

EVALUATION SYNTHESIS OF EFFICIENCY MEASUREMENTS OF COHESION FUNDS AT THE LEVEL OF MEMBER STATES AND OF THE EU

GYŐRINÉ SZABÓ GABRIELLA

The key concepts of EU regional development policy are: absorption, efficiency, impact and effectiveness of use. These indicators describe the functioning of the policy both at EU and Member State level. As a result of the economic crisis, we see a shift in focus towards high-quality spending. This is confirmed by the fact that for the first time in the history of the EU and of its cohesion policy, the funding framework has been reduced. The author aims at comprehensive processing and synthesizing the literature and methodology of international measurement focused on efficiency of the grants.

Az Európai Unió regionális fejlesztési politikájának kiemelt fogalmai az abszorpció, a felhasználás hatékonysága, hatásossága és eredményessége. Ezek a mutatók minősítik a szakpolitika működését uniós és tagállami szinten egyaránt. A nemzetközi és magyar szakirodalmi és kutatási környezet alapján megállapítható, hogy a hatékonyság fogalma nem egységes, nem definiált uniós és tagállami szinteken sem. A szerző célja a támogatás-felhasználáshoz köthető nemzetközi mérések szakirodalmának és módszertanának széleskörű feldolgozása és szintetizáló elemzése hatékonysági fókusszal. Ezt követően a szerző egy egységesen alkalmazható fogalom és módszertan javaslatának kialakításával zárja tanulmányát.

INTRODUCTION

In 2009, at the request of Danuta Hübner, Commissioner for Regional Policy, Fabrizio Barca drafted a report that contained an assessment of the 2007-2013 programming period and reform proposals for the next financial period (Barca 2009). The rapporteur was very committed to the quality of spending and qualified the coordination between Member States on topics other than efficiency as “poor debate” when it comes to the shaping of funds. Regulations concerning the 2014-2020 programming period also use the concepts of “impact, effectiveness, efficiency”, thus reconfirming the shift from absorption towards quality of use (EP and EC 2013). However, similarly to previous cases, this legislation does not give an exhaustive definition or limit the scope of these three concepts, although it often uses them separately (Győriné, 2014: 163-165).

On the basis of international and Hungarian literature and research environment it can be established that the concept of efficiency is not uniform and is not defined either at EU or at Member State level, and it is addressed alongside – or sometimes confused – with impact and effectiveness. In extreme cases, there might be some overlapping even with the concept of ab-

sorption. This latter however can be true and shall be analyzed, since as a result of delays in absorption the efficiency of aid is zero.

Although literature available so far does not include such restriction, the focus of this study is limited as much as possible to the measuring of efficiency, for two reasons:

- The extent of literature and of the subject at hand does not allow us to handle it together with the rest of the concepts, as it might lead to generalizations and would result in superficial examinations.
- The literature on impact assessments and on effectiveness-oriented approach is very broad, and has been published on a number of forums and platforms (Bradley 2006, Mohl and Hagen 2010), Molle 2008), (Kengyel [2008 and 2012], Varga -in't Veld J. 2010). However these do not outweigh the problem of efficiency. The analysis of the methodology and solutions of this latter unduly receives far less attention, however the problem caused by its deficiencies can reach or even exceed those caused by the lack of impact and effectiveness.

The focus of the study concentrates the measuring of efficiency, because involving the other key concepts (impact, effectiveness) would be a result of generalization and futile examinations. The literature doesn't use these concepts separately and the theory of efficient aiding is absent to measure the member states' performance. In the interest of receiving a deliberate answer to the pretension, this study aims at answering the theoretical question with the following method: the comparative synthesis displaying the practices of nearly all Member States examines what is meant by efficient use, how it is measured, what assessment studies have been conducted, and what role the examination and measuring of the concept played in them. Subsequently, the author will close the synthesis by outlining a proposal for a uniform definition and methodology.

1. FOCUSED ANALYSIS OF THE CONCEPT

Recitals (52) and (68) also refer to the differing contents in the acquis of the new programming period too:

„It is necessary to evaluate the effectiveness, efficiency and impact of assistance from the ESI Funds in order to improve the quality of design and implementation of programmes, and to determine the impact of programmes in relation to the targets under the Union strategy for smart, sustainable and inclusive growth and, having regard to the size of the programme, in relation to gross domestic product (GDP) and unemployment in the programme area concerned, where appropriate.” (EP and EC 2013 p327).

