

INTERIM EVALUATION STUDY OF THE MAIS CENTRO REGIONAL OPERATIONAL PROGRAMME

Executive Summary

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The outlines of the Mais Centro Operational Programme

Mais Centro is an Operational Programme of the National Strategic Reference Framework 2007–2013 whose goals are: i) to bolster competitiveness, innovation and knowledge in the Centre region; ii) to preserve and enhance existing resources within the regional area and to strengthen the region's integration and identity by means of territorial qualification; and iii) to enhance the specific resources of the territory, bolster the region's identity and qualify the sub-regional areas in an integrated manner.

Mais Centro was structured in such a way as to embody the major strategic priorities established for the region for the 2007–2013 period and mobilises a huge array of public policy instruments (29 operation typologies) supported by the ERDF, whose beneficiaries are public and private entities (in the case of enterprises, the incentives are only aimed at those of smaller size) active in the 12 NUTS 3 of the Centre region.

With an overall financial allocation of around 1.652 billion euros in ERDF structural financing,¹ Mais Centro is structured around three Priority Axes of key intervention, namely: Axis 1 – Competitiveness, Innovation and Knowledge (with an allocation of 718 million euros); Axis 2 – Enhancement of the Regional Area (210 million euros); and Axis 3 – Local and Urban Cohesion (724 million euros).

The gap between the contexts in which the Programme was prepared and implemented

Mais Centro was designed in a macroeconomic context marked by an outlook of continued and sustained economic growth and jobs creation, but the actual context surrounding the execution of the Programme, however, has been decisively marked by a global economic and financial crisis of sizeable proportions in the more advanced economies and, in Portugal, following the crisis in its external financing, by a climate of hard financial adjustment based on fiscal and budgetary measures that have severely reined in incomes and domestic demand and translated into the longest and most intense downturn in economic activity and private consumption in its most recent history.

The profound change in the economic and financial context verified during the Programme's implementation has had decisive repercussions on the level and composition of business and non-business investment, both in terms of market conditions and financing conditions. The chief effects of this change in context are felt at two levels – the prolonging of the period of execution of projects and the delaying of the production of the respective impacts – which combine to reduce the field of analysis as far as the number of projects completed by the evaluation reporting date (31 December 2012) is concerned and to complicate the full gauging of the impacts produced.

The financial scale of Mais Centro

Up to 31 December 2012, Mais Centro had supported 3,238 operations under the three Priority Axes analysed, involving overall approved Community financing of around 1.615 billion euros and attaining a commitment rate of 98% of the ERDF financing programmed. The Programme's execution rate, up to the said date, was around 56%, in line with the rest of the NSRF's operational programmes as a whole.²

In the overall context of the Programme, enterprise incentives account for 47% of the total number of operations and 22% of the approved Community financing, 15% of which is allocated to the innovation incentives scheme. The importance of these typologies in general terms express the priorities established for competitiveness, innovation and qualification of the business fabric in the region for the 2007-2013 period. A more detailed analysis reveals that, under the incentives schemes, support was preponderantly channelled towards small enterprises (50% of the incentives approved), the industrial sector (47%), tourism and services (21% and 23%), and projects of an individual nature, as opposed to projects of a more collective nature. On the other hand, it also shows the lower approvals rate in the incentives scheme for R&TD, bearing in mind the region's goal to raise its performance against the R&D benchmarks.

Besides the incentives schemes, the financing instruments which contributed most notably to the overall financing approved by the Programme are, on the one hand, the investments in requalifying the school network (18% of the total incentive) and those aimed at qualifying and raising the competitiveness of the regional urban fabric (14% of the incentive approved).

As far as the typology of promoters supported is concerned, despite the fact that private enterprises make up around 47% of the total number of operations (corresponding to 23% of the incentive), it is the local government which accounts for the largest portion of incentives granted (60% of the total). In the remaining typologies of promoters considered, also of note are institutes of higher education and R&D centres in terms of the amount of financing provided to the projects supported.

The contracts to delegate competences to the region's 12 inter-municipal communities (CIMs) accounted, in the final version, for around 527 million euros of Community funding, representing around 32% of the Programme's allocation. The allocation of support by operation typology reveals the focus on the requalifying of the primary school and pre-school network (42% of the total), territorial mobility (24%) and local collective facilities and services (10%).

