“VALUTAZIONE DELLE POLITICHE PUBBLICHE: CHE COSA ABBIAMO IMPARATO?”
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Learning from Evaluation for Policy Impact

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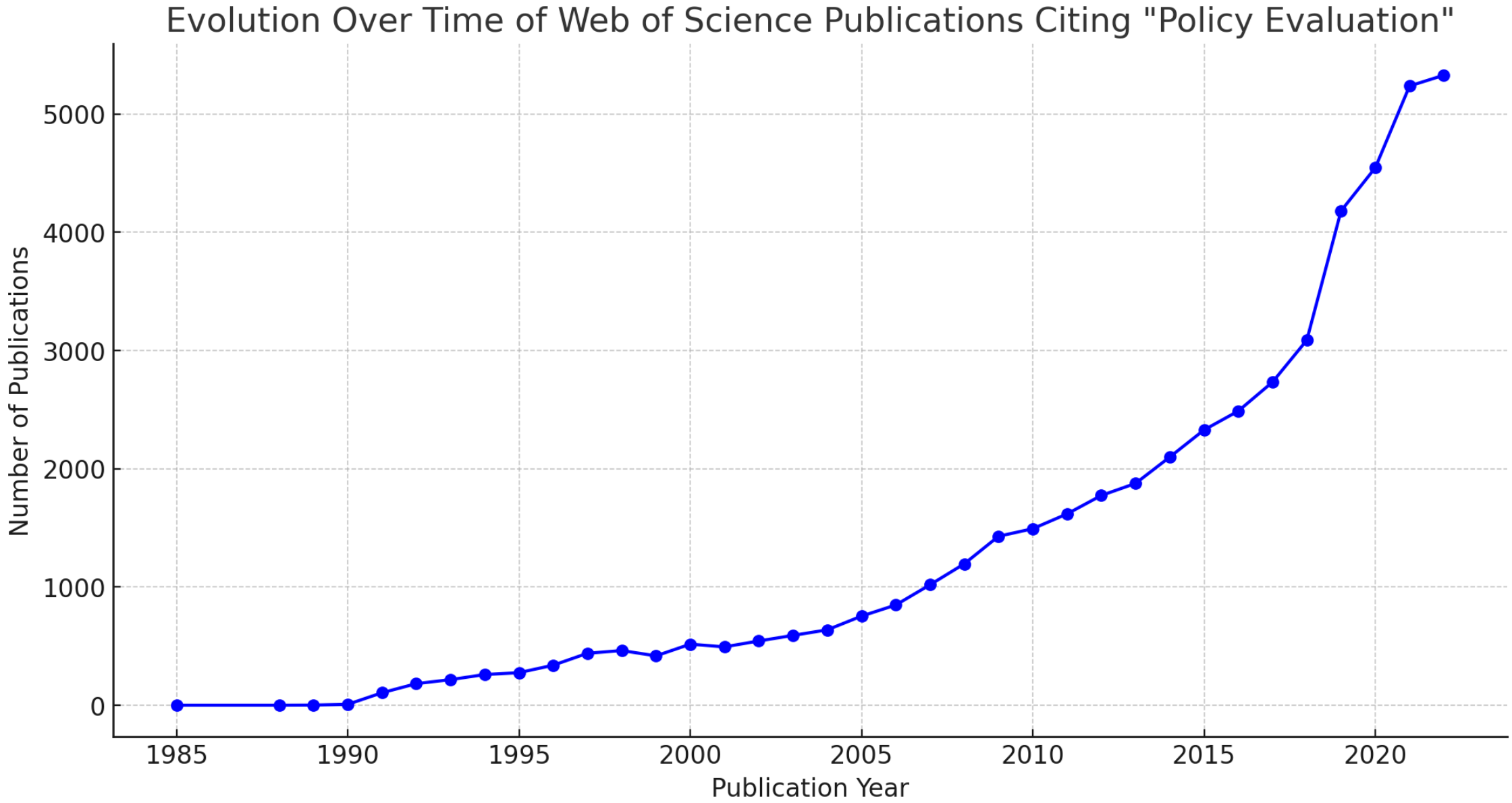
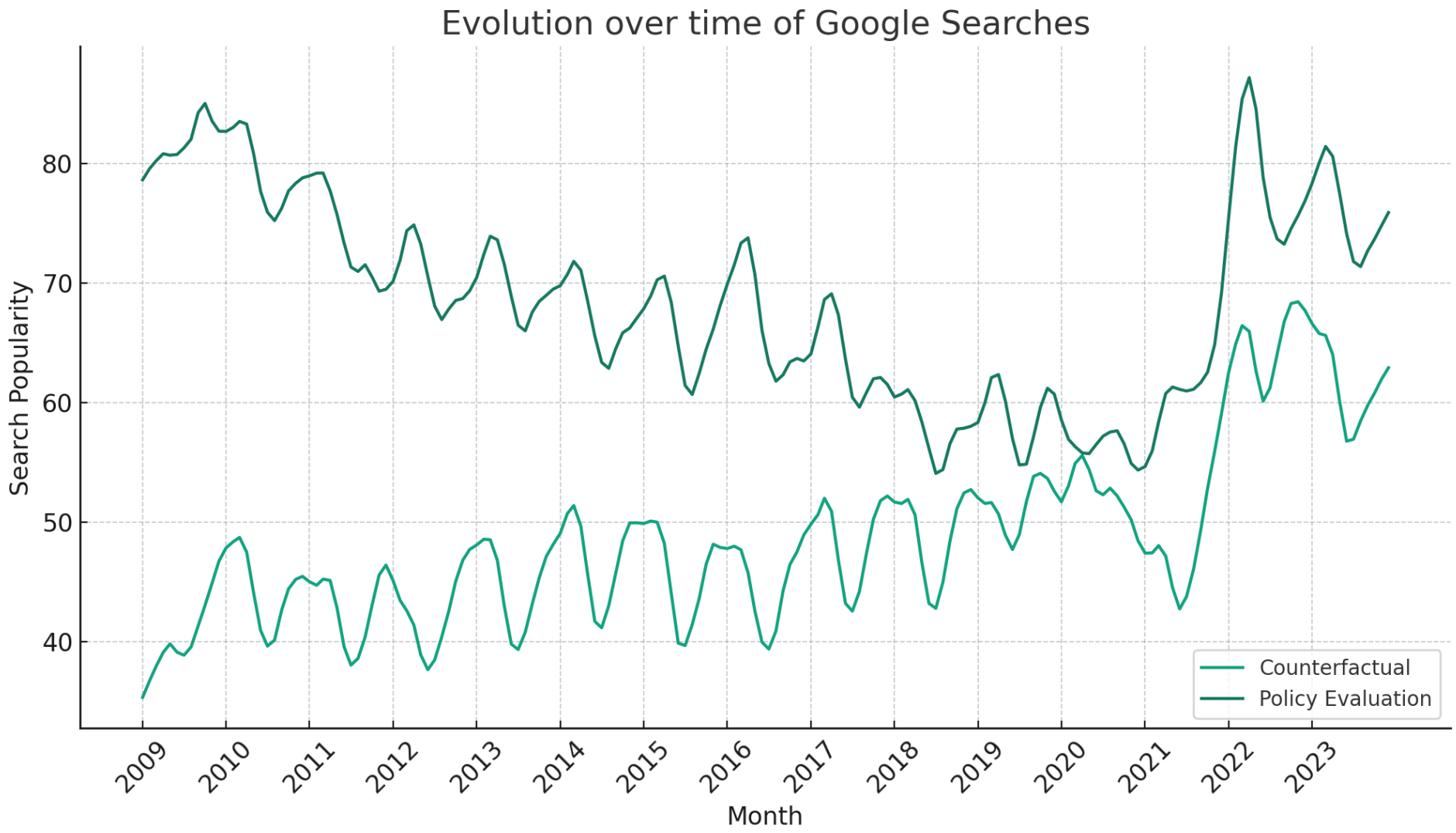