„The Commission should also have the power to carry out on-the-spot audits and checks focused on issues relating to sound financial management in order to be able to draw conclusions concerning the performance of the ESI Funds.” (EP and EC 2013 p329)

The concept of efficiency shows a variety of interpretations in literature. Having regard to Chapter 2, Article 11 (Special instruments) of the Council Regulation laying down the multiannual financial framework that specifies the n+3 deadline applicable to the programming period

of 2014–2020 (EC 2013a), the timeliness of spending is also included in the definition of regularity, thus efficiency would be identical to regularity. It can be concluded from the experience of the past few years, however, that the use of funding spent in compliance with the rules is not necessarily efficient, where their “weakness” results in spending useless resources on administration, publicity, preliminary studies or on compensating for the extra problems caused by the lack of time resulting from a badly functioning institutional system. In other views, national co-financing, operating costs of the institutional framework and the operating costs of project managers can be measured under the auspices of efficiency, which can indeed lead to certain conclusions, but there is no common calculation methodology for that (Kullmann, 2013 p67). Since 2001, research consortium EoRPA founded by the European Policies Research Centre at Strathclyde University in Glasgow has prepared studies on the cohesion policy of the EU, based on an approach of constructive criticism. Synthesis prepared during research cooperations with the full participation of Member States often deal with the topic of efficient and economical use of funds (EPRC 2014). Changes introduced in the 2014–2020 programming period, in particular the decreasing amount of aid and the performance reserve gave a new impetus to evaluations. EVALSED is a resource of literature providing guidance on the evaluation of socio-economic development, recognized by the European Commission’s Directorate-General for Regional Policy, existing only on-line since 1999. In 2013 the 20-year-old organization engaged in niche activities published a document consisting of a guide and a sourcebook containing methodological recommendations in which the evaluation of efficiency is linked to the following questions (EVALSED 2013):

- 1.) To what extent have the objectives been achieved?
- 2.) Have the interventions and instruments used produced the expected effects?
- 3.) Could more effects be obtained by using different instruments?

The third one among the above questions refers not only to the effectiveness and impacts of improvements already implemented, but it also has a methodological content that can be applied during the evaluation.

In literature, only the part of the measurement activities of Member States is globally available that is required by the European Commission, often meaning only the ex-ante, mid-term and ex-post assessments (i.e. impact and performance assessments) of certain operational programmes and programme documentations covering the entire period (formerly National Strategic Reference Framework, currently Partnership Agreement). In most cases, specific studies on efficiency were only available in the own language of Member States. The study published in September 2014 by the European Regional Policy Research Consortium at Strathclyde University in Glasgow, with a remarkable participation of Member States, entitled “Evaluating the effectiveness of regional policy” (EPRC 2014) gives an overview of current measurement practices, therefore this study paper can be considered a landmark in the comparability of assessments by Member States. During this examination prepared with the participation of Member States, Switzerland and Norway, we see that there is no common position regarding the applicable assessment practices, positions differ according to Member States as for the subject and methodology of the assessment, and two differing views can be identified in its regional scope: while the Netherlands, Sweden and the UK makes measurements at national level, France, Germany, Austria, Italy and Poland take a sub-national approach. The reason for this of course lies in the

differing characteristics and traditions of their respective administrative systems. The efficiency before the ending of development and impact and effectiveness after completing the activity can be observed on a program-level and a project-level too. The following two chapters review this aspect of using aids.

2. INSTITUTIONAL CONDITIONS OF GOOD-QUALITY SPENDING

Examining the literature of member states and the international methodology we can identify a current trend, according to which measurements are carried out and used by an independent institutional body incorporated in the public administration (for instance, the UK National Audit Office or the National Evaluation Unit in Poland, but similar processes can be observed in Austria, France, Ireland and Italy). To the contrary, assessments can be carried out by external actors, with the involvement of consultants or academic and university researchers who own the virtues of independence and objectivity (for example in Finland and Germany). As a direct consequence of the lack of a single methodology required by the Commission, a broad spectrum of methodologies can be observed: Member States carry out macro-economic modeling, econometric and statistical analyses, micro-economic counterfactual analyses, case studies and theory-oriented assessments (EPRC, 2014 p8.).

