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Research Report

How to make evaluations of EU cohesion policy more credible

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ZEW policy brief

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How to Make Evaluations of EU Cohesion Policy More Credible

The EU's Cohesion Policy (CP) intends to promote European economic, social, and territorial cohesion. The policy occupies about a third of the EU budget and it is the most evaluated of all EU policies. With the support of the German Ministry of Finance, two in-depth ZEW research papers by international author teams have assessed this evaluation system by analyzing its institutions and by applying AI-powered textual analysis of about 2,500 Member State evaluations.

The results indicate that the evaluation system lacks important elements in producing fully credible evaluations. A fundamental problem stems from the design of the CP itself: An increasing number of CP objectives blur the precision of the policy and lead to a loss of a well-defined yardstick against which policy success can be judged. Our survey of evaluators confirms this with more than 60 percent of respondents regarding unclear policy objectives as a bottleneck for the evaluation system. Our results also point to limits in evaluation culture and methods where evaluations are sometimes just seen as a formalistic obligation. Another crucial limitation is a lack of full and effective impartiality. This is evidenced by the fact that 71 percent of survey respondents report at least somewhat intense involvement by the managing authorities in their work. Moreover, evaluation teams lack internationality, while the national markets are typically dominated by a few groups. In the end, data using measurements from our textual analysis points to a suspicious inconsistency between the findings of the academic literature on the impacts of Cohesion Policy and the results of evaluations.

KEY MESSAGES

- Specify evaluation obligations more precisely in the policy's Common Provision Regulation and set out a 'charter for evaluators' that defines minimum standards.
- Introduce an 'evaluate first' requirement when preparing or updating programmes to foster ex-ante evaluations.
- Promote the use of counterfactual methods, which are the state of the art in academic impact analyses for CP.
- Explicitly link funding decisions at programme and policy level to evaluation results in order to improve the link between evaluations and budget decisions.
- Implement measures to stimulate a European market for CP evaluations in order to overcome the current national fragmentation.
- Establish a standing European Advisory Panel on CP evaluation to foster independent third-party reviews.

COHESION POLICY EVALUATION NOT IN FULL COMPLIANCE WITH STANDARDS OF GOOD EVALUATION PRACTICE

Principles of good evaluation

Principles for good evaluations are summarized inter alia by the OECD. These include: clarity on policy objectives, minimum standards on methods, capacities and expertise, impartiality of evaluators, a high transparency on methodological limits, and an actual use of evaluation results in decision making. CP evaluations do not adhere to all of these principles in full.

Lack of ambition and rigor

Various analyses indicate that Member States and regions often treat evaluations as a formal obligation. Some countries only report the minimum information required.

Vested interests to prove success

Evaluations are used for advocacy, i.e. for negotiations on budget allocations. Important stakeholders in EU institutions, Member States and regions have an interest to showcase the successful use of cohesion funds through good evaluation results.

Ensure impartiality of evaluations

Evaluators from consultancies, research institutes and freelancers are confronted with these motives. Although reputation concerns point into the direction of unbiased reports, these service providers have a business motive to satisfy their customers' expectations.

Low take-up of more advanced methods

Methods like counterfactual approaches that could verify a causal impact are rarely applied. The same holds for theory-based evaluations that consider possible causal channels. There is a lack of transparency, only few studies discuss their own methodological limits.

Limited use in decision making

The wealth of insights from evaluations only rarely affects budgetary decisions. This is an overwhelming finding of relevant reports and studies, and it can have adverse effects on the efficiency of cohesion spending.

