An Evaluation of the Strategy and Implementation Process of the EEC-PROVERE

Executive Summary
An Evaluation of the Strategy and Implementation Process of the EEC – PROVERE

Executive Summary

December 2013

Author: Sociedade Portuguesa de Inovação

Coordinator: Augusto Medina

Technical Team: Cátia Furtado, Hugo Magalhães, Isabel Aguiar, Isabel Morais, João Gonçalves, João Medina, Mariana Fernandes, Maria Maia, Marisa Rodrigues, Sara Brandão, Sara Medina, Susana Loureiro, Tânia Mendes, Tiago Marques

Contracting Authority: Secretaria-Geral do Ministério das Finanças e Observatório do QREN
EXECUTIVE SUMMARY

This study is part of a set of evaluations required by the Plano Global de Avaliação (Global Plan Assessment, PGA) of the Quadro de Referência Estratégico Nacional (National Strategic Reference Framework, QREN) and the Programas Operacionais (Operational Programmes, PO) from 2007-2013, which focus public policy on Estratégias de Eficiência Coletiva (Collective Efficiency Strategies, EEC) – PROVERE. The policy is supported by QREN through its POs.

In accordance with the PGA, the Observatório do QREN (QREN Observatory) and the Secretaria-Geral do Ministério das Finanças (General Secretariat of the Ministry of Finance) conducted a public tender to provide this study, in which Sociedade Portuguesa de Inovação (SPI) was selected.

PUBLIC POLICY FRAMEWORK OF COLLECTIVE EFFICIENCY STRATEGIES - PROVERE

In recent decades, there have been many support mechanisms targeting low density territories created to promote the construction and implementation of shared visions for territorial based development and to improve their competitiveness. Examples of these mechanisms include: the European Commission LEADER programme (“links between the rural economy and development actions”), the Programa Operacional de Promoção do Potencial de Desenvolvimento Regional (Operational Programme for Promoting the Potential Regional Development, PPDR); and the Ações Integradas de Base Territorial (Territorial Based Integrated Actions, AIBT).

PROVERE was designed during the current financial programming period in order to provide continuity for these support mechanisms. The PROVERE initiative represents a shift in paradigm of local and regional development policies, fostering many changes at the level of governance and in the design of strategies.

The contribution of the different programmes and support tools was formalized in 2008 in the Enquadramento das Estratégias de Eficiência Coletiva (Framework of the EEC), approved by the Comissões Ministeriais de Coordenação do Programa Operacional Fatores de Competitividade (Ministerial Commissions of the Operational Programme for Competitiveness Factors, and of Regional Operational Programmes), the Ministry for Agriculture, Rural Development and Fisheries, and by the Ministry of Labour and Social Policy. The Framework of the EEC document was the first step towards the implementation of the policy, and required the formal recognition of the EECs. This document also detailed the context in which the process of recognition should occur, and so, in order to be considered an EEC-PROVERE it was necessary to comply with a series of conditions, such as the existence of a partnership integrating regional or local actors relevant to the strategies (including firms and supporting institutions – research and technology development institutions, higher education institutions, vocational training, business associations, regional entities, etc.).

In addition, the Framework of the EEC proposed a number of positive discrimination measures, such as the opportunity of co-financing for the costs related to the coordination and management of the established consortium, and facilitating the access for the members to specific measures in regard to the Sistemas de Incentivos às Empresas do QREN (Incentive Systems to Business of QREN) and to other types of support included in COMPETE and Regional PO, the Programa Operacional Potencial Humano (Human Potential Operational Programme, POPH), and the Programa de Desenvolvimento Rural (Rural Development Programme, ProDer).

The Framework of the EEC was followed by a preparation process of Action Plans and strategies (structured in two phases), such that each Programme should include a set of flagship projects (structural to achieve the objectives of the EEC), and complementary projects (important to leverage the desired results within the EEC).

In accordance with the established recognition process, in July 2009, 25 EECs were formally recognized1.

1 The present study only focuses on 24 EEC-PROVERE, because the Municipality of Chamusca (Consoritium Leader of the AMBINOV – Innovative Solutions in environment, Residuals and Renewable Energy) realized that they did not have the necessary conditions to provide continuity to the assumed commitments, thus requested the revocation of the Recognition Dispatch strategy.
METHODOLOGY AND TEAM

The complexity of the realities under the analysis leads to the requirement to implement a multi-element methodology.