In Great Britain and Poland an independent body of the public administration is responsible for carrying out assessments. The reason for this highlight is that it is in these two countries where the concept of creating a focused and coordinated institutional actor, jointly responsible for streamlining its conclusions appears. Although until 2013 Hungary had a so-called National Development Agency where almost the complete spectrum of the use of cohesion funds appeared to be concentrated, as for assessments and measurements it was responsible only for studies financed by the technical assistance fund. In addition, a number of institutional actors carried out monitoring, control and measurement activities, but there is no coordinated implementation at Member State level.

In the UK since the elections of 2010 central State assessments receive less publicity, at the same time we can obtain assessment results from a number of external bodies functioning in parallel. One of the active key players of these institutional reviews is the National Audit Office. This organisation with nearly one thousand employees, completely independent from the Government, and accountable to the House of Commons, evaluates not only the efficiency and effectiveness of cohesion funds, but of all public spending, with nearly sixty “Value for money” reports. (NAO 2015)

The strategy of the Office was renewed in 2009, illustrated by the following figure (Figure 1), which summarizes the spectrum of its activities.

Figure 1: The Strategy of the National Audit Office



Source: <http://www.nao.org.uk/wp-content/uploads/2014/12/NAO-Strategy-2015-16-2017-18-Infographic.pdf>;

Downloaded on 28th of May 2015

As regards my study, I identified the following key concepts featured in the Office's activities:

- continued cost savings
- applicable and improved knowledge
- accountability
- developing a new role for local governance

Focal points of the measurement of their activities are identified in the bottom row of the figure:

- How well the institutional system has identified the challenges
- Acceptance of the Office's recommendations and degree of their application
- Whether key players have identified the added value of the Office
- Whether the Parliament or other decision-makers have used the work of the Office
- Whether the activities of the Office resulted in savings in public spendings

According to the report “Regional Growth Fund” requested by the House of Commons, their savings and results achieved in one of the above mentioned ways reached a total of 1 billion pounds in 2010 and 2011 (NAO, 2012 p2)

The National Evaluation Unit of Poland, established for the assessment of the use of cohesion funds also carries some relevant features worthy of adapting. This independent institution within the department responsible for structural policy coordination of the Ministry for Regional Development has been working on the two programming periods completed so far, in close cooperation with the European Commission. A Steering Committee formed by the heads of managing authorities of each operational programme determines the method and subject of measurements. This Steering Committee is responsible for coordinating the evaluations, the consistency of processes, and decides which results to use and incorporate in the subsequent implementation. The need for ongoing assessments or process-integrated assessments is emphasised, which allows for a better reviewing of completed development projects and the drafting of useful recommendations, integrated into the current implementation practice. For the sake of transparency of its assessments this body has its own website, and its functioning is financed from the technical assistance fund, that is a financing framework for the administrative management of funds. The mode of reviewing the two programming periods coincides, where six focal points were identified:

- impact of socio-economic developments
- infrastructure developments
- economic innovation
- development of human resources
- regional and local development
- administrative capacity-building and good governance

The measurements are based on two levels; studies across operational programmes are carried out on the basis of the above themes, as well as a separate review of each programme. The expected outcome of the work is the improvement of the measurement standards, and the improvement of the quality of analyses. For the measurements, the involvement of external experts and consultants is coupled with a strong internal cooperation, and this organization ensures the publicity of the results. As they say, the key to efficient use in Poland may be the ongoing evaluation, integrated in the process (Krajowa Jednostka Ewaluacji, 2009).

3. METHODOLOGY OF MEASURING OF PROGRAM- AND PROJECT-EFFICIENCY IN MEMBER STATES

The European Regional Policy Research Consortium contributed to making Finland’s review practice globally known, that means a remarkable example of programme-level evaluation, and provides findings worth reconsidering. Through its assessments of two regional strategic programmes carried out in 2012, Ramboll Management Consulting measured complex impact and effectiveness indicators, and also covered some matters of efficiency. In the case of this latter, it made the following findings (EPRC, 2014 p27):

- for the sake of programme efficiency a model has to be introduced, that ensures predictability, traceability and evaluation, as well as a more flexible and future-oriented approach for regional planning.

