

ExAnte Evaluation of the 2014-2020 ERDF

Report on activities carried out and currently in progress (1st draft)

Executive Summary

As can be inferred from the series of guidelines prepared by the European Commission, the ex ante evaluation process should be interactive and adopt a modular, integrated approach that makes it possible to make adjustments along the way to draw up the final version of the programmes.

When identifying the following 5 key components of the ex-ante evaluation process of the programmes, the European Commission has stressed the importance of including syntheses of needs assessments during the start-up phase of the activities, especially with regard to the lessons learnt during the previous planning periods:

1. Programme strategy
2. Indicators, monitoring and evaluation
3. Level of funding
4. Contribution to the 2020 European Strategy
5. Strategic Environmental Assessment .

This draft is based on these five components of the evaluation process. The documents received so far and the needs assessments regarding the 2014-2020 ex ante evaluation process are also listed.

To date a draft of the operational programme is still unavailable so that the assessment components and the reflections provided in this draft stem from a series of documents sent by the Programmer with note protocol 2014 0282623 of 22 April 2014 and will concern in particular point 1, namely the “Programme Strategy”.

On the basis of the documents received, some preliminary considerations have been formulated for each of the assessment components related to the respective evaluation criteria.

Strategy Evaluation

The contextual analysis developed in the Regional Strategic Document is organised in accordance with the overall framework of the thematic objectives defined in the Partnership Agreement. The tables provide a succinct picture of the positioning of the Campania Region with respect to each theme. This framework is also mentioned in the Partnership Agreement in which the contextual analysis, organised according to thematic objectives following a territorial analysis subdivided by region, provides a comparative picture of the Campania region compared to other Italian regions. However, in terms of integrated choices linked to the territory, it would be more appropriate to structure it on the basis of territorial differences (urban, rural, coastal and fishing zones as well as zones with distinctive territorial features).

It is therefore necessary to define the logical connections between local needs and strategic system, defined through the selection for each thematic objective of the expected results/actions.

Territorial differentiation is also necessary to reorganise the fact-finding structure underlying the so-called territorial priorities such as the Urban Agendas and Inner Areas that may require more in-depth analysis at a strategic level.

The decision to use mono-fund programmes, even though it does not conform entirely with the recommendations contained in the Partnership Agreement, ensures continuity with the 2007-2013 programming and requires a greater governance effort in preparing agreed measures that make an integrated approach effective and feasible.

A decision was taken to propose safeguard measures related to the instrument, activated at the end of the 2007-2013 programme, to speed up expenditure, providing greater continuity. As already stated by the NVVIP in the 2013 EAR (Execution Annual Report), this instrument appeared to be an approach aimed at pursuing the spending target. To ensure continuity in the programming, the projects that need to be continued in line with the OP 2014-2020 should be designed to meet pre-established targets for each action included in the new programme. They therefore display adequate strategic consistency and significance in line with a territorial approach.

The problems with spending experienced in this phase of the programming for the implementation of Great Projects should not hinder the process of strategic design already started. Nevertheless, the sheer number of projects and their different strategic importance with respect to currently discernible priorities for future programming require re-evaluation in terms of their strategic significance and feasibility.

It is important both to safeguard administrative continuity and to introduce innovations to policies in the light of new programming. Therefore, in the light of a selection process of the Great Projects and the Acceleration Initiatives carried out in 2007-2013, it is therefore possible and indeed desirable to devise territorial programming for strategically important initiatives that can draw on the instruments created by the new programming (CLLD, ITI) and that can respond to territorial guidelines already outlined with the strategy of Urban Areas and Inner Areas by creating and/or enhancing integrated projects to implement interconnected development schemes. These interconnected development schemes, often confused with the principles of the concentration of expenditure, are necessary for state intervention to have an effective impact at local level.

As part of the evaluation of the strategy, article 55 of regulation 1303/2013 requires the evaluator to examine thematic objectives and selected priorities, considering national and regional needs, development potential, as well as the experience acquired during the previous planning phases.

On the basis of evaluation processes carried out in recent years and the experience acquired during previous planning phases, the analysis of the system of governance can only be carried out after defining objectives and actions; an adequate system of governance should invest institutional players with responsibility in line with a vertical approach, using a clearly formulated division of responsibilities and merits from the perspective of joint commitment, and in line with an innovative horizontal approach, working with other administrations, so that the programmes can be truly effective. In other words, there is no point in identifying what needs to be done without considering who it will be done by and how.

The long period of state intervention, which cannot be dealt with here due to its complexity, did not manage to transform the region. However, as well as safeguarding the continuity of the positive work undertaken, it is also necessary to reflect on the need for radical change that can have a major impact on the region in the future.

Indicators, monitoring and evaluation

The document designed to clarify the 2014-2020 FSE and FESR programmes related to the importance to attribute to each thematic objective and the related actions does not include identification of the result indicators so that the target values to be pursued during the implementation of the programmes have still not been defined.