The evaluation team identified and analyzed key documents, and national and international statistical databases relevant to the study. There were 2 questionnaires implemented, and the team conducted 62 interviews and 21 workshops (overall, involving more than 250 participants). An innovative methodology was adopted for these workshops, with the main goal to gather opinions and recommendations of stakeholders to support this process of results evaluation. This consequently helped the development of relevant conclusions and recommendations, focused on the next programming period of the Community Structural Funds (2014-2020).

Additionally, an online software application for the Guia de Monitorização e Autoavaliação (Self-monitoring and Assessment Guide, GMA) was created. This is a support instrument for the detailed characterization of the activities carried out by the EEC and for the analysis and planning processes within the consortium. Plus, four national case studies were developed, and also the analysis carried out of the French programme Pôles d’Excellence Rurale (PER) was emphasized, in order to support various perspectives of the study.

During the evaluation process, several meetings were held with the Monitoring Group (coordinated by the QREN Observatory, along with the Regional Development Coordination Commissions – CCDRs/ Management Authorities of the Regional Operational Programmes). Further, four methodological presentation sessions were organized (jointly with the CCDRs/ Management Authorities of the Regional Operational Programmes), and, finally there will be one public event to present and discuss the achieved results.

The methodology adopted allowed a detailed analysis of the important aspects, while including a wide range of perspectives and opinions of stakeholders (including the CCDRs and the Management Authorities of the Regional Operational Programmes, public and private entities that belong to the network of EEC-PROVERE and promoters of flagship and complementary projects, and other public and private entities, namely Grupos de Ação Local (Local Action Groups, GAL). This process allowed the general questions of the evaluation to be addressed in a thorough way, helping to lead to the formulation of relevant strategic and operational conclusions and recommendations from the study.

The methodology was enriched by the experience of the evaluation team in areas critical to the relevant subjects. The evaluation team was coordinated by Augusto Medina (SPI) with additional oversight provided by an Advisory Committee.

POLICY AND ITS IMPLEMENTATION

SUMMARY OF RESULTS, CONCLUSIONS AND RECOMMENDATIONS

Trying to overcome some weaknesses seen in previous programmes concerning low density territories, particularly with regard to the participation of the business community and the adoption of an integrated approach to the development of these territories, PROVERE established itself as a type of EEC integrated into the Competitiveness Agenda. Thus, PROVERE aimed to mobilize various incentives among the co-financed support from different European Funds.

The revitalization and dynamization of the competitiveness and attractiveness of the targeted territories (which have been losing human capital whilst increasingly experiencing investment deficits, particularly in innovation based activities) are the main goals of this Programme and are recognized as essential. As such, it must be assumed as a priority of future regional development policies. It is necessary to follow a bottom-up approach based on the economic valorization of the local resources, trying to involve the local agents as much as possible. This aims at guaranteeing that all the operational conditions necessary for success are in place, and helps to avoid only focusing on weaknesses.

To succeed it is firstly necessary to ensure that the support policy to low density territories is consistent and continuous. This means a medium term (2014-2020) design must be used, that considers previous good
practices (namely Rural Centers, AIBT and PROVERE) and that is closely aligned with the territories’ priorities. Therefore, the anchoring on the State Budget and on the territorialization instruments expected by the next programming period appears to be fundamental. Thus, the creation of Territorial Integrated Investments (ITIs) for low density territories is recommended, with the aim to ensure the desirable relationships with the Community Based Approach to Local Development (DLBC).

The regional development policy regarding these low density territories should mobilize the territory-based instruments in question. Nevertheless, the policy must not lose its course when policy makers are changed, as has happened in the past.

Secondly, the success of the policy also depends on improving the coordination between public administration entities. An effective networking and coordination is required, that motivates the main beneficiaries of the Programme. The definition of two levels of coordination, one political and other operational, will facilitate this. It is recommended that the general coordination of the low density territory support policy is provided by the Deputy Minister and of Regional Development (with strong links to other Ministries, such as the Economics Ministry, and Ministry of Agriculture and Sea). This will ensure the necessary political framework and support for the future Programme. Additionally, it is recommended that the operational coordination is held by a group that is especially created for this purpose, guaranteeing the necessary standardization of methodologies. The group model created in the current Programme, but which was not implemented, may be used as a reference.