- the difficulties of measurement lie in the programmes often using the expressions of “increases, improves and had an impact on”, however there are no concrete definitions, monitoring or evaluation of these.

In my view, the report mentions two programme-level efficiency considerations not used elsewhere: predictability and flexible adaptation.

Based on the initiative of the OECD, the Dutch Court of Auditors prepares annual analysis reports, from a new, regional perspective; these are the so-called EU Trend Reports (Rekenkamer, 2014). Reports published in February of the year following the year of reference give an insight into the financial progress of Cohesion Funds, as well as a review of their current use from the perspective of effectiveness and efficiency. In addition to information, it also contains recommendations, which allow direct feedback to the process of implementation and policy-making. The Government will follow-up the proposals by the Court of Auditors, and reflect on them. The essential proposals for the Dutch use of funds in the year 2014 can be summarized in the following way:

- The principle of more visibility: this expectation at programme and project level aims at making the selection of projects and the implementation results more transparent for citizens.

- Elaboration of lump-sum costs: this methodology aimed at the comparability of the efficiency of projects can be observed in several Member States. In Hungary the use of average costs appeared in a number of operational programmes in the 2007-2013 programming period, in particular in regional and energy-related, human infrastructure development programmes; however, despite the intentions of the centralized National Development Agency, their uniformization and consistent application across programmes never happened. Certain beneficiaries might have seen that differing cost declaration methods had to be used for aids obtained from different programmes. Unfortunately there are no unified guidelines being developed either at the EU or at the Member State level for the application of average costs, although seeing a broadening scope of implementation, it would be an indispensable condition for the implementation of proper value-for-money development projects.

- Value for money principle: according to the Dutch proposal, not only the rate of co-financing for a given fund shall be taken into consideration, but also the additional nation co-financing. In my opinion, the proposal is important and can be adapted to all Member States, as according to the principle of additionality. In addition to the compulsory national co-financing rate of the central budget in Hungary there are/were own contribution funds available from the budget (indicated also by joint assessment of funds), but the own contribution of local governments or companies should also be assessed.

- According to the proposal in the EU Trend Report, results to be achieved at programme

level should be more linked to the individual developments, which means that intermediate indicators should eventually be phased out. The opposite phenomenon can be observed in Hungarian implementation, especially when during the 2014-2020 programme cycle even the non-employment type development projects are expected to contribute to and/or preserve employment growth. An illustrative example is the renewal of existing industrial plants that will not result in excess capacity, but the obligation to preserve or create employment forms part of the grant agreement. The Dutch proposals for the mode of application of indicators are in line with the ex-ante evaluation proposals of Hungarian operational programmes. Similarly, the evaluation consortium led by Ernst & Young concluded in its evaluation report on the Human Resources Operational Programme in Hungary that there is a lack of links between interventions and indicators, as well as a risk of recurrence of a problem in the programming cycle that is now coming to an end according to which the budget rules over the evaluation of the substance and substantial compliance (Ernst&Young, 2015).

- There is an essential Dutch finding that says that a competition-oriented selection of projects is recommended when it occurs for the sake of efficiency/effectiveness, and does not result simply in a decision-making process based on the “first come, first served” approach. Unfortunately, the Hungarian project selection practices carry both the same phenomenon and problems. During the 2007-2013 programming period the methodology of project selection was dominated by the application of open procedures, in which the “first come, first serve” approach took on extreme forms. Although certain types of errors can be identified in all procedures, the majority of proposals were presented in open (double and single-round) procedures, which meant a “first come, first serve” evaluation in the competition-oriented approach or an evaluation on the basis of scores and presentation in a given period of time.

- The report draws the attention to the actual risk that could be observed even in the Netherlands during the 2000-2006 programming period, when the targets were underestimated, and preservation-type projects were dominant against development-type projects. This was possible due to procedures and the content of proposals. The blurring of indicators and binding commitments can be observed also in other countries, and a “deviation” in both directions can occur, meaning that projects were elaborated not only with underestimated data, but also with exaggerated expectations with particular regard to “soft-type” content. An excessive caution in defining targets can also be considered a weakness, meaning that target indicators set during programming are met several times during the programme implementation as regards ERDF and ESF funds in the Netherlands. That is, they cannot be interpreted as a measurement for the degree of efficiency. This phenomenon is well illustrated by the performance indicators of the European Social Fund programmes.

