deadlines? If not – what are the measures that we can take to ensure meeting the deadlines? Has any difficulty / potential delay been raised by any team members?	<ul style="list-style-type: none"> <li>■ Status checklist</li> <li>■ Meeting minutes</li> <li>■ Regular internal status update e-mails</li> <li>■ Conference call notes</li> </ul>	Andrea Nestor János Matolcsy
3. Resources	Are the available resources sufficient to deliver the requested results in high quality? Did anyone report any difficulties that need to be resolved? Do we foresee any issue with availabilities that needs the involvement of additional resources / updating our work plan?	<ul style="list-style-type: none"> <li>■ E-mails with partners and country teams</li> <li>■ Conference call notes</li> </ul>	Andrea Nestor János Matolcsy

We will use specialised checklists for the review of deliverables, in line with Annex 4 of the Tender Specifications, as presented below:

Figure 19: Key monitoring areas, quality control checklist for the evaluation and deliverables

Monitoring area	Detailed questions	Responsible person
1. Relevant scope and coverage	Is the scope adequately covered, in line with the Tender Specifications and as agreed in the inception phase? Have all the changes requested by the EC been respected and taken into consideration in the deliverable?	János Matolcsy Agreed external expert(s)
2. Methods and tools	Are the methodology and tools selected and applied in a way that they are defensible and carefully designed? Have the suggestions from the EC and the external experts been taken into consideration? Is the analysis sound and evidence based?	János Matolcsy Agreed external expert(s)
3. Data	Are all data reliable and derived from relevant and trusted sources? Is the source of all data and information clear and explained in the study? Have we applied triangulation of data?	János Matolcsy Agreed external expert(s)

Monitoring area	Detailed questions	Responsible person
4. Evaluation results	Do we demonstrate enough evidence to underpin the evaluation results? Are the evaluation results credible? Is there a clear and logical relation between the data, the detailed analysis and the results?	János Matolcsy All external experts
5. Conclusions & recommendations	Are the conclusions clearly in line with the analysis and the evaluation results? Are the conclusions impartial and showing no bias? Does our work demonstrate sound judgement? Are all the recommendations useful and constructive? Do all recommendations have a clear relation with the findings and conclusions?	János Matolcsy All external experts
6. Narrative, text and structure	Is the report clear and concise, with sufficient executive summaries and annexed supportive data? Are we using native-level English language, is the wording and grammar correct? Are all messages clear and understandable?	Matt Higham

#### 4.5.2 Personnel policy, management and training

The planning of resources and monitoring of the availability of team members will be within the responsibilities of the Team Leader (Andrea Nestor) in close cooperation with the Project Manager (János Matolcsy). They will be responsible for ensuring that the team is selected in a way that their combined knowledge and experience covers all policies and methodologies that are necessary for this project.

In our planning of resources we took into consideration special competencies and fields of expertise, as well as availability of our team members for the given time period.

#### Replacement of team members

If a change in staff is unavoidable, we will draw from our pool of professionals to bring in a new team member with comparable experience. We will promptly inform you of any staffing changes that may arise and will seek your approval. Before including a new member to our team, the Project Manager will discuss this with you in advance. Should it be concluded that a replacement is necessary, we will ensure that the substitute is a person of appropriate ability and experience to assume their assigned role.