¹ Added to which is the amount for technical assistance, which comes under the Programme's Priority Axis IV, which falls outside the focus of the current evaluation.

² According to the approval and execution data for October 2013, up to that point the programme had supported 3,928 operations, with a commitment rate of 99% and an execution rate of 66%.

The nature of the interim evaluation and its limitations

The interim evaluation of Mais Centro is part of a series of evaluations foreseen in the Overall Evaluation Plan of the NSRF and the Operational Programmes (OPs) whose purpose is to “contribute to a better understanding of the effectiveness and efficiency of the operational programmes by analysing their outputs, results and sustainability, and the contribution made to these by the OPs”. The focus of analysis of the present study is thus directed at the outputs and results of the interventions supported and their contribution to the aims of the Programme.

In line with the corresponding specifications, this study is a response to eight evaluation questions grouped into two distinct categories: firstly, questions related to the performance of the Programme based on the interventions supported; and, secondly, questions associated with the building up of the strategy for the Centre region for the 2014-2020 period. The current evaluation is thus complex in nature, in terms of the multiplicity of intervention areas covered by the Programme, the diversity of actors involved (enterprises, local government, regionally decentralised agencies of central administration, business and regional development associations and non-profit private organisations) and the specific circumstances in which it has been conducted.

The main challenge of the evaluation – which ultimately limits the analysis of the results and the gauging of the real impacts of the Programme – has to do with the range of its effects within the scope of competitiveness, cohesion and territorial enhancement, as well as with the fact that it was subject to re-programmings which implied the transiting of projects supported under some of its intervention areas to other operational programmes of the NSRF (namely the Territorial Enhancement and Competitiveness Factors OPs). The second major challenge stems from the timing of the evaluation: the proximity to the end of the current programming period limits its usefulness as far as the strategic reorientation of the Programme is concerned, but strengthens its contribution in terms of maximising the effectiveness and efficiency of Mais Centro to ensure its successful completion and, above all, to aid the preparation of the next Community structural programming period.

Like most of the NSRF programmes supported by the ERDF, analysis of the outputs and, above all, the gauging of the actual results of Mais Centro were restricted in the current evaluation by the limited number of projects completed: at the time of reporting, only 153 operations (5% of the total) had been formally concluded, all related to enterprise incentive typologies. Added to this number are 446 operations in their final physical or financial phase, in the vast case those under Axis 3. The evaluation conclusions regarding results and impacts must, therefore, be read with due care to ensure that suitable value is attributed to these specific details.

Analysis of the outputs and results required a critical and systematic reading of the output and results indicators and of the level of fulfilment of the targets set out in the programming phase. It was, above all, an effectiveness analysis undertaken through recourse to data analysis tools and the opinions of the actors, namely through surveys of the promoters of concluded projects or projects with a high level of financial execution, focus groups and interviews with entities involved in implementing the Programme and/or of regional relevance.

At this stage in the implementation of the intervention, the analysis of the potential effects (based on the forecasts at the time of application) was facilitated by the information contained in the Programme’s database, but the absence of data on the actual results of the supported projects in the information system and the difficulty of accessing the individual data of the business promoters on the national statistics system databases placed the onus of obtaining information on the actual results on the survey process, limiting counterfactual approaches from being fully undertaken with recourse to microeconomic analysis of the impacts.

THE MAIN CONCLUSIONS OF THE EVALUATION

The output profile for Mais Centro reveals support for projects which potentially contribute to the thematic agendas associated with internationalisation, innovation, qualification of enterprises and renewal of their business models, and the bolstering of the employability and skills of human resources. More modest contributions were achieved at the level of developing more qualified entrepreneurship and, above all, in investment in more R&D-intensive activities.