Evolution Over Time of Web of Science Publications Citing "Policy Evaluation"
Number of Publications
0
1000
2000
3000
4000
5000
1985
1990
1995
2000
2005
2010
2015
2020
Publication Year
54,214 publications selected from Web of Science Core Collection


5,972
Environmental Sciences
3,668
Economics
2,920
Computer Science Information Systems
2,747
Health Care Sciences Services
2,718
Computer Science Theory Methods
3,472
Environmental Studies
5,391
Public Environmental Occupational Health
3,174
Engineering Electrical Electronic
2,604
Education Educational Research
2,404
Green Sustainable Science Technology



The chart uses a Locally Weighted Scatterplot Smoothing (LOWESS) method to interpolate the weekly data points for Google searches of "counterfactual" and "policy evaluation". Each point on the line represents the smoothed average of search popularity for that period

Evaluation? No, thanks

The Bureaucrat

- Seeking career progression and power by growing budgets and staff;
- Competition with other policy areas

The Politician

- Seeking re-election and visibility;
- Time-constrained and often interested in short messages

The Expert

- Seeking success in market for ideas;
- Arguing for ‘big models’ more than incremental changes

The Citizens

- Small groups of beneficiaries lobby to maintain benefits/support
- Large groups mostly unaware of policy effects and worried about costs

This talk

Demand and Supply of ‘Policy Evaluation’: the mismatch

- The ‘bureaucrats’
- The ‘politicians’
- The ‘experts’
- … the ‘citizens/tax payers’

Pathway to impact: the example of Cohesion Policy

- How regions work
- How POLICIES work in practice

What works? Where? When? Under what conditions?

- Identification
- Contextualisation

Some general conclusions

What can policies learn from evaluation?