# 5 Annexes

## 5.1 Theories of Change: examples for graphical representation

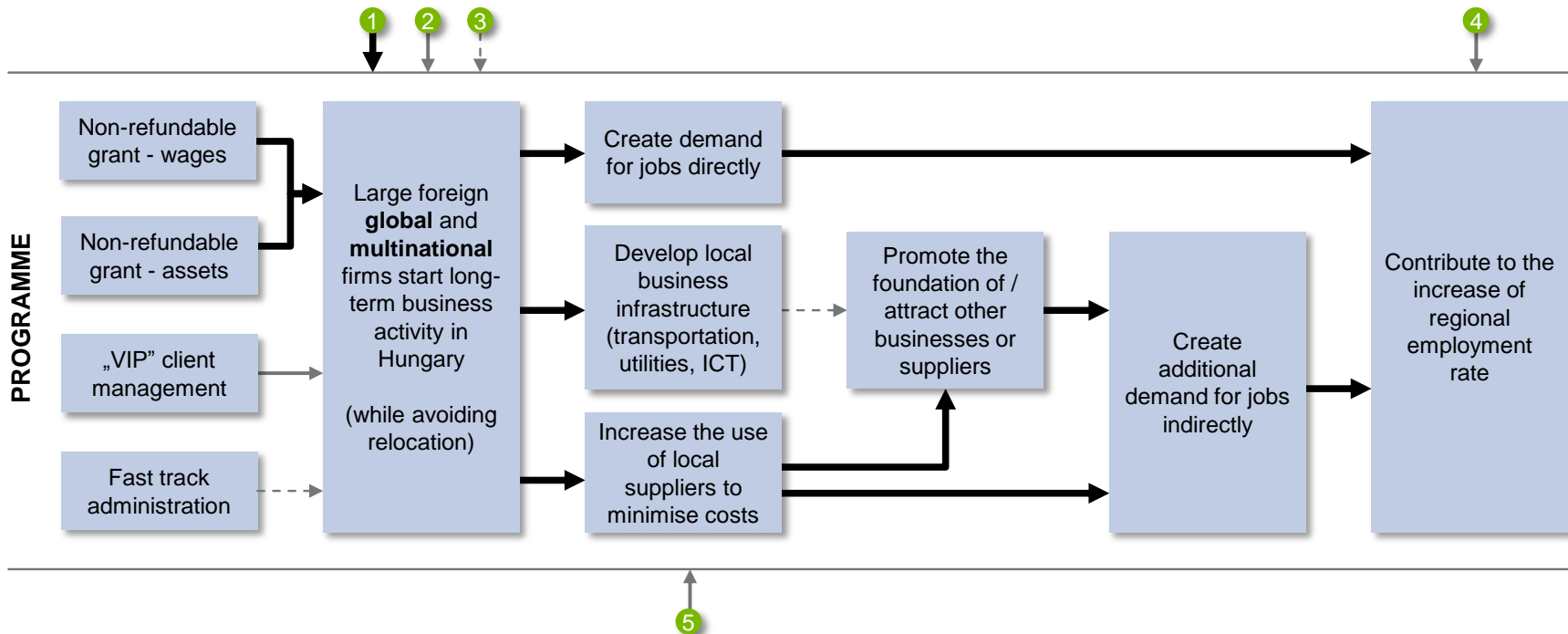
The Hungarian example applies one of the many practices used by the World Bank<sup>51</sup>, referred to as the 'flowchart approach'. It revolves around the visualisation of the most important causal relationships between the elements of the theory, represented by arrows between the boxes. Boxes indicate key elements of the results chain, with the intended change as the last element. Key assumptions/external factors are numbered and placed at the appropriate element of the theory of change. This model does not highlight underlying problems or policy objectives.

The arrows represent 3 different types of causal relationships, as explained in the main body of the report (General Approach).

Testing of the Theory of Change takes place by assessing the (1) fulfilment of Theory of Change elements (e.g. realisation of intended change); (2) plausibility of causalities; (3) validity of assumptions/external factors.

<sup>51</sup> Rist, Morra Imas (2009) 'Road to Results'

Figure 20: Theory of Change example for Hungary (Foreign direct investment to increase employment)



**Assumptions and external factors to the programme**

- 1 Tax incentives are competitive
- 2 National transport and ICT infrastructure is developed
- 3 Country is sufficiently promoted
- 4 Qualified labour force is available
- 5 Qualified local suppliers are available

**Sources**

- Interview with Managing Authority representative Anikó Kabai (26/09/2014)
- Economic Competitiveness OP, calls for tenders
- Government answer to parliament's question regarding reasons for large enterprise support (K/10270/1)