Support for enterprises through the incentives schemes accounts for 55% of ERDF support approved under Priority Axis 1 and, at the time of reporting, has lower approval and output rates than the average for the Programme, revealing the difficulties of mobilising demand and higher levels of selectivity than in the other typologies, as well as the difficulties of executing investments in enterprises. The output profile of the projects supported reveals the bolstering of the high **industrial specialisation** of the Centre region, insofar as all mining and manufacturing activities are over-represented in the Programme compared to the potentially eligible regional business reference group, with particular mention for the chemical, metals, mechanical, electronic, transport material and construction materials sectors. In this context, the investment supported by Mais Centro:

- Appears to contribute to a certain upgrading of the region’s **productive specialisation profile**, insofar as activities that intensively seek economies of scale and product differentiation strategies, that are of high, medium-high and medium-low technology, that are tradable and that are positioned in the knowledge-based economy are over-represented in the Programme compared to the regional business fabric potentially eligible under the incentives schemes; support for investment in activities intense in R&D strategies is, however, under-represented, restricting their potential contribution to overcoming the region’s under-specialisation in these activities;

- Contributed favourably to the thematic agenda of **internationalisation** and valorisation of tradable goods and services, given the high importance of tradable activities in the demand for the Programme's support, the heavy weight of new exporters and export enterprises in this demand, the relative importance of this theme vis-à-vis expenditure and investment typologies; the enterprises surveyed, and with projects concluded, also registered positive results between the pre- and post-project years in exports (up 35%) and greater export orientation (up 15 percentage points);
- Appears to contribute positively to implementing the **innovation** agenda, insofar as this theme is heavily present in the investment and expenditure typologies, strategies, competitive factors and qualitative impacts favoured by the interventions supported, specifically in terms of innovation in products, services and/or productive processes, while the demand profile appears to favour activities which are more intensive in technology, knowledge and more advanced, dynamic and innovative competitiveness factors (economies of scale, product differentiation);
- Appears to have made a sizeable contribution to implementing the thematic agenda for **qualifying enterprises** and renewing their business models, bearing in mind the nature of the investments supported and the strategies and competitive business factors favoured; positive results were also verified in the enterprises surveyed as far as innovation and differentiation and qualification of products and services are concerned, and, in more quantitative terms, the weight of skilled employment (up 7 percentage points) and productivity (up 10%) between the pre- and post-project years;
- Has made a positive contribution to bolstering **the employability and skills of human resources**, of which, at the level of promoter enterprises surveyed with completed projects, the evolution of employment and skilled employment between the pre- and post-project years (up 26% and 66%, respectively) is of note;
- Has made a positive contribution to the aim of promoting **entrepreneurship**, but below the target forecasted for the corresponding indicator; projects associated with the creation of new enterprises are not especially intensive in technology and in more advanced and dynamic competitiveness factors, but dominated by medium-low and medium-high technology, the intensive seeking of economies of scale and easy access to natural resources, besides registering lower importance in tradable activities than the overall average.

The real positive results gauged in the majority of the results indicators must not neglect the existence of significant deviations, by default, in terms of the accumulated variation in turnover (total and international), GVA and, above all, productivity between the pre-project year and post-project year, compared to that expected at the time of application. These deviations bolster stakeholders' perceptions of uncertainty about the real attainment of the expected outputs and results and point clearly to the need for Mais Centro and the intermediate bodies to accompany the projects supported more closely.

Priority Axis 1 encompasses an important potential to transform the conditions supporting productive activity, in particular the network of scientific, technological and enterprise hosting infrastructure, but the outputs and results are still far below those indicated by the approvals profile.

In the aims of bolstering the conditions of support for competitiveness, innovation and knowledge in the region, of note is the focus on strengthening the science and technology network and the conditions promoting business innovation, whose weight within total approvals is consistent with the objective to overcome the region's low technology and innovation intensity by identifying the creation of new forms of cooperation with knowledge and technology transfer centres and new solutions for territorial localisation as decisive triumphs in the region's competitiveness. Support for the areas of business hosting, science and technology parks, incubators and other scientific and technological infrastructure reveals high demand across the board and high admissibility rates in most of the calls for applications, confirming promoters' interest and the suitability of the projects to the strategy set out, as well as the positive performance of the Programme's output and results indicators.

Projects supporting science and technology infrastructure are spread across seven of the region's NUTS 3, according to a multi-centred approach, but heavily concentrated on the two key hubs: Baixo Mondego and Baixo Vouga. The projects are heavily oriented, perhaps excessively so, towards the creation of new physical infrastructure, with little emphasis on consolidation, requalification, re-equipping or the non-material aspect. Relational capital between the key actors in the regional innovation ecosystem has improved significantly with the process of implementing support for science and technology infrastructure, ensuring a very satisfactory level of agreement and coordination and indicating that the solution of acting within a network led by the universities can ensure a certain thrift in investment and enhance the expected results and impacts.