Level of funding

As it is well known, the level of funding is one of the key components of the evaluation. To date the only preliminary document that is currently available is related to funding for the Thematic Objective and expected results, containing details of supplementary funding. This evaluation is therefore still premature with respect to the programming phase, given the lack of diagnostic local details and of clearly defined, quantified targets for each action.

The funding allocated for the Thematic Objective must be calculated in the light of needs as well as of context and result indicators by explaining how it fits in with national policies.

This report is related to the ex ante evaluation activities of the PO FESR 2014-20; however, it should be borne in mind that it is the result of an integrated evaluation of the three scheduled operational programmes (ERDF, ESF, and RDF). Despite being divided into three separate reports, one for each programme proposal, the NVVIP maintains an overall vision of an integrated and unitary evaluation process.

Report on activities carried out and currently in progress (2nd draft)

Executive Summary

The European Commission has identified the following 5 key components during the ex ante evaluation process of the programmes. During the start-up phase of the activities, the Commission underlines the importance of including a summary of the evaluation analysis, based mainly on lessons learnt from the previous planning periods, regarding the following points: 1) programming strategy; 2) indicators, monitoring and evaluation; 3) level of funding ; 4) contribution to the 2020 European Strategy; 5) Strategic Environmental Assessment. The layout of the second ex ante evaluation draft follows the following 5 key components, already mentioned in the first ex ante evaluation draft. The assessment was carried out during a dynamic phase of the planning in order to provide prompt and useful suggestions designed to improve the programme. The second draft took into account the “Draft Summary Document for discussion” (hereinafter referred to as the *Summary Document*) dated 11 July 2014, entitled: ROP Campania ERDF 2014-2020 – Regional Development Investment Programme, used as the basis for the discussion with the Economic Social Partnership held on 15 July 2014. Following the meeting with ESP, together with the completion of the second *draft*, an updated version of the programme was sent to the Investments Evaluation and Assessment Unit on 16 July (sent to the Unit by certified email by the ERDF Managing Authority). Given the time limits and the fact that the 16 July version has not been discussed yet with the ESP, the text of the assessment already prepared on the basis of the *Synthesis Document* has been kept as it was, whereas only brief comments were added to the document of 16 July contained in the final paragraph.

The *Summary Document* was not drafted according to the *template* required by the Commission. Therefore it was not possible to express views on all the aspects required by the Commission. However, the assessment analyses made for Thematic Objectives and Programme’s Macro-Themes were systematized in order to provide the basis for evaluating the five essential components of the ex ante evaluation report as described above. The methodology of the logical framework recommended by the Public Investment Evaluation Unit (DPS-UVAL) will be applied to complete the evaluation activities once the programme structure is available using the items and structure of the template.

The *Summary Document* is still restricted to presenting the Investment Priorities, the Expected Results (which coincide with the specific objectives) of the Actions envisaged for each Thematic Objective, whereas the allocation of resources, since the size of national co-funding is still uncertain, can only be analysed in terms of percentage distribution of the total resources among the TO. The Operational Programme proposal still lacks adequate clarification - which is indispensable - of the logical framework according to which the choices can represent a coherent and rational series of the objectives, results and actions outlined at national level in the Partnership Agreement. In particular, it is not still possible to go back to how and to what extent the needs assessment led to the selection of priorities, as well as the reasons underlying the financial burden (as a %) assigned to each TO.

From this perspective, the contextual analysis still does not seem to reflect the same set of critical issues and priorities outlined in the planning document and also in the RSD. For this reason the proposed allocation of resources does not seem to be adequately justified. An examination of the document gives the impression of a programme structure that does not correspond to the major critical issues and the main “structural” emergencies that are found in the context.

More specifically, there seem to be doubts about the three “operational” requirements according to which the new Programme “*provides the guidelines*” contained in the regional strategy (RSD) – such as the following:

- “guaranteeing continuity with the actions carried out as part of the programming period 2007-2013 in order to safeguard the investments already begun”,
- “setting up the *Smart Specialization*”,

- “meeting the territorial needs related to the quality of life and the wellbeing of the population”,

The requirements do not seem to be fully justified by a corresponding and relevant framework of territorial needs and, in some cases, seem to be unclear and vague in terms of implementation, additivity and non-overlap of the interventions.

In particular, it would be useful to clarify the following:

1. The completion of Great Projects (GPs) which is an essential and fundamental theme of strategic regional development (and therefore a crucial part of the new OP). Nevertheless, this approach could prove to be effective and fully justified if the new programming includes Great Projects that reflect strategic priorities that have already been assessed and approved by the departments of the European Commission for which the resources of the ERDF OP 2007-2013 have clearly proved to be insufficient for guaranteeing funding and completion (or start-up) of the initiatives within the scheduled time frames. A strategic redefinition is being carried out of the initiatives funded during the programming period 2007-2013 as part of the Great Projects and the Acceleration Initiatives. In the light of this redefinition process and given the need to ensure continuity of the administrative work and introduce innovations to the policies in view of the new programming period, it would be possible, and perhaps desirable to set up territorial planning initiatives using the instruments made available by the new programming period (CLLD, ITI) created around the financed initiatives deemed to be strategic. This type of planning can simultaneously respond to the territorial guidelines outlined in the strategy of Urban Areas and Internal Areas, by setting up and/or enhancing additional projects around them in order to implement interconnected development initiatives so that public intervention has an effective impact on the local area.