**Legend**

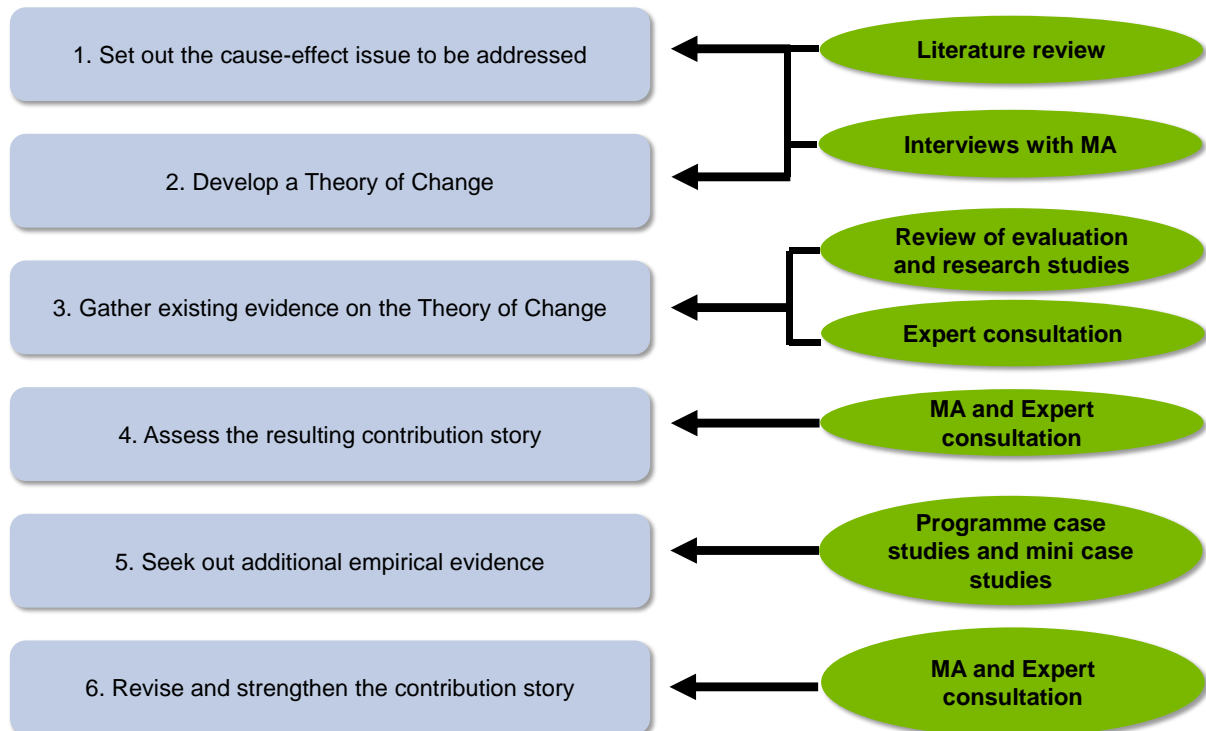
- ➔ **CAUSE:** A is one of the main, fundamental causes of B ('must have')
- ➡ **PRE-CONDITION:** A is a necessary pre-condition of B, but not the main cause of that (lacking of which prevents B)
- - - ➡ **SUPPORTING FACTOR:** A is contributing to B, but is neither a cause nor a pre-condition of that ('nice to have')

Source: Evaluators, 2014

## 5.2 Steps of contribution analysis to be carried out

Contribution analysis will be used to assess the performance of programme, reconstruct and validate Theories of Changes and collect evidence for the evaluation questions. Performing contribution analysis will be an iterative process, composed of six main steps as described in the following section. The summary of our approach is outlined by the below figure.

Figure 21: Main steps of contribution analysis and related data collection methods



Source: Evaluators, 2014

Each step will contribute to the answering of Evaluation Questions, as presented in section 2.2.

### 1. Set out the cause-effect issue to be addressed

The analysis will start with the following tasks:

- review of programme documents and calls for proposals and relevant literature for large enterprise support in order to identify:

- policy objectives

Different policy objectives can be: technological development / employment / capacity enlargement / R&D activities.

It is important to distinguish whether there are specific areas (socio-economic, geographical or sectoral) targeted, e.g.:

- what industries are addressed
- what regions are addressed / are regions with specific characteristics addressed e.g. permanent high unemployment, undeveloped local economy.

- desired explicit changes/final outcomes the intervention aimed to achieve



- determining other key influencing factors

The analysis will aim to seek answer for the following key questions:

- **to what extent has the programme caused the change**
- **is it reasonable to conclude that the programme made a difference to the initial problem**

## 2. Develop a Theory of Change

For each programme selected, we foresee 2-5 Theories of Change to distinguish. Reconstruction of the Theory of Change will be based on programme documents and interviews with Managing Authority representatives. The aim is to build a Theory of Change indicating causal relationships by defining:

- what are the inputs, activities, immediate, intermediate and long term outcomes
- what are the causal relationship between the boxes containing inputs, activities and outcomes
- assumptions that underlie the causal relationships: answering the question of what conditions have to exist e.g. for an activity to lead to an immediate outcome
- identify key risks to the condition

Examples for different Theories of Changes:

- direct business support for investments
- indirect business support, e.g. infrastructural development, improvement of business environment

For an explicit example for Theories of Change in large enterprise support, please refer to Task 3. Indirect and wider long term outcomes of the support can be:

- indirect (multiplied) job creation
- improved opportunities for suppliers (SMEs)
- improved economy of disadvantaged regions
- new type of economic activities in disadvantaged regions, i.e. presence of technology and knowledge intensive industries
- improved economic activity in industrial parks
- long term growth in scope, size and budget of local activities.