The pursuit of these aims is severely limited by the difficulties in carrying through the projects, which is evident in the low financial output rate of the typologies and the backwardness of the respective indicators when the executed values are considered. In the case of scientific and technological infrastructure, in 2013 several financially relevant projects were cancelled in this typology, indicating an over-valuation of promoters' investment capacities.

The pace of execution suggests that most of the targets under Priority Axes 2 and 3 will be foreseeably achieved, notwithstanding the series of downward adjustments in budgetary allocations and delays in execution, which stress the critical need for rigorously accompanying the projects and for a valid and eligible reserve fund to deal with falls in approved investment.

At the end of 2012, Axis 2 was overbooked, but the transfer of approved operations to the Territorial Enhancement OP allowed the release of a sizeable amount of funding and the adjustment of the level of commitment to that programmed. The aim of supporting environmental protection, management and qualification accounted for over half the funding approved under the Axis, corroborating the strong ties between the region's identity and the great diversity of natural and cultural resources, whose economic preservation and valorisation is still severely limited by their geographic dispersal and the existing asymmetries in territorial qualification. Considering the approvals, the majority of the output and results indicators for this area have already hit their targets for 2015.

The aim of enhancing and safeguarding cultural heritage and access to the enjoyment and participation in cultural activities accounts for 15% of the amount approved under Axis 2. The targets for the respective output and results indicators have already been hit, and will likely be surpassed, despite the difficulties in execution, indicated by the output rates and downward adjustments for projects of a structuring nature. Cultural heritage interventions are relatively dispersed and are reactive in nature given the poor state of heritage conservation, while support for the valorisation and real enjoyment of these resources by the public has been far less achieved. In terms of support for network cultural programming, of note are the gains in scale and efficiency attained by the cultural market operators and, consequently, the boosting of cultural consumption in territories more distant from the main centres of production.

Support for health infrastructure and facilities accounts for 32% of the approvals under Axis 2 and has one of the Programme's highest rates of execution. The corresponding output and results indicators at the end of 2012 were in line with or very close to the targets for 2015, with prospects of attaining them.

Priority Axis 3 accounts for the largest slice of the Programme's planned, approved and executed Community funding, a fact which should be seen in light of promoters' strong interest in the support available through the cities policy and in carrying through the national strategy to requalify the school network. Interventions to improve mobility, accessibility and transport also stand out within the framework of approved projects. These typologies share strong demand, high admissibility and approval rates and performed positively in the respective output and results indicators, which, in general, were in line with or higher than the targets for 2015, with the exception of the number of municipalities involved in urban rehabilitation and the population benefitting from circular or variant interventions to the main urban centres. In both cases, it is anticipated that the targets will be reached, bearing in mind the number of applications under analysis and the establishment of a valid and eligible reserve fund for some typologies if a fall in investment is observed in those with lower execution levels.

Although the integrated approach to problems and solutions, based on public-private and public-public partnerships, is evident in the programmatic documents and the approvals profile, organisational and executive weaknesses are visible in the regional and local institutions which have hindered the effective achievement of the aims of Mais Centro.

In the conception and programming of Mais Centro, there is clear recognition that the achievement of the aims depends heavily on the type of relationship to be established between the different public and/or private regional actors. The effort of strategic and operational planning developed by the public promoters outside the sphere of local government and by non-business private promoters is recognised as innovative and clearly reflected in the strong reaction to the calls for applications.

However, difficulties in the implementation of the approved projects can be identified, evidenced by the low rates of output associated with promoters such as associations and other non-profit private organisations, NGOs and institutes of higher education. Of note among the main reasons for the low level of execution are the weak financial and operational autonomy of certain institutions, causing delays in the decisions to award the various components of investment (namely in cases subject to ministerial control and those involving the buying or expropriation of land) and severe limitations on the contracting of human and technical resources. Added to this is the absence of an operational/executive leadership of the projects and a team inside the promoter bodies with the necessary training and resources to implement projects of high technical complexity.