Policy in theory: the example of Cohesion Policy

Expenditure in less advanced regions is **economically** justified if it **can show that**:

- It is an **EU economic priority** (EU rationale)
  - Equity Argument (asymmetric impacts of EU integration and EU policies)
  - Efficiency Argument (removal of developmental bottlenecks and global challenges)
- It **works** (Impact → not only 'economic impacts' matter but all impacts should be testable against a credible benchmark)
- **Best use of public resources** vs. other alternative options (Effectiveness)

Policy in theory: the example of Cohesion Policy

Scholarly and policy debates have focused on **‘how regions work’**

- Very dynamic field of research in Economic Geography, Regional Economics, Urban Planning etc.
- Remarkable attention by policy makers taking on board state-of-the-art academic work (e.g. Barca Report or Smart Specialisation)
- Data quality constantly improving
- Very accurate diagnoses (e.g. Cohesion Report)

The cure: What works? Where? When? (1)

More limited attention to **‘how Regional Policies work and where’** in terms of economic outcomes

- More recent (but rapidly developing) field of research
- Still difficult to draw general conclusions to inform policies
- Significant data barriers (with some best practices, e.g. OpenCoesione in Italy)

The cure: What works? Where? When? (2)

Sophisticated **diagnoses** not matched by ‘well-tested medications’:

- Regions have been told (and very rightly so) to ‘invest more in **innovation**’, ‘increase and improve **human capital**’, ‘reinforce **institutions**’ etc.
- If all regions were good at this kind of thing, these problems wouldn't exist today!
- Generic recipes are good cover-ups for rent-seeking by local elites
- How to achieve these goals ***in practice*** given local conditions? What works? Where?

The cure: What works? Where? When? (3)

Theory-driven empirical work (quantitative, qualitative, mixed method, experimental)

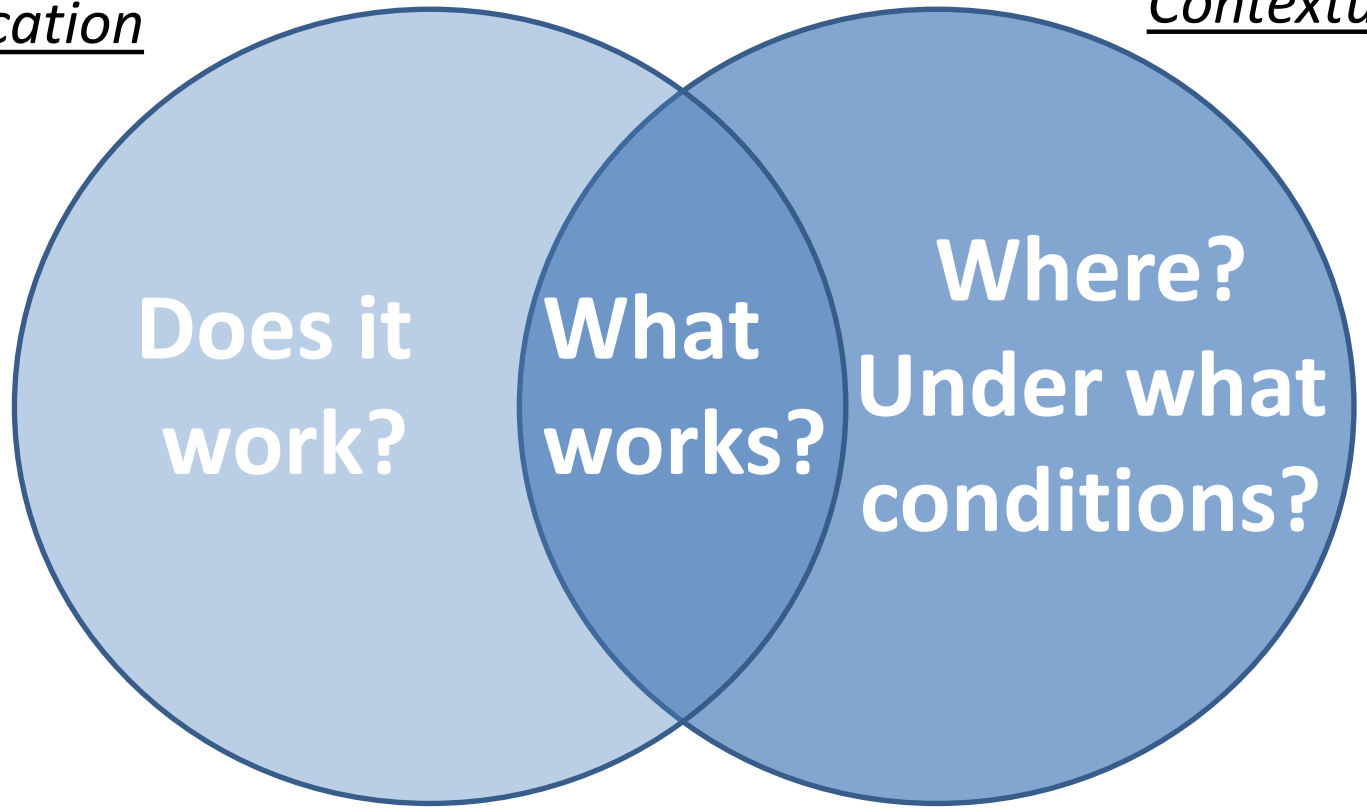
- Leveraging ‘real’ policy data and information
- Meeting ‘quality’ requirements in terms of falsifiability and reproducibility