The Core Team will provide support in reconstructing the Theories of Changes, e.g. will consult at decision points and will review the causal chain of changes constructed by the country teams.

## 3. Gather existing evidence on the Theory of Change

The aim of this step is to assess the strengths and weaknesses of the logic as well as plausibility of assumptions. Evidence is to be collected on three levels:

- observed outcomes:
  - the aim is to collect evidence on their occurrence
  - find evidence that the programme was implemented as planned
  - examine whether the undertaken activities and their outputs were the same as set out in the Theory of Change (if not, the Theory of Change needs to be amended)

- assumptions: the aim is to demonstrate that they are valid or at least reasonable based on previous evaluations, research findings

Evidence on the occurrence of the outcomes can be collected through review of statistical data, research and evaluation findings. Evidence on the last two points can be collected via interviews with key stakeholders i.e. programme planners and programme managers, who have been involved from the beginning of the implementation of the programme. Interviews aim to shed light on the implicit rationale and objectives of programmers, which are often not reflected in the programme documents, as well as to clarify on expected and realised outcomes and the causal linkages between the boxes. Interviews can reveal whether there was an implicit aim to support specific enterprises, e.g.:

- support indigenous large enterprises or
- maintain large employers and economic activity in certain regions or
- support export aspirations.

Therefore, interviews should be the last step following thorough desk research and review of programme and related research and evaluation literature.

- other key influencing factors: possible sources are evaluations, research studies which give information on how influential these factors may be

#### 4. Assess the resulting contribution story

The aim of this step is to assess the robustness of the Theory of Change and identify which causal links are strong backed by good evidence, strong logic and low risk or wide acceptance, and which ones are weak with limited evidence, weak logic, high risk or little agreement among stakeholders.

During this step, the following questions are to be answered:

- how credible is the Theory of Change overall
- is there an agreement among stakeholders on the Theory of Change and contribution of the programme to the observed outcomes
- is it clear which outcomes have been achieved
- are key assumptions validated
- are the effects of other key influencing factors well understood
- what are the weakness points where additional information would be useful

Programme level Theories of Changes will be thoroughly discussed with the Core Team in order to ensure the adoption of common approach and equally high quality of different Theories of Changes. The Core Team will review the robustness of the Theory of Change and helps to tailor interview questions for case studies in order to be able to meet additional data needs.

#### 5. Seek out additional empirical evidence

In step 4, it has been identified what information or data is needed to address the challenges to the credibility of the Theory of Change.

Programme level and mini case studies will be the tools to gather additional evidence. Mini case studies can provide useful information on other key influencing factors which had an effect on the observed outcomes of the project.

As an example, mini case studies can reveal information on what were the influencing factors affecting the economic performance of the company, such as:

- weakened market presence/position of regional competitors (due to lack of technological development, decreasing product quality, etc)
- new competitors entering the market
- decrease in demand due to the economic crisis
- decrease in profit margin due to the economic crisis or sector specific trends
- significant increase in input prices, etc.

Mini case studies are to be selected based on a subjective project categorisation by programme managers along various dimensions (e.g. perceived effectiveness, perceived ‘behavioural’ changes,). In consultation with the Core Team, a threshold may be applied (such as TOP 100 or EUR 1M) if categorisation becomes unfeasible at this stage. Based on the subjective categorisation, a project rank will be established which will facilitate the selection of mini case studies. The aim is to select information rich individual large enterprise projects; therefore purposive sampling will be adopted (aiming at maximum heterogeneity along the project rank).

Throughout the conduction of programme and mini case studies, the Core Team will provide direct assistance to country teams and on-site support as well if needed during field work, and will be available for immediate discussion of questions.

#### 6. Revise and strengthen the contribution story

As highlighted in section 3.5.4, programme case studies will undergo critical review by Core Team members and external experts, and their content will be harmonised across countries. Minor additional field work at country level might be necessary, typically in the form of follow-up questions to interviewees and the clarification questions regarding national policies, programmes and enterprise support measures.

Based on the programme and mini case studies, country teams will reconstruct the Theories of Changes according to what have been observed and what is supported by evidence, and draw conclusions by comparing the initial objectives and provisioned Theory of Change of programmers and the causal chain of changes verified by the case studies. The Core Team will assess country level results and provide answers to evaluation questions.