- Other deficiencies related to indicators also suggest efficiency issues, such as the lack of clear definition of indicators and changing the indicators during programme implementation. In the former case, the concept from the point of view of the beneficiary often differs from the “calculation instruments” created by managing authorities, the latter problem hinders coherence, comparability and specific measurements. Although the value for money principle is always emphasized in strategic objectives, as a result of the lack of determination of standard costs

and realistic cost ratios it goes unrecognized during implementation. In practice, the internal project percentages were sometimes surprisingly liberal in this respect. An example is the cost percentages of publicity, public procurement, management as compared to the overall size of the project, where a degressive definition of cost ratio is recommended.

- The Dutch ex-post evaluations were limited to the examination of target indicators, while they fall short on the ex-post examination of the efficiency of the project. It would be necessary that the project-level review in the measurement practices be applicable in Member States. Although in case of serious irregularities beneficiaries can be excluded for up to 5 years, a more nuanced assessment would be needed by evaluating the quality of implementation. The consequence of which could be imposing further restrictions on tendering opportunities. This may affect the beneficiary, as well as the external management company, and thus both would be obliged to a high-quality implementation and finding a joint solution.

In Germany's measurement practice the evaluation of efficiency means assessing how regional policy objectives (job creation, settling of new companies, increasing working capital investments, building new cooperation networks) are met. Several methods are applied for such measurements, of which I consider the microeconomic counterfactual test worthy of a more detailed presentation. The Federal Ministry of Economic Affairs and Energy in cooperation with the University of Dortmund measured the efficiency of the activities of the Joint Task for Improving Regional Economic Structures, the further need for its activities and the focus thereof (BMWE 2013a). The methodology included the comparison between subsidized and non-subsidized businesses in the measurement of the development of job creation and wage structure. The process took place in 2009-2010, 4,622 business were compared using the methodology of alignment. Participating businesses were the ones that were awarded grants in the 2000-2006 programming period, and a group of companies with similar characteristics, that did not receive any grants. The methodology had such clear results – a remarkable fact is that the number of jobs increased by 1.9% at subsidized companies, while a 6.9% reduction could be observed at non-subsidized firms – that in 2013 the same alignment methodology was used (BMWE, 2013b).

Of the Czech evaluation practices I would like to highlight the work by two colleagues at the Department of Management Sciences of the Prague University of Economics, who introduced the DID method (Potluka-Bruha 2014). They measured the subsidized/non-subsidized companies, institutions, and carried out measurements before and after the development projects using the difference-in-difference methodology.

On the basis of all this we can say that on its own no study in the applicable literature sums up the content needed for evaluations of efficiency and the methodology of the measurement of efficiency – obviously due to theoretical gaps –, while this aspect forms an integral part of the programme evaluation studies of several member countries. The same can be observed on EU level where the European Commission presents the efficiency aspect in its monitoring and evaluation methodology manual on the use of cohesion funds, expecting consistency with the implementation and financial legislative framework of the EU, while it does not introduce regulatory elements “enforcing” high-quality use, binding solutions and best practices. The performance re-

serve introduced in the new programming period is based on the indicators undertaken during the operational programmes, which are merely output or result indicators.

We can also say after the overview of methodology of Member States that the performance of countries reflects an efficient use, efficient-focus measurement, where there is an internal need and intensity associated with clear conception beyond the general obligation of EU reports. Highlighted among them is the independent British and Polish institute. In the latter case the need for ongoing assessments or process-integrated assessments is emphasised, which allows for a better review of completed development projects and the draft of useful recommendations integrated into the current implementation practice. The mostly relevant actors, like the established National Evaluation Unit of Poland, formed by the heads of managing authorities of each operational programme, are also indispensable to coordinate and lead the activity. The Dutch, German and Czech evaluations can carry generally adaptive solutions spread over the whole Community and there are nations which dominate the lack of internal need. Furthermore, a political reluctance and caution can also be observed, which considers the exploration of efficiency problems, and in particular their disclosure, unnecessary.

4. SUMMARISING SYNTHESIS OF EVALUATIONS AND MEASUREMENTS

The Glasgow university research consortium gave valuable summaries and comparisons on the evaluation practices applied in different Member States, a synthesis excerpt of which is included in the table hereunder, together with characteristics of use in Hungary over a 10-year period (Table 1) (EPRC 2014, p22-23).