At the cities policy level, strategic partnerships and programmes were developed whose implementation appears to reveal better results at the smaller geographical scale, which is corroborated by the good performance of most of the projects encompassed within the Partnerships for Urban Regeneration and the much more modest results of the Urban Networks for Competitiveness and Innovation, in which the diversity of actors and the supra-municipal scope complicated the implementation of the corresponding action programmes.

The opportunity to use the territorial development programmes (PTD) as tools to territorialise public policies and to interlink strategies of a sub-regional scope with the regional strategy implicit in Mais Centro has not been fully explored. The aims to decentralise the responsibility for integrated conception, execution and monitoring to the CIMs and to promote processes of organisational learning were severely curtailed by the instability of the operational contractualisation model.

The main process of interlinking between the investment strategies and intentions of the sub-regions represented in the CIMs and the Regional Programme was developed in a short period of time and adopted the project as the unit of analysis. No moments (or processes) have been identified in which this focus on the action plan has been duly encompassed by strategic aims and priorities modelled in the PTDs or assessed in light of the commitment of other actors important for the development of the territory. The poor use of the PTDs as an instrument of strategic reasoning and criterion for analysing the merit of the applications outside the scope of the global grant contracts also limited the potential of the PTDs as an instrument for

interlinking sub-regional development options with other territorially based instruments, the regional strategy and the three NSRF agendas.

The organisational model for implementing the contracts to delegate competences and, in particular, the competences legally attributed to the CIMs as intermediate bodies was substantially altered over time, including a decision to revoke competences, implying greater monitoring and supervision by the Technical Secretariat of Mais Centro. In practice, this solution resulted in the duplication of numerous tasks and became a major brake on the participation of the CIMs in implementing the Programme.

The pressure to identify and approve more mature projects and the alteration of the regulatory framework neither created the ideal conditions for the approval of projects, which due to their inter- and/or supra-municipal nature require a longer period in which to mobilise partners and construct consensus, nor for organisational learning. The training of the technical teams focused on the procedures and tools necessary to execute non-revoked tasks, leaving little time and resources for the teams to strengthen their role as agents of regional planning and development. Nevertheless, it was recognised that the contracting was an incentive to set up technical teams which probably would not have been set up in a different context and that the CIMs had begun launching projects aimed at achieving gains in effectiveness and efficiency at the sub-regional level, outside the scope of contractualisation.

In a very difficult economic and financial climate, the support provided by Mais Centro contributed decisively to implementing investment or increasing its size.

The ambition expressed by Mais Centro must be relativised by the amount of funds available, approved and executed, insofar as it curtails the Programme's potential penetration in the region's investment flows: the estimated weight of eligible investment executed in terms of the total gross fixed capital formation in the region points to a figure of around 5%.

As the replies to the promoter surveys reveal, the support granted by Mais Centro was key to realising the investment supported, within the framework of difficult circumstances and tight controls on financing.

In the case of the business incentives schemes, it can be concluded that:

- The vast majority of promoters (63%) recognise that the support of Mais Centro contributed decisively to carrying through investment or to increasing its size;
- For 22% of respondents, the incentives acted above all as investment "accelerators", bringing forward and shortening the respective output cycle, while for 23% the support received essentially allowed the structure of project financing to be changed, reducing the need to obtain outside capital, specifically bank loans;
- Around 35% of respondents accepted that without the incentives they would not have created jobs and around 41% indicated that they would have created fewer jobs or less skilled jobs.

As far as operation typologies aimed at non-business promoters is concerned, the survey results conclude that 58% of respondents recognised that Mais Centro support contributed decisively to investments being carried out or to them being larger, with around 48% indicating that they would not have developed the project without the support. The effects of expanding and accelerating the investment via this support are, consequently, less valued by these promoters.

The contribution of the interventions to the aims of Mais Centro is recognised by the promoters, particularly as concerns their impact at the local level, taking the form of a complex matrix of interwoven, indirect and induced contributions between the Programme's Priority Axes.

Promoters' self-assessment regarding the projects' contributions to the aims of Mais Centro is consistently more positive when considered at the local level, revealing that the beneficiaries perceive a tendency for limited results at the wider and more integrated regional level. The more local scope of the results reflects the small number of projects developed in partnership and at the supra-municipal level, as well as the more infrastructure-style nature of the investments supported by the Programme (as opposed to the low levels of more non-material investment, whose effects tend to be wider in geographical scope and target audience).