## 5.3 Results of the data availability check

### Summary

The table below summarizes the results of the data availability check and the main characteristics of the beneficiary databases of the eight covered countries.

Country	Managing Authority welcome meeting	Existence of a national level database	Beneficiary list is accessible	Large enterprises can be identified
Austria	✓	! (data can be obtained centrally from Managing Authorities)	✓	✓
Czech Republic	✓	✓	✓	✓

Country	Managing Authority welcome meeting	Existence of a national level database	Beneficiary list is accessible	Large enterprises can be identified
Germany	✓ (Schleswig-Holstein, Lower Saxony and Bavaria)	✘	✓ (Schleswig-Holstein, Lower Saxony and Bavaria)	✓ (Schleswig-Holstein, Lower Saxony and Bavaria)
Hungary	✓	✓	✓	✓
Italy	✓	✓	✓	✓
Poland	✓	✓	✓	✓
Portugal	✘	✓	? needs further consultation	? needs further consultation
Spain	✓	✓	✓	? needs further consultation

## Czech Republic

The information and monitoring system (Centrální modul MSC2007) in the Czech Republic contains the beneficiary data of all Operational Programmes for the 2007-2013 programming period. IS managed by the Central coordinating body of the Ministry of Regional Development of the Czech Republic.

The Czech country team has contacted the relevant representatives at the Central coordinating body and relevant Managing Authorities. At the personal meeting they have assured the evaluators that they will provide the data for the evaluation purpose.

Most of the variables of the MSC2007 provide information on the progress of the project (requested, contracted, paid grants; date of request, contracting, payment, etc.) but there are also several variables describing the characteristics of the beneficiary (primary activity, location, etc.). The granted projects can be linked not only to operational programmes but also to other levels of the funding structure up to the calls for proposal.

The Czech country team has confirmed the existence of a tag indicating the SME status of the beneficiary. Large enterprises can be identified using an inverse methodology by deducting persons; micro, small and medium enterprises and governmental institutions. However; further analysis validating the final list of large enterprises will be necessary as the remaining group after the filtering is described as a 'company not falling under the first four categories'.

Representatives of the Central coordinating body and Managing Authorities are also familiar with the evaluation scope. They are ready to cooperate and provide relevant data and information during the project.

## Hungary

The Hungarian information and management system (EMIR) containing the beneficiary data of all Operational Programmes for the 2007-2013 programming period is managed by the central coordinating body of the Hungarian Operational Programme implementation. After the termination of

the National Development Agency on the 1st of January 2014 this task has been inherited by the Prime Minister's Office among other coordination functions.

The new data owner body has been identified and the Hungarian country team has contacted the relevant representative at the Secretary of State responsible for EU development policy. At the personal meeting the representative has assured the evaluators that they will provide the database; however, the official recommendation letter will be needed.

The EMIR contains approximately 180 variables. Most of them provide information on the progress of the project (requested, contracted, paid grants; date of request, contracting, payment, etc.) but there are also several variables describing the characteristics of the beneficiary (primary activity, location, etc.). The granted projects can be linked not only to operational programmes but also to other levels of the funding structure up to the calls for proposal.

The Hungarian country team has confirmed the statement of the contractor of WP1, i.e. the existence of a tag indicating the SME status of the beneficiary. Large enterprises can be identified using an inverse methodology by deducting persons; micro, small and medium enterprises and governmental institutions. However; further analysis validating the final list of large enterprises will be necessary as the remaining group after the filtering is described as a 'company not falling under the first four categories'.

Other representatives of the Hungarian central coordinating body and Managing Authorities are also familiar with the country team. Based on the team's previous experience a supportive attitude of the representatives can be expected when asking for data, information or an opportunity of a meeting in person.

## Italy

The Italian Country Team contacted the Ministry of Economics and Finance – Inspectorate General for Financial Relations with the European Union in order to check the availability of data for WP4 (Ministero dell'Economia e delle Finanze – Ispettorato Generale per i Rapporti Finanziari con l'UE in Italian, hereinafter "IGRUE").

This Inspectorate is the national Coordination Authority for monitoring, control and audit. IGRUE is responsible for various tasks, including coordination of monitoring procedures of the various Operational Programs, checks on data quality, maintaining the national database on all Structural Funds projects in Italy (hereinafter, the National database) and transferring these data to the European Commission's SFC database.

The responsible Director expressed IGRUE's availability to provide the data included in the National database.

The National database includes information at project and beneficiary level and a variable indicates if the beneficiary is a large enterprise according to Commission Recommendation 2003/361/EC.