Leverage **complementarities** between different streams of research

Analyses of heterogeneous effects of policies and programmes in different contexts

Identification

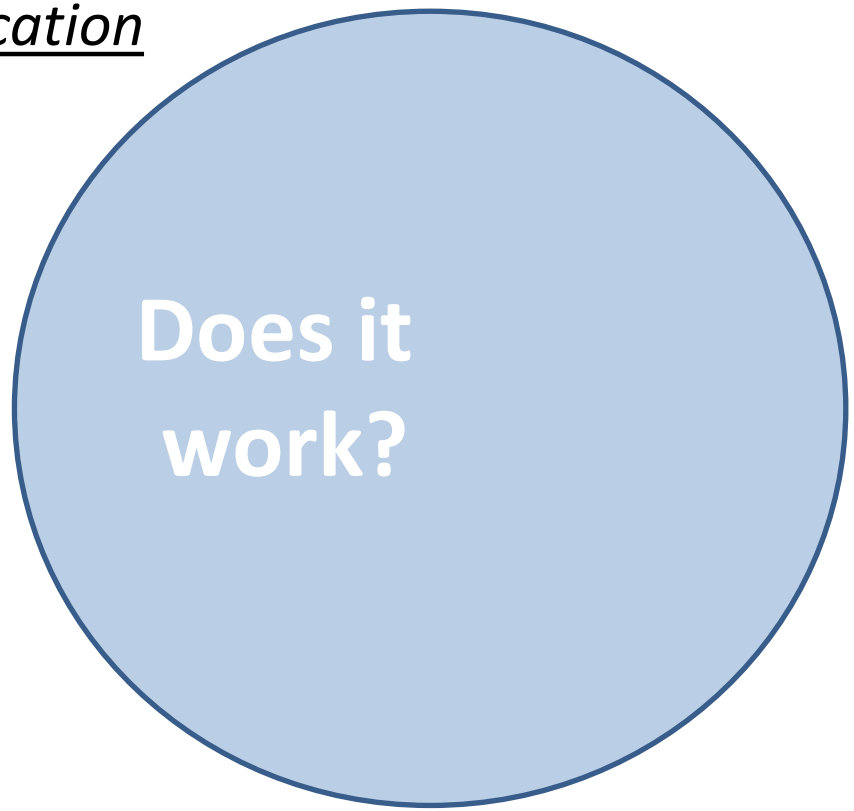
Contextualisation



Analyses of 'net' policy impact by means of counterfactual methods (*identification approaches*)

Analyses of territorial contextual conditions and factors conditioning success and failure (*contextualisation approaches*)

Identification



E.g. Mohl & Hagen, 2010; Becker et al., 2010; Accetturo & De Blasio, 2011; Bondonio & Greenbaum, 2012; Pellegrini et al., 2013.

Cohesion Policy: does it work?

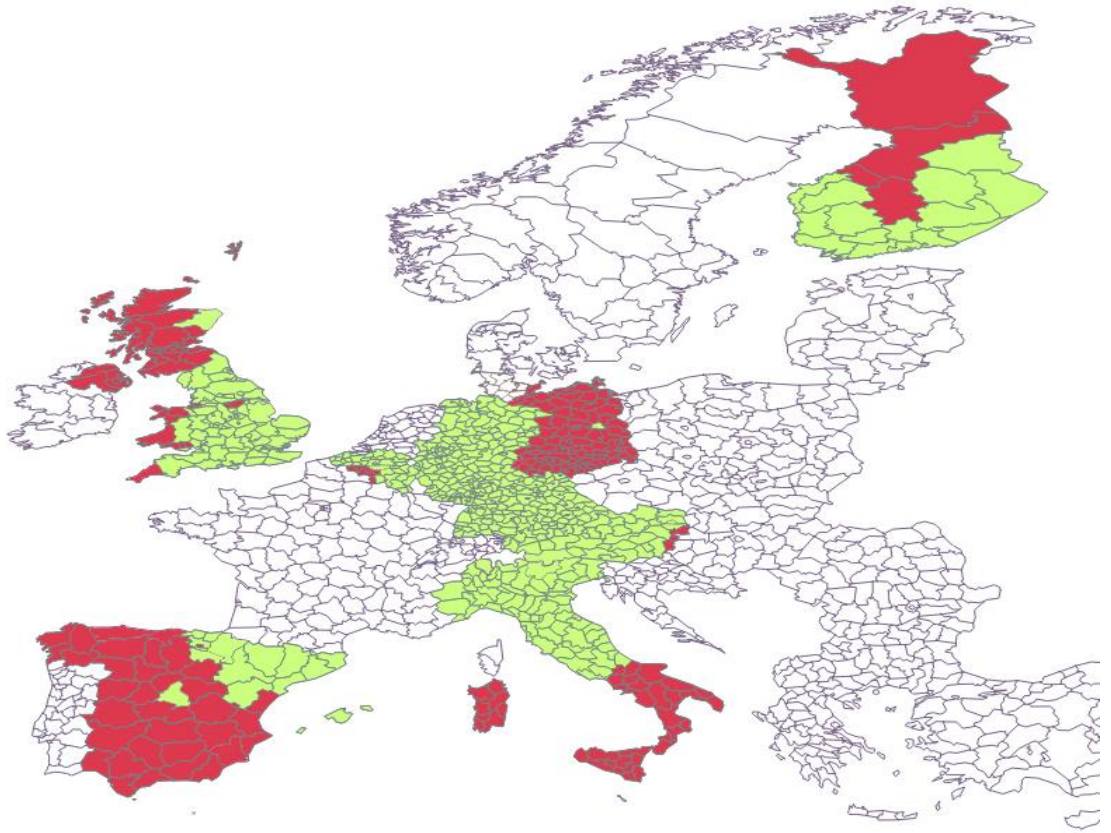
New Challenge - Cohesion Policy will operate (together with Next Generation EU) in regions affected by the pandemic and the 'transitions'. How to build 'resilience' in all regions?