2. It is therefore essential that the Programming Document provides a more detailed definition of the state of Great Projects currently in progress in order to make a cautious and realistic assessment of the situation and the foreseeable progress of investments (including the financial plan). This would also make it possible to evaluate whether to continue and complete the initiatives (merely to safeguard the strategy used to carry them out) as part of the new OP and, lastly, to assess the “available” space for the new planning (e.g. for Thematic Objective 6 there are still 8 Major Projects that require completion).

3. With regard to the regional strategy of *Smart Specialization*, (as can also be seen from the references in the Document) the “draft” in its current form has yet to be finalised and approved. It is therefore not possible to assess the adequacy of its recommendations - let alone the coherence of the choices stemming from them in terms of actions – given the extremely critical state of production and manufacturing, and the conditions for businesses and SMEs in Campania. Within this framework, the reinforced links between the public research system (where Campania has already achieved important results that constitute a key part of the Programming Proposal under examination), advanced training and business enterprise do not seem to have had significant effects. There has been little private investment (especially by firms) in research and innovation which constitutes, together with other factors, one of the main reasons why the regional economy lags behind other parts of Italy.

4. Ultimately, both the aspects of continuity and the original ideas in the *Summary Document* highlight the fact that the regional needs addressed by the programming need to be much more explicit and more well-researched. At the same time, it is essential that the OP ERDF 2014-2020 takes account of an equally rigorous analysis of the progress, of the critical issues and results achieved by the current phase of programming, starting with the most significant lessons learnt from the cycle of Structural Funds for the programming period 2007-2013 (and previous periods), especially in terms of procedure, effectiveness of the instruments and implementation. This is especially true when, as in this case, there is an explicit desire by the programmer to ensure continuity or to reuse instruments from previous programming cycles.

5. With regard to Thematic Objectives, many of them are hard to evaluate due to the lack of clearly identified logic links between needs and actions and the quantification of the results (several suggestions on this aspect are contained in this report).

6. Lastly, with regard to the ex ante conditions of each TO, the programmer, following checks made by the various specialist sectors, should clarify all the steps needed to fulfill the conditions that have not been met or only partially met.

- Initial observations on the updated Summary Document

The draft of the ROP ERDF of the 16 July, drafted in accordance with the template (an essential part of the presentation of the programme), does not clarify, in most cases, the needs that should be referred to in order to quantify the results according to the selected indicators, making it difficult to evaluate the logical links. With regard to the key elements for clarifying the strategy of each axis/thematic objective, the ROP ERDF draft includes a series of indicators. However, in most of the cases, it does not include the basic values, the objective values and does not provide information for the different periods.

With regard to the territorial aspect of the programme, the ROP ERDF draft refers in section 4, “An Integrated Approach to Territorial Development”, to an axis devoted to Urban Development that makes it possible to use the experience from the previous programming cycle, mainly in relation to the running of intermediate bodies. However, it is not that clear which instruments should be used to implement the proposed strategy for identifying the TOs since, despite repeated requests from the Commission, there is no reference to ITI. The financial plan has still not been clearly defined and more work needs to be done to how to support integrated actions using the ERDF and ESF to create sustainable urban development.

In the programming documents, the use of innovative instruments (such as ITI [Integrated Territorial Investment], CLLD [Community-led Local Development], and JAP [Joint Plan Action] included in the new Regulation) only concerns the ITI for Internal Areas; it is not made clear how and whether they will be employed in the rest of the region, in other words in all the areas that are not urban centres with *best practices* and do not fall under the category of internal areas. This makes it hard to evaluate the effective implementation of an integrated territorial approach within the programme.

Given the current phase of negotiations, there is a clear need to define the links related to financial details and actions between national and regional programmes, between the different driving forces of the regional territorial approach and between local policies and sectional policies. It is also necessary to define how lines of action and synergies affect the three regional programmes.

As far as the individual TOs are concerned, an initial reading would suggest that there have been important changes in the definition of several investment priorities for the TOs affected by the implementation of the Great Projects. Priority needs to be given to mapping out the remaining funds for completing the Great Projects in order to make a realistic assessment of adequacy of the funding allocation for the TOs.

This draft is a work in progress which will be continued until the end of the negotiation process. Further evaluations will be prepared as the programming moves forward, culminating in the final draft of the Ex Ante Evaluation report.

The document concerns ex ante evaluation initiatives of the ERDF Operational Programmes 2014-2020 but also forms part of the unitary and integrated evaluation process of the three operational programmes envisaged (ERDF, ESF and RDF) run by the Investments Evaluation and Assessment Unit (NVVIP).