Table 1 Comparison of measurement and evaluation practices in the Member States

Country	IMPLEMENTED BY	TERRITORIAL LEVEL	SUBJECT	FOCUS
Austria	consultants and universities occasionally government institutions	(mostly) provinces	lack of individual assessments (combined with other measurements)	impact
Finland	mostly external (for reasons of objectivity but the added value is sometimes questionable)	national and regional	instruments and programmes (regional strategic programmes and individual projects)	effectiveness
France	diverse: politicians, civil society organizations, external researchers, ministries set up evaluating working groups with a limited number of consultants	national and regional	entire topics (eg. support for businesses) the Interministerial Committee on modernising the public sector decides on the evaluations, choice of subject by the Government, according to their programme	impact and efficiency
Germany	consultants and universities	local level evaluations are handled on federal state level, the EU Commission assesses on the level of the Lander	instrument-specific assessment of business development	impact, efficiency value for money

Country	IMPLEMENTED BY	TERRITORIAL LEVEL	SUBJECT	FOCUS
Italy	consultants and universities regional and national evaluation units	national and regional (more and more regional in recent years)	varied: thematic and program-oriented evaluations	utility and efficiency
The Netherlands	consultants, research institutes	national	varied: individual instruments, complete programmes, themes	impact, effectiveness efficiency
Poland	(mostly) consultants and universities internal: National Evaluation Unit (growing importance)	national and increasingly regional	Varied: according to the beneficiaries of grants; instruments, programmes	impact and implementation
Sweden	a national agency (Tillväxtanalys) responsible for organizing the evaluations, which can be both external and internal	national	entire programme, major projects (over 1 million EUR), review of implementing bodies	utility and efficiency
United Kingdom	consultants and internal: NAO	national (local to be expected)	varied: individual instruments, complete programmes, themes	value for money, efficiency, implementation
Hungary	external: consultants state: GCO, Court of Auditors [2013], Financial Supervisory Authority (NTCA)	national	themes, full programmes (compulsory towards the Commission: OP ex-ante, mid-term and ex-post), evaluation of grant managers	effectiveness implementation

Source: own production on the basis of data from EPRC (2014) p16-17, and own production based on an integrated presentation of the Hungarian specificities.

While going through my synthesis aimed at providing a definition of efficiency we can observe that when examining the evaluation practices of each Member State, their monitoring activity appears both at the level of institutional operation, and at the level of programme and project creation / selection. Project-level examinations refer almost exclusively to questions of effectiveness and aggregated impact mechanisms. In my view, however, there is a real need for assessing efficiency also at the project level, where it has to be examined:

- why the implementation of a given development project – regardless of its infrastructural and “soft” content – was delayed (if the implementation is taking place near the end of the programming period, and it is delayed, there is a risk of absorption issues);
- how the need for funds developed during the actual implementation, as compared to the planned budget;
- what additional costs were incurred during the project (the assessment of their existence and extent might indicate/indicates operational problems of the institutional framework and an excessive or inappropriate drafting of legislative prerequisites);
- in addition to the planned content what extra activities were carried out on a compulsory or optional basis.

Programme-level evaluations include efficiency aspects, expecting predictability, flexibility, future-oriented planning, monitoring during the process, transparency, integrated feedback and evaluation from the institutional framework, as well as determination of average costs, legitimate partnership, adequate subsidiarity and to choose the best possible instrument to achieve the objective, while minimizing rent seeking and monopoly of information, accompanying the institutional framework in the field of project selection.

In the paper by the research consortium of Glasgow, which can be qualified as a pioneering work, I had to take a critical approach regarding the conclusion (EPRC 2014, p39), according to which there aren't enough financial and human resources to carry out the evaluations. In my opinion, in both cases the problem refers “only” to the use, meaning that an appropriate and coordinated spending of the technical assistance resource offers a space wide enough for such measurements and reviews, regardless of whether they are carried out by external experts, institutional staff, or working groups made up of the combination of these two, as the wide variety of the above mentioned of Member State practices has shown. Human resources can be supplemented in such a way that through rationalisation and streamlining of programme management tasks – which in itself results in institutional efficiency – transfer of labour force will become possible. The development of the system of e-tendering and e-accounting provides a particular opportunity for that, which is carried out in Hungary at a particularly high level, also in EU standards. Apart from the above consideration, we shall not forget the conclusion according to which, and on the basis of measurement practices of the Member States, the synthesis study identifies institutional problems as the main limit of efficiency (2014: 39):