Non-business promoters' assessment of the contributions of the interventions to a wide range of Programme aims reveals that the operations supported contribute directly to the goals of the Priority Axes they fall under, but also that the impacts on regional development result from the approach of a complex matrix of interwoven, indirect and induced contributions between the Axes. The biggest contributions will make themselves felt at the level of promoting territorial cohesion, increasing the quality of public services and fostering urban regeneration and requalification of specific city areas. The contributions are also important for boosting the number of and access to collective facilities and services, for enhancing and qualifying the environment and for promoting the region and its products.

The impact analysis reveals that Mais Centro has had a positive effect on qualifying the productive fabric and business employment, with the Programme focusing on the most dynamic segment of the productive structure of the region's small and micro enterprises and allowing the expansion and intensification of the segment's export base.

Notwithstanding the limitations stemming from the data provided to develop the counterfactual analysis, the collated results suggest that the Programme has had a positive effect on qualifying the productive fabric and employment. In aggregate terms,

from 2007–2011 the treated units reveal a more positive performance in all indicators than the untreated units, a fact most evident with regard to exports, jobs and GVA and more modest in terms of productivity and orientation towards international markets.

The more positive performance of the treated units was chiefly boosted by the positive results achieved in 2010 and 2011, when the Programme's effects most likely started to bear fruit. The combined analysis of the aggregate figures and distribution of the annual variations in the variables considered allow us to conclude that, besides providing support to the most dynamic segment of the productive structure, the Programme has had an important effect in terms of firms' survival, and has also supported the emergence of new well-performing business units. It is thus helping to restructure the region's business fabric.

The change in the economic context has had the largest and most divergent impact on the Programme's aims, creating manifestly adverse effects at the level of private initiatives and public investment.

Most promoters of more mature projects maintain their expectations concerning the execution of the investment approved at the application stage. The factors contributing most to the shortfalls observed between the results forecast and those actually achieved were, in the case of enterprises, the worsening economic and financial situation and, in the case of non-business promoters, the complexity of the rules for public contracting, the insufficient maturity of projects at the application stage and the delay in the contracting of the projects.

The deterioration in the economic situation presented the Programme's implementation with additional challenges, namely from the moment a much more restrictive framework for access by enterprises to financing was introduced, causing a change in the "value" of the incentives perceived by the Programme's beneficiaries and a certain "devaluing" of the premium effect and a gradual "revaluing" of access to financing. The economic and financial crisis made it more difficult to execute projects and dictated demand and investment dynamics more aligned with the new framework of budgetary restrictions and tighter credit controls, limiting the Programme's initial ambition in specific areas, such as those of a more innovative nature and projects developed in partnership.

In public projects, the financial difficulties felt by central and local government – together with the inherently complex budgetary process – limited their intervention at the level of investment expenditure, to which were added the difficulties stemming from changes to their strategic orientation and entities' dynamics, creating a negative impact on the Programme's execution.

Some procedural difficulties related to the certification of expenditure on projects contractualised with the CIMs, as well as the occurrence of bankruptcies among contractors and suppliers, manifested themselves as unexpected effects and limitations on the execution and attainment of the aims targeted by the interventions. Moreover, the expectations initially created around instruments based on strategies of cooperation and interlinking did not come to fruition on the ground, given the financial problems experienced by the promoters, as well as the complexity inherent to managing projects with multiple actors.

Promoters are confident as to the conditions for the future sustainability of investments, despite the heavy dependence of projects on efforts to consolidate the national accounts, in the case of public projects, and the potential impact of the current economic context on the projects supported and on the promoters themselves, in the case of business projects.

The vast majority (around 72%) of the responses to the survey of non-business project promoters felt that the conditions existed to ensure the future financial sustainability of their project, with the normal functioning and operating costs at the operational phase of the facilities being assured. However, the financial sustainability of investments is highly dependent on public resources and will be severely affected by the efforts to consolidate the national public accounts and promoters' capacity to boost the infrastructures and facilities supported.

The interviews and case studies reveal that, in particular cases, supported investments have been over-sized and the expectations of sustainability associated with the future use/profitability of facilities has not materialised, revealing the need to ensure a more thorough approach in this matter at the application stage and to accompany implementation more closely.