Evaluation Methods & Data - Spatial Regression Discontinuity Design (RDD) estimates distinct but fully comparable regional impacts for each individual Member State before the Great Recession and during Recovery

Evidence - Positive EU-wide impact on regional employment that survived the Great Recession and supported less developed regions in the recovery period

Regions in Germany and the UK 'kept' their bonus after the Crisis vs. regions in Italy and Spain that 'lost' their advantage with the Great Recession

Lessons – Addressing institutional and governance conditions should be a priority in order to 'build' resilience



Treated NUTS-3 regions (Objective 1 regions in 2000-2006) in red. Counterfactual NUTS-3 regions in green

Crescenzi R. and Giua M. "One or many Cohesion Policies of the European Union? On the differential economic impacts of Cohesion Policy across Member States", Regional Studies, 2020, 54(1), 10–20

Contextualisation

E.g. Cappellen et al., 2003; Rodríguez-Pose & Fratesi, 2004; Ederveen et al., 2006; Dall'Erba et al., 2007; Esposti & Bussoletti, 2008; Bondonio & Greenbaum, 2012.

Cohesion Policy for RRF: When? Where?

		'Traditional' Projects	Digital & Green Projects	Total
On time	#	249,736	9,945	259,681
	%	88.24	69.83	87.36
Light delay	#	15,780	1,253	17,033
	%	5.58	8.80	5.73
Severe delay	#	17,494	3,044	20,538
	%	6.18	21.37	6.91
Total	#	283,010	14,242	297,252
	%	100.00	100.00	100.00

'Digital and Green' projects by completion status – 2014-2020 Cohesion Policy - Italy

New Challenge - Recovery Fund impacts the same territories as Cohesion Policy. How to support the digital and green transitions in all regions for timely impacts?

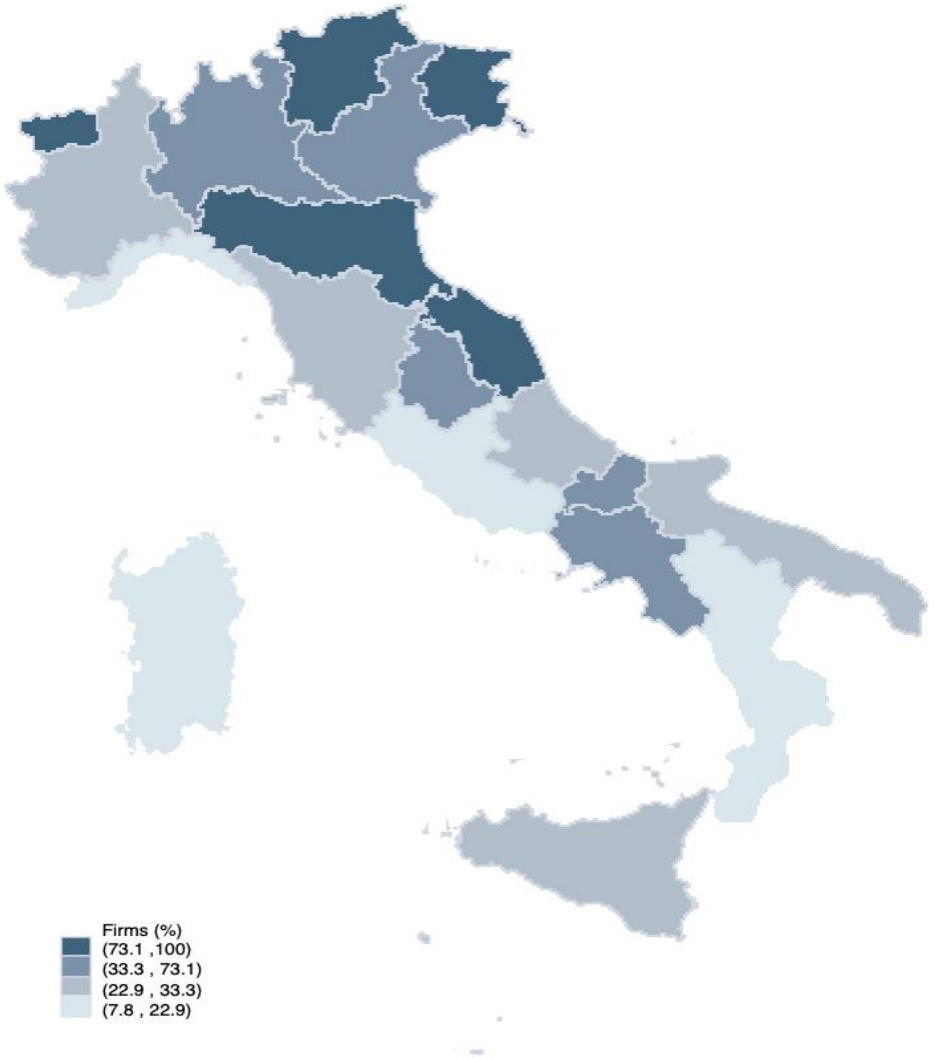
Evaluation Methods & Data - Textual analysis at the project level combined with regression methods shed light on what correlates with timely implementation.