Following international trends of territorialization, the future public policy instrument on the growth and development of the most deprived territories must be more capable of providing solutions to the governance challenges that may arise than its preceding policy. These challenges may include those that arise from shared policies, from the interaction between actors at different decision-making levels, and from the State’s role as an “indirect stimulator”. The creation of a working group to provide such solutions is necessary due to the demands imposed by an integrated approach that aims to unify different agendas and consolidate demands. The working group would be able to consider the functioning of the network that has emerged from PROVERE, and help ensure the coordination between the policy makers and implementers for the upcoming public policy instrument.

Thirdly, and finally, creating the required conditions for improved efficiency implies the adjustment of expectations, the use of reference points, encouragement of professional practices and a focus on the accountability of relevant actors in achieving results.

Providing continuity to already undertaken efforts is both necessary and beneficial. Doing so reduces any costs associated with moving between policies and also generates opportunities that can create important contributions to the interventions supported. The Programme has ambitious goals for regional development, involving strategies and interventions that need a long maturing process to impact on the territories and actors.

However, this does not mean that continuity should be emphasized for all EEC-PROVERE approved and supported interventions, in particular if they are no longer in accordance with the priorities. Further, the Program should not be a closed process, nor out of line with socio-economic changes that may now be a source of other opportunities and priorities in the territories. Therefore, it is relevant to allow a new recognition process within which new actors may apply in the short term. This may result in the possibility of non-recognition of some EECs that had been previously recognized.

The EEC recognition process is thought to have been adequate (involving a preparatory action phase and a formal recognition phase, which had the support of an Evaluation Commission and, in some cases, of external experts). It is important however to create the necessary conditions that, in a new recognition process, would allow the identification of realistic and mature strategies, committed to the results, and that will be able to contribute to the objectives. In order to enable this, it will be necessary to guarantee as much rigor as possible, including the introduction of maximum limits on budget allocation and the use of objective criteria for project
An Evaluation of the Strategy and Implementation Process of the EEC - PROVERE

analysis, through consortium development and model of governance. It is important to clarify that many of the difficulties experienced at the operational level originate from the lack of precise orientation on the investment limits and level of project development in the initial process (preparatory actions and formal recognition). This has permitted less consistent proposals from the strategic and organizational point of view to be approved.

Given its relevance, a preparatory action phase focused only on new proponents can be expected. This will facilitate the emergence and selection of ideas, and promote investment goals that can be different or complementary to the current ones.

In the bottom-up approach, it is expected that local actors will assume a decisive role both in the conception and implementation of the strategies. Autonomy is reinforced during the process, consequently improving the accountability for results. However, the adoption of work methodologies based on a collaborative philosophy goes beyond a simple concretization of the projects belonging to the Action Plans, and must be associated to the consortium leaders and network members.

From the analysis, it is possible to understand that the activities developed in EEC-PROVERE have frequently been limited to the implementation of projects (flagship projects, complementary projects and dynamization, coordination, follow-up, monitoring and management of consortia projects). Most of the flagship and complementary projects have been individually developed. Further, both in terms of investment or operations, there have been fewer projects than initially expected. As a result of the revision processes undertaken by the CCDRs, numerous changes have been implemented into the Action Plans, with many of the operations been eliminated or replaced by other initiatives (regarded as more mature and with faster implementation).

The emergence of agglomeration economies did not have the expected impact. This is due to the low level of experience of the consortium leaders and of the teams responsible for the EEC management in the context of collective efficiency. This is furthered by the lack of tradition in cooperative work and establishment of networks in these territories. Additionally, since human resources were not exclusively dedicated to these activities and there was insufficient awareness about the rules and procedures of the funding Programmes, in some cases the consortium leaders were unable to provide adequate support in orientating projects as well as in identifying and implementing funding opportunities. This acted as an additional obstacle to the already existing difficulties in regard to the links between funding instruments, lack of maturity of some projects and the low investment capacity of the project promoters (worsened by the socio-economic crisis).

The combination of these factors led to a low level of project execution in the Action Plans and, consequently, a decrease in PROVERE’s potential impacts in the territories.