- lack of experiences regarding “evidence-based” policies, meaning that the missing link between cohesion policy making and the results of assessment measuring implementation results in non-efficient programmes by not being tailored to the analysis of efficiency, therefore unclear initiatives or initiatives’ results, which are contrary to the original intentions, can occur;
- Measurements are often brought about by short-term obligations – see the evaluation requirements of the European Commission – or a lack of political information, which is not a perspectival demand. It also restricts the efficiency-focused content of the measurements or completely ignores the identification of such phenomena that would result in experiences of this kind.

As a closing remark, I refer to the difficulty of measurability which is described in all the above mentioned literature, not only regarding the issue of specifying impact and effectiveness, but also as a benchmark of high-quality implementation. An example from Hungary is the tell-tale case of the approach taken by town leaders according to which a public park had to be renewed in the framework of a spot-like municipal development investment carried out under the Regional Operational Programme because it would “educate the public to order”. No other added economic value, settling of new companies, decreasing number of crimes committed, more social events organized was mentioned, simply increasing the level of demand of the current population and of future generations. This cannot and perhaps shall not be denied, but it can hardly be measured.

5. CONCLUSION

On the basis of experiences from the 2007-2013 budgetary period burdened with the economic crisis, the European Commission set up a more stringent regulatory system both in its content and in terms of the absorption performance, as a result of a 25-month consultation period with Member States about the development policy funding framework for 2014-2020. The need for more efficient use – redefined by the so-called Barca Report of 2009, through the concept of the quality of spending – reflected both the increased expectations of net contributor Member States, and the fact that for the first time in the entire history of the cohesion development policies we have had to face limited resources (Barca 2009). Not the extent of the reduction but the reversing trend in itself is a tell-tale sign in an enlarging Union or in a Union that does not exclude the possibility of enlargement.

Legislative changes that originally focused on efficiency, contributed not only to delays in the institutional and programming tasks of member countries, but also to the creation of marked bottlenecks. The requirements of allocations proportionate to resources, embodied in the thematic concentration and the commitments of the so-called EU2020 objectives, as well as the individual regulatory system of each operational programme made Member States face a planning challenge similar to a four-dimensional matrix, that had to face both the absorption and con-

tent-related commitments made in the year $n+1$ (2014) of the 2007-2013 programming period, as well as the delayed, more focused, stringent and often not yet finalized requirements of the new period during the setting up of programmes (Gyóriné 2015).

Apart from content-related obligations, a more stringent accountability also appears in the new programming period, a priority area of which is the quality of spending or efficient use, although this concept is not uniformly defined either at the EU or at the Member State level, and is not measured in a comparable way.

In order to overcome the lacking definition of the concept of efficiency I proceeded by examining the literature and methods of measurement of efficiency both at the EU and at the member country level. The project-level definition as a synthesis of the study can be summarised as follows:

The use of funds can be considered efficient if it takes place by achieving the right objective through the best unit cost management and timing, within an appropriate institutional framework. The conditions for an appropriate institutional framework are:

- subsidiarity
- partnership/client-friendly approach (feedback to be integrated)
- flexibility
- predictability
- transparency
- stability
- minimized rent seeking and monopoly of information

There are several examples from Member States of programme-level efficiency, in the absence of uniform EU regulation it is not well determined, although this aspect is mentioned by all Member States as a requirement for the use of funds. On the basis of the synthesis of evaluation practices, the use of cohesion funds can be considered to be efficient when the following conditions are met:

- predictability
- flexibility
- future-oriented planning
- monitoring and evaluation during the process
- territorial synergies
- possibility for feedback

It is worth noting that efficiency criteria specified at the project level have to be ensured also at the programme level, and the other way around: project-level efficiency is a necessary but insufficient precondition for programme-level efficiency.

The objective is to better apply both at Member State and at EU level the motto of the UK National Audit Office, cited in this study as a good institutional example:

“Helping the nation spend *wisely* (NAO 2009).”

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