



Approach paper on the common methodology for the evaluation of SMEi in the Member States

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Contact: Carlo Amati

E-mail: REGIO-EVAL@ec.europa.eu

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1. INTRODUCTION

Evaluation is one of the pillars of the performance orientation of cohesion policy. The Commission is committed to supporting Member States in **strengthening the use of evaluation** in order to inform and improve the policy and to ensure that the actions supported deliver the best possible results.

The Common Provisions Regulation¹ (CPR) of the programming period 2014-2020 introduced the possibility for Member States (MS) to provide uncapped guarantee and securitisation financial instruments in favour of SMEs. **'Small and Medium Enterprise initiative' (SMEi)** operational programmes were adopted in Bulgaria, Finland, Italy, Malta, Romania and Spain. These programmes were initially phased over the years 2014-2016 and were only subjected to an ex post evaluation to be carried out by the Commission by 31 December 2019.

With the entry into force of the Omnibus Regulation² in 2018, the eligibility period of the SMEi was extended until 2023, and the general provisions on evaluation already applicable to all operational programmes were extended to the SMEi. Evaluating during the programming period in order to **assess effectiveness, efficiency and impact** of support from the ESI Funds became the responsibility of the relevant managing authorities (art. 56 CPR).

The European Investment Fund (EIF) manages the SMEi in each MS, operating **comparable structures to achieve similar objectives**. Therefore, the participating MS promoted the development of a common methodological approach to evaluation with enough inbuilt flexibility to take into account country-specific adjustments. The Commission acknowledged the benefits of a common evaluation methodology, and engaged to develop methodological support that could help the competent authorities in the Member States to develop their own terms of reference to conduct the evaluations. This serves two purposes: (1) it ensures **robust** and, to the extent possible, joint **conclusions** and **comparable evaluations**, and (2) takes into account the **variability** in size and options across the Member States.

Evaluating the SMEi during the programming period remains the **responsibility of the managing authorities**. Therefore, the common methodology is not intended to be a draft for terms of reference and the Commission does not recommend simply reproducing the text without taking into account the specific circumstances on the ground. Instead, responsible bodies should view it as an **assisting tool** to develop their own approach and methodology to carry out the evaluation.

The target audience of this support is the officials in charge of evaluating public policy supported by the European Structural and Investment (ESI) Funds, in particular in the field of SME

¹ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

² Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.

development. It assumes an **intermediate level of familiarity** with evaluation methodologies and their applications, and knowledge of how ESI Funds and SME development tools work.

2. THE COMMON METHODOLOGY

The evaluation framework relies on a **modular structure**, both in terms of evaluation questions and applicable methods, which allows the managing authorities to select the appropriate parts of the methodology and adjust them to their needs. It builds on a **core layer of tasks** that the Commission recommends including in each evaluation. The assorted elements presented in the methodology follow a scalable design and can be adjusted to reflect the size and significance of the SMEi in the Member States.

The SMEi is flexible in such a way that it can be tailored to the different specificities, and therefore to the different objectives of MS, while using the same basic operational structure. Consequently, its **intervention logic** was defined case by case and was not explicitly detailed centrally. The common methodology relies on a reconstructed intervention logic of the SMEi that is the backbone of the SMEi operation in each MS. The steps described in the intervention logic can serve as starting points to articulate further hypotheses fitted to the characteristics of participating MS.

In order to reconcile the objectives in the MS, the methodology clusters possible **success criteria** of the SMEi in terms of effectiveness, impact, and efficiency. While applying this flexibility could limit the comparability of results across countries, it will nonetheless allow to draw joint conclusions on the performance of the SMEi through reflecting the diverse expectations of the MS. In the tasks aiming to assess the various criteria, the common methodology suggests evaluation questions for the clusters and proposes commonly used method to be applied in the evaluations, accompanied by potential indicators that can guide the analysis on each criterion.

Preliminary tasks include **SMEi mapping** and examination of **enterprise microdata**, two key components that should be part of every evaluation. They need to be proportional to the financial importance of the SMEi, also considering that availability of microdata can depend on the legal provisions in the various national contexts.

The common methodology proposes four **methods** outlined in more detail: desk analysis, SME survey, interviews, and counterfactual approaches. These are the most commonly applied methods in evaluating SME development interventions and can complement each other. The support paper reviews how these methods can be applied to evaluating the SMEi in light of the common characteristics of the instrument, and links them to the possible evaluation questions.

In particular, **desk analysis** is focused on data from annual implementation reports (AIR), data that can be obtained from the EIF, microdata obtainable from various databases, and provides pillars to analyse developments of key conjectures influencing the SMEi, such as financial markets and other assumptions from ex-ante assessments.

The **SME survey** can provide supplementary data on actual and potential beneficiaries. **Interviews** are focused on the two layers of implementation, namely the EIF (in the equivalent role of body implementing the fund of funds in shared management) and financial intermediaries. Of course, this does not exclude further in-depth interviews to final recipients (actual or potential). As the information collected through the survey and interviews is based on cognitive opinions, it should be complemented with objective data.

The common methodology appraises the possibility of conducting **counterfactual analyses** that have the potential to deliver robust quantitative conclusions. However, available data could limit these methods, especially if the granular monitoring that counterfactual methods need was not built in at the design of the instruments.

The MS are encouraged to select a suitable combination of tasks and methods, starting from the core layer and extending to the wider range of options presented in the common methodology, and to tailor the proposed approach to their own needs and specificities. This will provide the MS with tools to investigate in each context whether the reconstructed intervention logic of the SMEi has proven right. The evaluations will assess the **achievements on improved access to finance and enhanced performance of the supported enterprises**. Thanks to the common methodology the findings reported in the different evaluations should have a minimum degree of comparability across MS, and enable the possibility of drawing some general lessons on this policy instrument.

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