As such, the Evaluation Team believes that it is important both to reinforce the knowledge and skills of the specialists involved in the stimulation and management of the consortium with regard to issues relevant to the EEC processes (including the understanding of funding programmes), and to ensure exclusive dedication of human resources to these activities.

The set of measures has made significant amounts available to support the three types of projects (flagship; complementary; and dynamization, coordination, follow-up, monitoring and management of consortia). However, operational difficulties with most of the preferential access processes anticipated in the EEC Framework, as well as differences in treatment for the positive discrimination mechanisms of the different
funding Programmes by the Management Authorities have arisen. Mechanisms involving the application of bonuses and the implementation of tenders with budget allocations specific to EEC-PROVERE were only applied by the Regional Operational Programmes, *Sistemas de Incentivos às Empresas* (Incentive Systems to Business) of QREN and the *Sistema de Apoio às Ações Coletivas* (Support System for Collective Actions, SIAC). PRODER implemented the application of bonuses at the merit analysis level. However, in other funding Programmes, no positive discrimination mechanisms were implemented for EEC-PROVERE projects. This was the case for the POPH and the *Programa Operacional Valorização do Território* (Operational Programme for the Valorization of the Territory, POVT).

In addition, the preferential access provided by the Framework of the EEC document was not implemented. For example, in COMPETE the instruments that could support cooperation between actors and motivate the participation of the *Sistema Científico e Tecnológico* (Science and Technology System, SCT) entities in EEC-PROVERE projects were not put into practice. In addition to a limited focus on the objectives as stated in the Framework of the EEC, in some cases it was possible to identify a strong correlation between the expected operations from the Action Plans and opportunities that could have been funded directly under the Regional Operational Programmes.

It is thus important to ensure that conditions are created under which the new set of measures can fully facilitate the desired impact of the defined strategies by preserving the logic of having three types of project (flagship; complementary; and dynamization, coordination, follow-up, monitoring and management of consortia). The new set of measures should ensure the existence of flagship projects oriented to territorial marketing, establish the financial conditions for each Action Plan (taking into account the budget allocated to the ITIs for the low density territories), and implement a methodology for the continuous reception of applications with phased decisions.

In order to ensure compliance with the commitments established in the Action Plans, it is recommended that two measures be set as requirements in the funding of consortium leaders: i) the Action Plans must be sufficiently detailed, including a set of concrete and measurable goals directly related to the activities developed, and ii) the release of funds to the consortium leaders is dependent on the successful achievement of the goals. The Action Plans must be part of the contract to be established with the Management Authorities of the Regional Operational Programmes, which set the responsibilities for the consortium leaders with regard to the management of the ITIs.

**EVALUATION OF THE POLICY AND OF THE EEC-PROVERE**

Some of the results from the implementation of PROVERE are not as positive as desired. For instance, the achievements are not in line with the initial expectations, and there were difficulties caused by weak relationships between entities (at the Management Authorities level and at the consortium level). Further, EEC-PROVERE was too ambitious with regard to its capabilities in an environment harmed by the social-economic crisis. The implementation of an evaluation system and of commitments in terms of deadlines and accomplishment of results thus becomes imperative.

CCDRs implemented what was established in the *Despachos de Reconhecimento* (Recognition Dispatches). To do this CCDRs conducted an assessment of the Action Plan implementation, evaluating the achievement of the investment commitments associated to the flagship projects (to which the Regional Operational Programmes should guarantee sufficient budget allocation to enable their implementation). This evaluation process enabled the identification of deviations from the initial plan and the introduction of necessary actions to implement corrective measures. Such measures focused on the revision of the Action Plans and on the relationships with the Management Authorities of the Regional Operational Programmes, aiming at the creation of opportunities for tenders integrated in the investment plans.

The revisions of the Action Plans have proved to be efficient motivators for the physical and financial execution of EEC-PROVERE projects, having mainly resulted in the replacement of operations that had not ensured the necessary conditions to progress by projects that could be implemented in a better way and more quickly.
Since, in general, the dynamization, support and follow-up mechanisms are considered adequate, it is recommended that these are maintained in the future, although supported by a common evaluation method. This method should be standardized for all CCDRs (including external experts), and have accountable consequences in the cases in which the commitments are not met, and in which strategic changes are of most value. As such, and aiming at the accountability of the territorial agents for the results achieved, the necessary conditions for operation must be ensured. In the current situation, the existing operational framework (specifically that concerning the publication of calls) did not facilitate compliance with the implementation deadlines and the achievement of the required results established in the Recognition Dispatches. It is thus not possible, based on the indicators that were set, to identify the limitations in performance, nor is it not possible to assess the adequacy of the possible punitive actions.