The names of beneficiaries receiving support from the EU Structural Funds are included in the National database and they are public according to Art. 7 of Reg. (EC) n. 1828/2006, therefore these names can be disclosed.

Data on beneficiaries in the National database normally include also:

- juridical status of the enterprise (ex. commercial company vs partnership);
- location of the company;

- ATECO code (ATtività ECONomiche in Italian), which is the Italian translation of the NACE code on primary economic activities.

The National database does not include information on the ownership of the company (multinational, regional, local, etc.), or on the date of establishment.

The Italian country team has noted, that projects that were rejected are not included in the national database and if information on them is needed, it should be directly asked from all Managing Authorities.

## Poland

KSI SIMIK 2007-2013 is the IT system in Poland containing the beneficiary data of all Operational Programmes for the 2007-2013 programming period. The Polish country team has identified the Ministry of Infrastructure and Development, Department for Coordination and Implementation of EU Funds as data controller, which is in charge of the tasks falling within the competence of the Minister in his responsibility as the Coordinating Authority of the National Strategic Framework.

The particular representative of the Department has been contacted. The database will be accessible for the evaluators upon receipt of an official letter with a brief description of the project and the specification of the required data.

The KSI SIMIK includes information on the SME / large enterprise status of the beneficiary, therefore no further filtering of the database is necessary. Besides project related data (agreement number, title of the project, Operational Programme, value, eligible expenses, EU contribution, dummy whether the project is completed) some additional information on beneficiaries is available: region / county and legal form of the beneficiary.

## Austria

The Austrian Country Team contacted the Austrian Conference on Spatial Planning (Österreichische Raumordnungskonferenz, hereafter ÖROK) in order to check the availability of data for WP4. ÖROK serves as the Coordination Platform and joint secretariat for the monitoring committees of the regional structural fund programme for Austria and supports the partners involved in the programming cycle (programming, negotiations, evaluations, closure, etc.).

Thus, ÖROK coordinates a joint monitoring database and has confirmed the existence of a tag indicating the SME status of the beneficiary. Large enterprises can be identified using an inverse methodology by deducting persons, micro, small and medium enterprises and governmental institutions. Information on industry sectors of beneficiaries is most likely available; the number of employees only for selected funding lines / programmes. Further analysis validating the final list of large enterprises will be necessary.

The ÖROK representative has assured the evaluators that ÖROK will provide the database; however, an approval of all Managing Authorities will be necessary and therefore an official recommendation letter will be needed.

As a general remark ÖROK highlighted, that large enterprises across Europe are fundamentally different and particularly large enterprises from Austria a relatively small and regionally operating large enterprises. Therefore a close look at size-differences was recommended for the analysis.

## Germany

In the case of Germany there is no joint monitoring database of all Federal States coordinated by a central institution at the level of detail necessary for the ex post evaluation of large enterprise support

2007-2013. Therefore, the German Country Team contacted selected Managing Authorities to explore data availability for the purpose of this evaluation. The following Managing Authorities were contacted:

- ERDF-Managing Authority at the Ministry of Economic Affairs, Employment, Transport and Technology Schleswig-Holstein (Ministerium für Wirtschaft, Arbeit, Verkehr und Technologie des Landes Schleswig-Holstein),
- ERDF-Managing Authority at the Lower Saxony State Chancellery (Staatskanzlei Niedersachsen),
- and the ERDF-Managing Authority at the Bavarian Ministry of Economic Affairs and Media, Energy and Technology (Bayerisches Staatsministerium für Wirtschaft und Medien, Energie und Technologie)

In the case of Schleswig-Holstein, a direct identification of large enterprises in the requested codes was confirmed by the Managing Authority, including no. of projects, ERDF funding, company information (name and contact data; to be treated highly confidential and large enterprises only to be contacted with approval of Managing Authority) as well as number of employees, and potentially, turnover and sector of the beneficiary.

For Lower Saxony, the German Country Team was closely involved in designing and establishing the data processing-system for data exchange (Websta) with the European Commission and Monitoring of labor market and economy programs funded by European Structural Funds (ongoing from 2007-2013). The current database manager, has confirmed that large enterprise can be directly identified using information on the number of employees and turnover of beneficiaries prior to the project start. Moreover, information on the sector of the beneficiary can be obtained.

In Bavaria, detailed information was collected from the Managing Authority on the database system FIPS 2007 and its capacity. It can be confirmed that there exists a tag indicating the SME status of the beneficiary. Thus, large enterprises can be identified using an inverse methodology by deducting persons (entrepreneurs), micro, small and medium enterprises and governmental institutions. Moreover, company names and locations, as well as industry / sector of the beneficiary can be obtained. Exact information on exact beneficiary size (in terms of employees) is not available.