Evidence - Digital and Green projects are inherently more prone to implementation delays in particular in 'weaker' regions

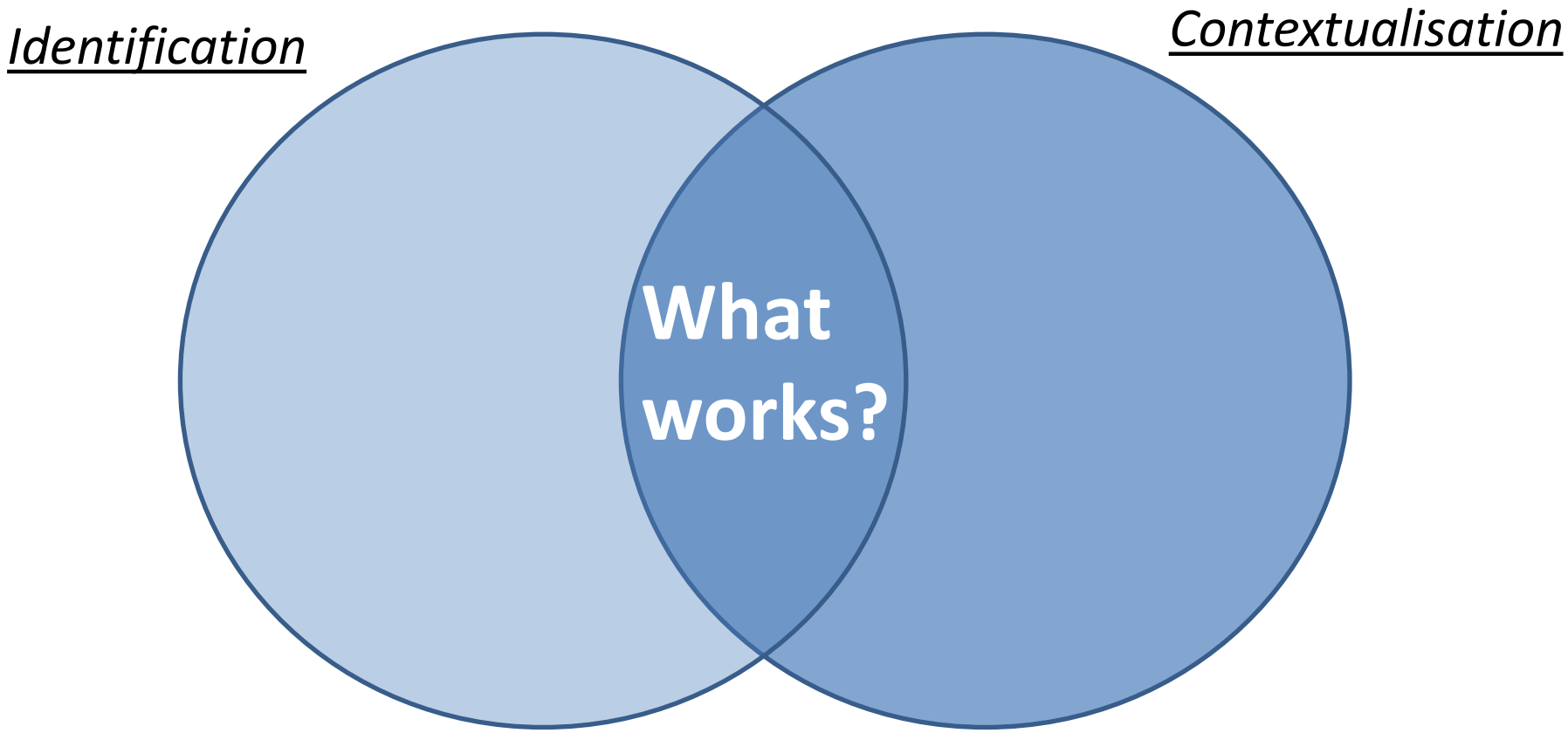
Lessons - The direct involvement of citizens through participatory procedures led by central governments can significantly cut delays.