It is also recommended that the assessment actions be part of the consortium leaders’ activities. As previously discussed, accountability for results is an essential element of a process that must emphasizes the role of the territorial actors in the introduction of significant changes in regional development.

Accordingly, the dynamization, support and follow-up processes should not be circumscribed to the elaboration of the annual self-assessment/implementation reports required by the CCDRs. Hence, it is urgent to ensure that joint discussions will be implemented on a regular basis, which should be based on the support instruments for the characterization of activities, for planning and decision-making and for benchmarking activities, such as the instrument developed in this study (GMA).

It is also recommended that the assessment actions be part of the consortium leaders’ activities. As previously discussed, accountability for results is an essential element of a process that must emphasizes the role of the territorial actors in the introduction of significant changes in regional development.

It should be noted that the support policy for low density territories presented goals that were wide-ranging and ambitious, but which were somewhat lost during operations. This fact caused the Framework of the EEC’s initial expectations of the contribution of EEC-PROVERE to the reinforcement of the territories’ economies to become inadequate. It was also expected that the EEC-PROVERE contributed to the enhancement of the attractiveness of the target territories in terms of population settlement and renewal, natural and cultural patrimony valorization, generation of new activities with strong incorporation of knowledge, densification of the business community, etc..

It should be recognized that the analysis of the EEC-PROVERE contributions should be revisited using a time period that is more adequate to the nature of the expected impacts. It is however possible to already identify potential impacts at the cooperation level (through reinforcement of relationships among actors in the territories and strategies aiming at gaining scale), at the innovation level (especially in incremental innovation, but also with some interesting examples in the areas of specialization and commercialization), and at the attractiveness level (through significant investments in infrastructures, health spas, and in activities focusing on promoting territorial identity and image aiming mainly at the promotion of tourism).

With regard to EEC-PROVERE activities aimed at the development of networks between territorial agents, it is important to identify the organization of heterogeneous consortia (with a strong representative presence of the enterprise sector) as a positive factor. This helped
the establishment and reinforcement of cooperative links. Emphasis was provided on the new and old (but reinforced) relationships among agents, since they have shown themselves to be relevant and sustainable. This constitutes one of the most important EEC-PROVERE contributions, although the relationships are mainly intra-rather than inter-territorial in nature.

There are some evident contributions to innovation, especially incremental innovation, which were leveraged by the operations supported by the framework measures.

Continuing on the topic of innovation, the changes generated in the territories did not take full advantage of the instruments to foster a stronger participation of SCT entities in EEC-PROVERE projects, nor of those aimed at promoting larger cooperation between stakeholders in collective actions.

Additionally, considering the contribution of EEC-PROVERE to the reinforcement of the collaboration between entities in activities focused on the market valorization of the resources, and in the stimulation of local entrepreneurship and human capacity building, it is important to note that, although the desirable impact at the level of the mobilized instruments did not occur, the cooperation among the entities did happen, mostly at an informal level. This resulted from the actions of some of the agents in the territory, who identified gaining scale as a strategic action, and for that reason established alliances with other project promoters or relevant agents. It is important to emphasize the low number of value-added activities and projects developed that foster entrepreneurial practices or human capacity building. Market valorization (frequently associated to tourism promotion) became one of the central objectives of the projects and activities.

In this context it is important to emphasize that most of the approved operations within EEC-PROVERE concern infrastructures and municipal equipment, health spas, and regional identity promotion activities. These provide an important contribution to territorial attractiveness, particularly for tourism, and also to the image and identity of the low density territories.

In the opinion of the Evaluation Team, public policy instrument and the territorial agents have evolved in a different way from initially expected, in many aspects falling short of the expectations. However, the added-value that the activities and projects have brought to these low density territories and, particularly, to the construction of collective identities centered on thematic focuses and strategies in which tourism sustains the valorization of their resources, is indisputable.

Porto, December of 2013
Sociedade Portuguesa de Inovação