Despite the growing basic concerns regarding the feasibility analysis and the economic and financial sustainability of the business investments, the impact of the current economic context has significantly widened the risks with regard to the success of the projects supported and even as regards the evolution of their promoters.

THE MAIN RECOMMENDATIONS OF THE EVALUATION

Bearing in mind the above conclusions and the major issues and challenges for the 2014-2020 period, the evaluation allows us to make several recommendations in the aim of ensuring more effective and efficient public policy interventions under Mais Centro, both in the Programme's final implementation stage and from the perspective of preparing the next Community programming period.

Recommendations aimed at improving the effectiveness of programming from a strategic point of view

Promoting/bolstering interlinking between the future Regional Programme and the future Thematic Programmes, including those financed by the European Agricultural Fund for Rural Development (EAFRD) and European Maritime and Fisheries Fund (EMFF)

The targeted strengthening of interlinking should be processed in terms of strategic agreement of the supported interventions, the forwarding of applications between programmes, the non-overlapping of actions financed and the sharing of information about applications and projects approved/underway. This would allow greater convergence of effort in the interlinking between the region's strategy and the more thematic/national strategies applicable to the region. Effective implementation should be monitored by the bodies charged with coordinating the implementation of the European Structural and Investment Funds.

Assuring the inducing of more qualified "demand" and greater focus on sectors identified as central within the framework of the intelligent specialisation strategies for the Centre region

For this purpose, of particular importance are a more selective approach and/or greater concentration on the initial and execution stages of a project's lifecycle, accompanying the development of promoters' ideas and the configuration and strategic development of their projects. As far as enterprise incentives are concerned, a more selective approach could be introduced at the regulatory level and, above all, at the call for applications stage by using more thorough eligibility, selection and ordering criteria for applications. Eligibility and merit should be guided by the regional strategy, favouring cooperative projects and providing follow-up, and increasing recent efforts to channel more financing to technology and knowledge intensive activities, more qualified entrepreneurship, international business, tradable sectors and import substitution.

Continuing to prioritise the leadership of universities in developing strategic science and technology programmes and in managing regionally based research, development and innovation networks

The future regional focus on science and technology must favour operations aimed at consolidating, requalifying and renovating, as well as developing scientific research programmes and technological development based on the region's existing infrastructures and capacities within an even broader scope. Greater importance ought to be given to the non-material actions of promoting and boosting the ecosystem of regional innovation, innovation network management, human resource training and involvement in international research networks in the aim of capitalising on the existing infrastructures.

Protecting the internal complementarity of the various policy instruments and fostering more effective interlinking between the incentives schemes and financial engineering mechanisms in the financing model for business investment projects

Promoting links between R&D and innovation and the market and fostering a more active role for instruments like financial engineering, by associating them with the strategic priorities of the region's structural transformation, are the essential elements of the present recommendation. Associating incentives with financial engineering may involve venture capital, investment funds, business angels and/or low-interest credit facilities, thus preventing the current fragility of the business fabric in terms of capitalisation indices and difficulties in obtaining access to medium- and long-term debt capital financing at competitive rates. Complementarity between instruments also implies that identical types of incentive be established for each typology of expenditure eligible under the incentives schemes, avoiding the occurrence of arbitration between instruments.

Favouring projects that are collective, supra-municipal and have a larger non-material component

It is important to capitalise, in the next programming period, on the experience accumulated by the CIMs and the public and private collective organisations involved in implementing the Collective Efficiency Strategies, bolstering support for projects that are collective and supra-municipal in nature and affect key intervention areas of the region's strategy, and promoting support for investments of a non-material nature, preferably network-based, which enhance the effort to create and rehabilitate infrastructures/equipments during the current programming period. The focus on these projects must be accompanied by support for institutional capacity-building projects which can expand and qualify the network of public and private collective organisations operating in the region and strengthen promoters' capacity to ensure adequate levels of execution and effectiveness and efficiency in the management of the projects.