Source: Crescenzi R., Giua M. and Sonzogno G. "Mind the Covid-19 crisis. An evidence-based implementation of Next Generation EU" Journal of Policy Modelling, 43(2), 278-297, 2021

Cohesion Policy for RRF: When? Where?



Share of ‘recovery’ funding for ‘firms’ – 2014-2020 Cohesion Policy - Italy


Identification
Contextualisation
What works?

Smart Specialisation: what works? (1)

New Challenge – Smart Specialisation had no practical testing on the ground beyond abstract concepts of entrepreneurial discovery.

What features of S-3 Programmes work best in the most disadvantaged areas of the EU?

What is the impact and 'value added' of some of the **new features** introduced into regional innovation strategies by S-3?

Evaluation Methods & Data – Leverage 'policy experiment' (forerunner programme) to estimate impacts. **RDD approach using the evaluation score** of the applications as the forcing variable (some projects are eligible but not funded due to limited resources

Evidence -

		Investments	Value Added	Employment
Z1: Public research (presence of a University in the project partnership)	Treatment*Z1	-1.1480 (0.8926)	0.4142 (0.7503)	1.0767* (0.4205)
Z2: Collaboration (project partnership involving large number of firms)	Treatment*Z2	-0.5514 (0.5438)	-1.9874*** (0.5263)	-1.9942*** (0.4992)
Z3: Advanced Activities (activity of the project classified as advanced)	Treatment*Z3	-0.4083 (0.4439)	-0.2672 (0.4907)	-1.4622* (0.5910)
Z4: Low tech (firms operating in low tech sectors)	Treatment*Z4	1.2951** (0.4333)	0.1203 (0.4162)	1.3514** (0.4749)
Z5: Patenting (firms with a high capacity of patenting)	Treatment*Z5	-0.1697*** (0.0477)	0.2223*** (0.0596)	0.1248 (0.0876)
Z6: Internationalisation (multinational corporations)	Treatment*Z6	-0.7148 (0.6535)	-0.9529* (0.3698)	-1.7699* (0.7928)

Crescenzi R., De Blasio G. and Giua M. "Cohesion Policy Incentives for Collaborative Industrial Research. The Evaluation of a Smart Specialisation Forerunner Programme", *Regional Studies*, 54:10, 1341-1353, 2020

Smart Specialisation: what works? (1)

Z1- **Collaboration** with public research centres or Universities does not increase impact

Z2 - **Large partnerships** have a negative impact on value added and employment

Z3 - **Most innovative activities** (e.g. ICT or Health and bio-technologies) do not show any additional benefits vs. **more 'traditional' activities** (e.g. Agro-industrial system, Cultural heritage)

Z4 - Firms operating in **low tech economic sectors** benefit the most

Z5 - Firms with more **consolidated innovative capabilities** reduce investments (crowding-out) and focus on value added