STRONG NATIONAL SEGMENTATION OF EVALUATION MARKETS WITH OLIGOPOLISTIC SUPPLY SIDE

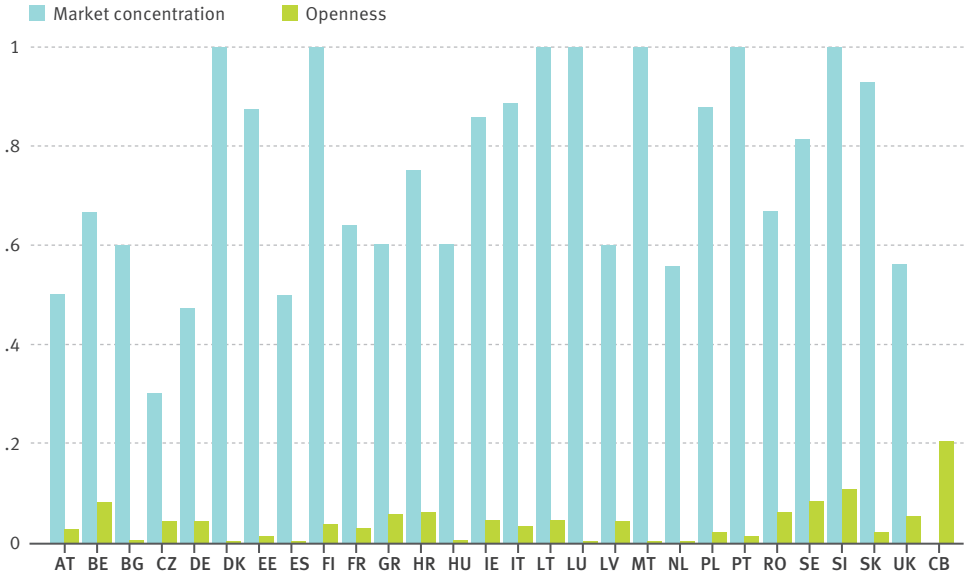
A measure for the CP evaluation market concentration

To get the full picture of the evaluation process the ZEW studies investigate the supply side of the evaluation market. To this end, information on the authors of CP evaluations conducted by the 27 Member States plus the UK from the 2007-2013 and 2014-2020 programming periods are analyzed. Individual authors from around 2500 evaluations that are publicly available at the Cohesion Open Data Platform are identified. A measure for the CP evaluation market concentration by Member State is constructed by grouping them into co-authorship networks by virtue of having contributed to at least one joint evaluation report. The concentration rate depicted in blue in Figure 1 below is the sum of the market shares of the top 3 co-author teams in a country. Openness on the other hand measures the share of authors writing evaluation reports for programmes in a country which have contributed to at least one evaluation report in another country. The openness measure is presented in orange below.

Evaluators each provide services to one single Member State only

The analysis of both measures reveals two unfavorable results: First, a vast majority, over 95 per cent, of evaluators provide their services to the authorities in one single Member State only, which almost always is their home country. Second, these national evaluation markets have an oligopolistic structure where just a few providers tend to dominate the market, often even with a 100 percent market share. A regression analysis of this measure for market concentration – the market share of the top 3 author clusters – and the average sentiment of evaluation findings in a country, uncovers a positive relationship between the two. This provides some evidence suggesting that evaluation markets with less competition on the supply side are on average more likely to bring forward evaluations that portray the policy in a particularly optimistic light.

FIGURE 1: MARKET CONCENTRATION AND OPENNESS OF THE CP EVALUATION MARKET



Notes: Market concentration is measured as the market share held by the largest 3 co-author teams within a country. Openness is given by each countries' share of authors who have contributed to at least one evaluation from another country. CB refers to cross-border and Interreg Europe programme evaluations.

ADVICE FOR HIGHER STANDARDS, MORE IMPARTIALITY AND DECISION RELEVANCE

Improving quality and decision relevance

A lot could be done for more impartial and higher quality evaluations that guide the allocation of scarce European resources. On a higher policy level it would be important to define precise policy objectives. On methods, we recommend the European Commission to set out a 'charter for evaluators' indicating the minimum quality standards an evaluation must meet. These rules should support the take-up of more advanced methods and promote transparency on the limitations of the evaluation. The obligation for ex-ante evaluations should be reintroduced as an 'evaluate first' principle, at least for particularly important programmes. The same should apply to larger programme amendments to foster the decision relevance of evaluations.

Stimulating a cross-border market for evaluations

A more open evaluation market is needed. It would support independence and improve evaluator expertise. For this purpose, requirements on the internationality of the team composition should be included in the procurement conditions for programmes above certain thresholds. Moreover, quality checks of evaluations through peer review should include reviewers from other Member States.

Establishing a European Advisory Panel on CP Evaluations

We recommend to establish a "European Advisory Panel on CP Evaluations" (EAP-EVAL). The EAP-EVAL would be a helpful counterweight to the European Commission with its vested interest to prove the success of CP. As a fully independent and non-political body, the EAP-EVAL would advise the European Commission and the managing authorities in the Member States in their evaluation activities and provide an independent third-party review of their evaluation activities and reports.

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