Methodologies to measure the impacts of territorial cohesion policies

What’s new in Brussels?

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27-28 June 2013
Pécs, Hungary
Evaluation

• Our focus is on the evaluation of the effectiveness of country-level cohesion policy interventions

• Territorial cohesion in the EU terminology means a „balanced and sustainable development of the territory of the EU” (European Spatial Development Perspective)
Interregional disparities

Dispersion of regional per capita GDP - "Old" EU members

Dispersion of regional per capita GDP - "New" EU members

Belgium
Denmark
Germany
Ireland
Greece
Spain
France
Italy
Luxembourg
Netherlands
Austria
Portugal
Finland
Sweden
United Kingdom

Bulgaria
Czech Republic
Estonia
Cyprus
Latvia
Lithuania
Hungary
Malta
Poland
Romania
Slovenia
Slovakia

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Some important characteristics of the evaluation methodology

• Outcome oriented approach
  – physical/financial implementation versus real outcomes
General approach

- **Inputs**
  - short run / direct
- **Outcomes/Outputs**
- **Impacts**
  - long run / indirect

Other factors
EU framework

Key concepts (EC 2011)

- **Outputs**: the direct products of programmes that are intended to contribute to results

- **Impact**: the change that can be credibly attributed to an intervention
  - "Effect of an intervention" or "contribution of an intervention"

- **Result**: the specific dimension of well-being and progress for people that motivates policy action
  - Change in result indicator = contribution of intervention + contribution of other factors

Change in the result indicator = contribution of the intervention + contribution of other factors
The challenge of evaluation

- Needs
  - Specific Objective
  - Intended Result
- Strategy
- Operations
  - Allocated INPUTS
  - Targeted OUTPUTS
  - Actual INPUTS
  - Achieved OUTPUTS
- Monitoring and Evaluation
  - Actual Result
  - Contribution (Impact)
- Other Factors
Some important characteristics of evaluation methodology

• Outcome oriented approach
  – physical/financial implementation versus real outcomes
• Place-based approach – interventions on functional areas instead of traditional administrative territorial units: „flexible geography”
• Top-down versus bottom-up approach
• A continuous development of novel methodologies
  – lack of common standardised methodology at the EU level
• Basically two-step evaluation (indirect evaluation) on the macro or regional level
  1) measuring territorial impacts
  2) investigating the dynamics of territorial inequalities (inequality measures, convergence tests)
Principles of evaluation

• theory-based evaluation
  – „theory of change” – exploring the causal relationship between intervention and impacts/results
  – bottom-up approach, qualitative methods
  – best practices: EU recommendations

• counterfactual impact assessment
  – exploring quantifyable impacts
  – ex post assessment:
    • before - after
    • beneficiaries – non-beneficiaries
  – ex ante assessment:
    • baseline scenario (no intervention) – forecasting trajectories of macro variables with intervention (CF support)
Top-down evaluation methods

- Macro (DSGE and CGE) models:
  - best practice in the EU: QUEST, EcoMod
  - national level

- Sectoral models:
  - TRANS-TOOLS (transportation), E3ME (energy, environment)

- Regionalized territorial impact assessment model
  - ESPON’s TEQUILA – suitable technique to identify the impacts of policy interventions

- Regionalized macro models:
  - best practice: HERMIN
  - give an upper bound on possible economic effects
  - not simply a downsized-macro model, since regional economic processes are of different nature
Top-down evaluation methods (2)

- Spatial Computable General Equilibrium (SCGE) models
  - best practices: RHOMOLO, GMR-Hungary
  - flexible tools for ex-ante regional impact assessment

- Input-output models:
  - flexible disaggregation on the territorial and sectoral level, challenging data requirements
  - most cited: Beutel’s model
  - EU application: on the national level based on national accounts data (supply and use tables)

- Econometric methods
  - ex post analysis: exploring the actual impacts
Micro-level methods

• Multivariate, index number models
  – best practice: European Territorial Cohesion Index (ESPON)

• The role of qualitative assessments is increasingly recognised
  – case studies
  – interviews

• Indicator systems
  – ESPON researches
Case study: Poland

Regional GDP by NUTS 2 regions
(PPS per inhabitant in % of the EU-27 average)
Case study: Poland

• One of the best performers in policy evaluation among the EU member states
• Background: a large proportion of EU funds is awarded to Poland
• Poland’s regional challenges are similar to those of other CEE countries
Best practices from Poland

• Poland uses the whole spectrum of evaluation methodology
  – Macro modelling: HERMIN
  – Regional modelling: regionalized HERMIN
  – CGE modelling: MaMoR2
  – Sectoral modelling: SASI
    • (Spatial and Socio-economic Impacts of Transport Investments and Transport System Improvements)
  – Theory-based evaluation: „New methodology”
    – programme-level evaluation
Conclusion

• There is no one optimal method to reveal the exact mechanisms of the cohesion policy interventions
  – a combination of top-down and bottom up, as well as quantitative and qualitative methods is needed

• the use of otherwise effective evaluation methods is constrained by data availability at the relevant territorial unit

• What’s new in Brussels?
  – focus on results
  – emphasis on intervention logic
  – concentration
  – more evaluation (but reduced number of indicators)
Thank you for your attention!
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