Z6 - No benefit for large **internationalised firms**

IMPACT matters for the future of Europe

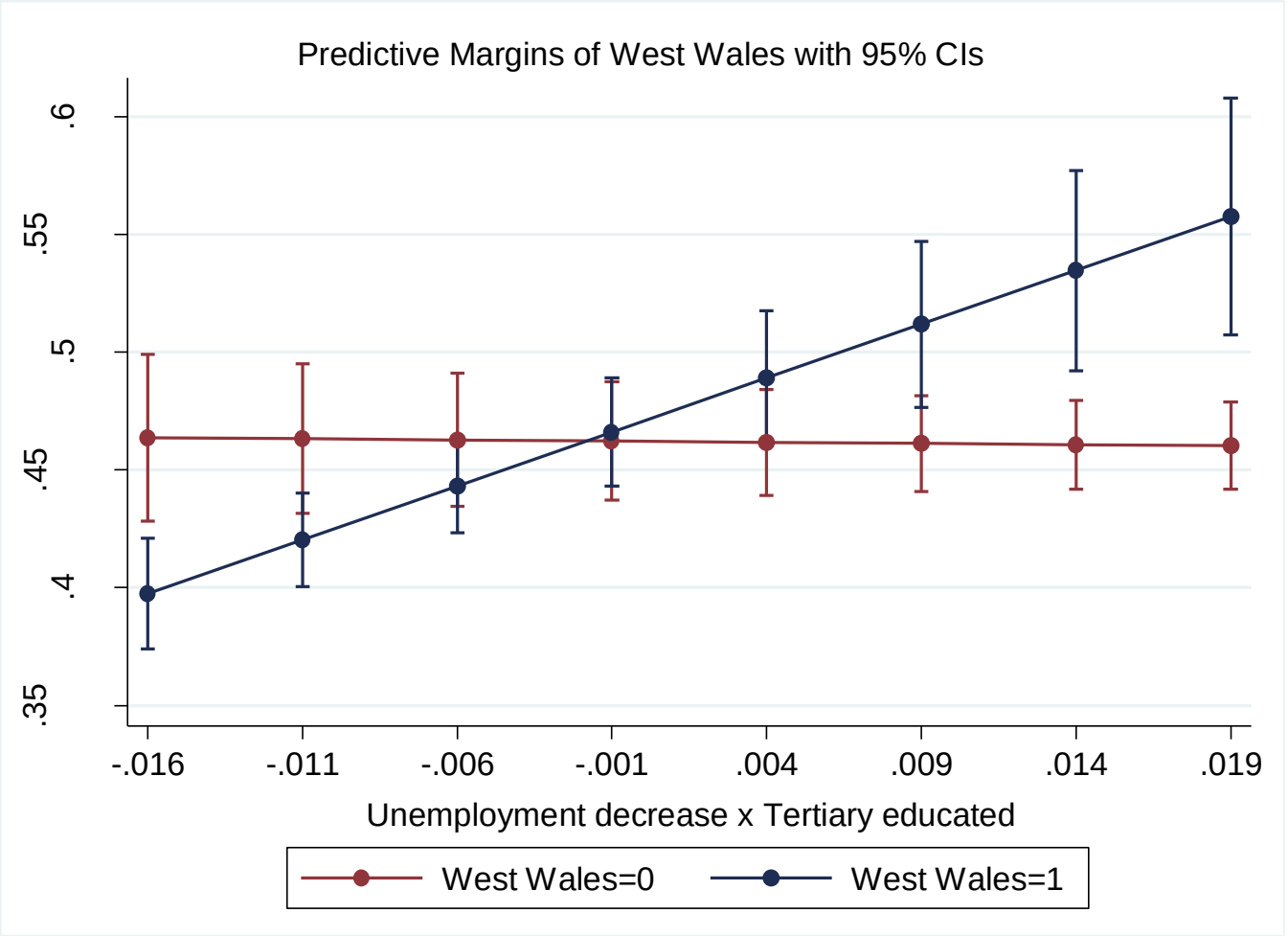
IMPACT matters for the future of Europe

Brexit votes suggest that EU development money mattered only where it generated local impacts

Red: control wards

Blue: treatment wards

Areas in **West Wales** where:
unemployment decreased more +
human capital is higher
voted **Remain more**
(than control wards)



Source: Crescenzi, Di Cataldo and Giua (2019)

50km from border, order 3 polynomials, excluding Cardiff

Conclusions (1)

EU Regions are facing **new challenges and opportunities**

- Multiple shocks and ‘transitions’ with asymmetric territorial impacts
- Shifting budget constraints for development policies

‘EU value added’ and **‘Impact’** are key to success in a changing Europe

Good understanding of **how regions work** (Diagnosis)

More work is needed on **how regional policies work in practice** (Well-tested medications)

- **What works?**
- **Under what conditions? When? Where?**

Conclusions (2)

New evidence combining identification **and** contextualisation

Gradual transparent **evidence-based policy learning** based on:

- Ex-ante, *in-itinere* and ex-post evaluation of policies, programmes and projects beyond formal requirements
- (Open) Data availability at the firm/individual beneficiary level in ALL Member States
- Combination of qualitative, quantitative and mixed methods (including Machine Learning)
- Stringent requirements in terms of valid methods, external validity and transferability of results
- Eclectic evidence-based selection of policy tools based on diagnosis of local developmental bottlenecks
- Small-scale experimentation with continuous feedback mechanisms.

Essential for EU integration that expenditure is translated into impactful policy actions:

- evaluation needs to be linked with citizens' engagement in order to trigger a virtuous demand circle
- Demand for evaluation generates support for evidence-based policies

Evaluation?
Yes, please!

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Key References

Crescenzi R., De Blasio G. and Giua M. "Cohesion Policy Incentives for Collaborative Industrial Research. The Evaluation of a Smart Specialisation Forerunner Programme", *Regional Studies*, 54:10, 1341-1353, 2020 *[OPEN ACCESS]*

- *Read also our VoxEu column : What works (and what doesn't) for smart specialisation strategies in Italy's Mezzogiorno*

Crescenzi R. and Giua M. "One or many Cohesion Policies of the European Union? On the differential economic impacts of Cohesion Policy across Member States", *Regional Studies*, 254:1, 10-20, 2020

Crescenzi R., Di Cataldo M. and Giua M. "It's not about the money. EU funds, local opportunities, and Euroscepticism" *Regional Science and Urban Economics*, 84, 103556, 2020

- *Read also our LSE Brexit Blog column :* https://blogs.lse.ac.uk/brexit/2019/11/12/money-cant-buy-love-for-europe-but-success-certainly-can/

Crescenzi R., Giua M. and Sonzogno G. "Mind the Covid-19 crisis. An evidence-based implementation of Next Generation EU", *Journal of Policy Modeling*, 43(2), 278-297, 2021

- *Read also our EUROPP column : https://blogs.lse.ac.uk/europpblog/2021/02/15/next-generation-eu-how-the-eus-covid-19-recovery-fund-should-be-implemented/*