All representatives have assured the evaluators that they will provide the necessary database; however, an official recommendation letter will be needed. In one case a pilot request for data has already been launched and feedback is expected within the next few weeks.

Overall, the German Country Team remains close contacts with a number of Managing Authorities due to current or recent project mandates in ERDF evaluation, monitoring or programming. Based on this good working relationship and the team's previous experience a supportive attitude of the representatives can be expected when asking for data, information or an opportunity of a meeting in person.

## Spain

The Directorate-General for Community Funds is the central government body responsible for studying, assessing and coordinating the management and application of EU Structural Funds, specifically the ERDF and the Cohesion Fund, in Spain, irrespective of the powers that correspond to other government bodies in this area.

This body is also responsible for managing Regional Incentives and financial and budgetary relations with the European Union.

From 2008 onwards, the management authorities will send the Commission, by 30 June each year at the latest, an annual report analysing the key information regarding management and execution of the Operational Programme.



These reports provide information, inter alia, on each priority issue. This information includes total budgeted amount, total amount spent (annually), accumulated expenses to date and % spent. The information provided, according to these reports, is uploaded to the database "Fondos 2007" as an XLM file through the DOCELWEB application, by Operational Programme and lines of action. The list of beneficiaries continues to be published centrally on the website of the Managing Authority, the **Error! Hyperlink reference not valid.**, ([www.dgfc.sepg.minhap.gob.es](http://www.dgfc.sepg.minhap.gob.es)) as the information becomes available in the FONDOS 2007 application, which is updated weekly.

The Spanish country team has identified the contact person at the Directorate-General of Community Funds, with whom they maintained a telephone conversation in order to establish a date for holding a meeting with these contacts. The impression of the evaluators following the call was that the Directorate-General of Community Funds is willing to offer its full cooperation on this project and provide access to this information.

## Portugal

Created on May 1, 2007, the Financial Institute for Regional Development (IFDR) is a public body, resulting from the restructuring of the former Directorate General of Regional Development (DGDR). Oriented to the implementation of regional development policy through the Financial Coordination of EU funds, in particular the European Regional Development Fund (ERDF) and the Cohesion Fund, the Financial Institute for Regional Development operates under the auspices of the Minister for State Development and Regional, and member of the Cabinet responsible for finance within its financial management.

In order to ensure the transparent use of public, beneficiaries and their respective support granted in the framework of each operational program have to be published. The list of beneficiaries to publish must be organized by the respective Fund and the timing of its publication shall be at least annually. The information published speaks about the project approval and from its completion, the total value of the execution. It is available electronically through the projects approved in the place of each page of the Operational Programme.

For the first time in 2007 and every year thereafter, must be included in the Annual Report on Implementation of the National Reform Programme - PNACE - concise information on the contribution of the Operational Programmes financed by the Structural Funds. The preparation of these reports is the responsibility of the National Coordinator of the Lisbon Strategy, with the contribution of the QREN Observatory. In late 2009 and 2012, Member States shall submit a report containing information on the contribution of the programs co-financed by the implementation of the objectives of Cohesion Policy, to perform the tasks of funds, for the implementation of the priorities outlined in the Community Strategic Guidelines, and to achieve the objective of promoting competitiveness and job creation.

The annual implementation reports are the responsibility of each Managing Authority and are the reference documents for the physical and financial monitoring of operational programs and should provide a clear picture of the respective execution. The reporting of implementation of the ERDF Operational Programmes and Cohesion Fund, to the European Commission, is ensured by Financial Institute for Regional Development.

The Financial Institute for Regional Development has created an interactive media product designed to improve the dissemination of the implementation of the Cohesion Fund and ERDF, the PONTO.FUNDOS. PONTO.FUNDOS provides financial monitoring data for Operational Programme and the principal types of investments available, also allowing the visualization of their distribution in the territory and is updated quarterly in conjunction with the financial monitoring, maintaining the same approach of disclosure that the Newsletter of the responsibility of the Technical Coordinating Committee of the National Framework.

The KPMG team has initiated to contact a specific person in the management authority who could provide us the necessary information on the accessibility of data. It is possible to request information through a website, however, we are going to contact the right person that could allow us to obtain the necessary information related to large enterprises.

## 5.4 Indicative structures of the deliverables

### Deliverable 2: First Interim Report

#### 1. Introduction

- 1.1. Engagement background
- 1.2. Objectives of the first interim report
- 1.3. Status of the project
- 1.4. Overall methodological approach

#### 2. Enterprise policy and effects of large enterprise support – results from a literature review

- 2.1. Enterprise Policy and large enterprise support in the 8 case study countries
- 2.2. Current Evidence on the effectiveness and efficiency of large enterprise support

#### 3. ERDF / Cohesion Fund support to large enterprises in the case study countries (aggregate analysis)

- 3.1. Scope, nature and outputs of large enterprise funding in the 8 countries
- 3.2. *Elaboration: Theory-based impact evaluation and the Theory of Change template*
- 3.3. Theories of Change in the 8 case study countries

#### 4. Case study selection

- 4.1. Methodological approach
- 4.2. Description of the case study regions
- 4.3. Underlying hypotheses and Theories of Change in the case study regions

#### 5. Conclusions and next steps

- 5.1. Major findings and challenges
- 5.2. Next steps

## Deliverable 3: Pilot Case Study Report

### 1. Introduction

- 1.1. Engagement background
- 1.2. Objectives of the case study analysis
- 1.3. Status of the project

### 2. Case study methodology

- 2.1. Case study framework
- 2.2. Data gathering and analysis
- 2.3. Theoretical background

### 3. Results from the pilot case study (incl. mini case studies)

- 3.1. Case Study 1: Hungary
- 3.2. Case Study 2: Germany (Operational Programme to be defined)

### 4. Conclusions and next steps

- 4.1. Major findings and challenges
- 4.2. Adaptation needs in methodological approach
- 4.3. Next steps

## Deliverable 4: Second Interim Report

### 1. Introduction

- 1.1. Engagement background
- 1.2. Objectives of the second interim report
- 1.3. Status of the project

### 2. Case study methodology (*potentially refined*)

- 2.1. Case study framework
- 2.2. Case selection criteria
- 2.3. Data gathering and analysis
- 2.4. Theoretical background

### 3. Results from the case study analysis (incl. mini case studies)

- 3.1. Theories of Change in the 8 case studies countries
- 3.2. Case Study 1: Hungary
- 3.3. Case Study 2: Germany
- 3.4. Case Study 3: Poland
- 3.5. Case Study 4: Portugal
- 3.6. Case Study 5: Spain
- 3.7. Case Study 6: Italy
- 3.8. Case Study 7: Czech Republic
- 3.9. Case Study 8: Austria

### 4. Overall findings from the case study analysis

- 4.1. Comparative assessment of the case study results
- 4.2. Major similarities and differences across regions

## **5. Conclusions and next steps**

5.1. Key findings and challenges

5.2. Next steps

### **Deliverable 5 & 6: Draft Final / Final Report**

#### **Preamble**

#### **Management Summary**

### **1. Introduction and report guide**

1.1. Engagement background

1.2. Objectives of the report

1.3. Target groups of the report and reference to target group specific results

1.4. Description of report structure

### **2. Overall methodological approach**

2.1. Theory-based impact analysis and Theories of Change

2.2. Literature Review

2.3. Case study analysis

2.4. Triangulation and iterative assessment

2.5. Capability and limitations of the methodological approach

### **3. Enterprise policy and effects of large enterprise support – results from a literature review**

3.1. Enterprise Policy and large enterprise support in the 8 case study countries

3.2. Current Evidence on the effectiveness and efficiency of large enterprise support

### **4. ERDF / CF support to large enterprises in the case study countries (aggregate analysis)**

4.1. Scope and nature of large enterprise funding in the 8 countries

4.2. Outputs of large enterprise funding in the 8 countries

### **5. Results from the case study analysis (incl. mini case studies)**

5.1. Theories of Change in the 8 case studies countries

5.2. Case Study 1: Hungary

5.3. Case Study 2: Germany

5.4. Case Study 3: Poland

5.5. Case Study 4: Portugal

5.6. Case Study 5: Spain

5.7. Case Study 6: Italy

5.8. Case Study 7: Czech Republic

5.9. Case Study 8: Austria

5.10. Overall findings from the case study analysis

### **6. Key findings from ex post evaluation**

6.1. Evidence on the effectiveness of large enterprise support: what works where and why or why not?

6.2. Major similarities and differences of large enterprise support and its effectiveness across regions

### **7. Conclusions and policy recommendations**

7.1. Key findings and challenges

7.2. Policy recommendations for 2014-2020 and beyond

**ANNEX**

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