Valorising collective action approaches to strengthen the region's competitiveness

Collective action approaches – of which joint, co-promoted, mobilising and demonstrator projects, and support for collective actions are examples – are especially important for the region's small and micro enterprises (lacking in resources and management skills and with a poorer track record in defining and implementing investment projects of this kind and size) and in actions to expand the export and innovative enterprise base. As specifically concerns the completion and operation of the network of science and technology parks, incubators and business hosting areas, it is important to enable the promoter bodies to deal with the technical, administrative and bureaucratic complexity of the project execution phase.

Favouring the deepening and broadening of experience of vouchers as simplified instruments providing access to expertise for small enterprise initiatives

The simplified nature of this type of instrument and the small amounts of support involved allow very broad interventions to be developed without significant financial allocations or bureaucratic and administrative costs. Expanded vouchers can engage enterprises with supporting infrastructure, plug gaps in resources, create a market in technical, technological and training services for entities providing advanced services for competitiveness and for organisations within the regional scientific and technological system, and foster projects to reap the economic benefits of R&D and technology transfer. The strategic accompanying of this interlinking by public agencies is crucial and it is recommended that service provider entities undergo a pre-qualification phase.

Giving greater importance to the conditions of sustainability of interventions at the application stage and ensuring adequate *a posteriori* follow up

In a scenario in which a more selective approach to support for infrastructure-based interventions is anticipated, it appears fundamental to give greater importance to the conditions of sustainability of interventions at the application stage and ensure adequate *a posteriori* follow up in order to verify actual sustainability conditions and the results achieved by the interventions.

Placing greater emphasis on the orientation of the funds towards the results targeted by the Regional Programme rather than programming centred on the potential conditions

Reinforcing orientation towards results aims at making the effects of Community financing on the region's economy and society more effective and enduring, and implies: i) more careful selection via better interlinking between tighter access and more guaranteed results; ii) associating the granting (of part) of the incentive according to the actual results achieved, either via the use of reimbursable or non-reimbursable incentives, or the incremental application of penalties in the event of non-fulfilment; iii) considering the inclusion of results indicators in sufficient number to measure a wider range of effects of the Community support; iv) the adoption, by the promoters, of monitoring systems designed to collect and collate the basic information necessary to calculate the indicators; and v) accompanying the projects beyond their completion.

Recommendations aimed at improving effectiveness and efficiency from an operational point of view

Adopting a more flexible, simplified and less bureaucratic regulatory framework

The regulatory and administrative framework to be adopted for the 2014-2020 period should be more flexible, simplified and less bureaucratic in the way it relates to the business promoters, with less “upfront” investment and more effective physical accompanying of the strategies and investment cycles, particularly of promoters who are well embedded in their respective activities and/or clusters, with strategies clearly oriented towards innovation and value creation and towards the strengthening of positions in international markets at every stage of a project's lifecycle.

Creating the conditions for the timely stabilisation of practices and procedures associated with the implementation of more innovative and complex instruments

In defining the implementation model of the instruments for integrated territorial approaches or of other instruments which are more innovative, complex or included in contractualising processes, it is important to safeguard the involvement of the certifying and auditing authorities and, later, the potential users of the system to approve and monitor the projects, in the sense of stabilising practices and procedures at a stage prior to their implementation.

Ensuring greater maturity and pertinence in the operations at the approval stage, as a means of maximising the effectiveness of interventions and raising their future levels of execution and sustainability

The targeted extra maturity and relevance of the operations may be ensured by: i) the timely stabilising of regulations or strategic guidance documents associated with the implementation of the Programme intervention typologies; ii) a more proactive approach from the management authority or intermediate bodies in supporting the structuring of interventions, in particular those which are most strategically important to the region, are the largest and/or have the greatest involvement by differentiated actors; and iii) the requirement for execution projects, when relevant.

Ensuring that aspects relating to the financial sustainability of operations are duly contemplated when analysing their merit

Defining objective criteria should – foreseeably for the operational phase – allow for evaluation of whether operations are in line with the minimum thresholds of sustainability adapted to the various types of facilities. The analysis of applications should require greater proof of sustainability, namely via submission of credible estimates of the operating costs and potential demand, the facilities' management model and as much evidence as possible of the partnerships which support the viability of the established financing model, as well as how to mitigate the risks associated with its effective implementation and the impacts of these on the promoter's financial capacity.

Giving adequate weight to the regional component and sectoral benchmarks in defining the selection criteria for the incentives schemes

It is important to make progress in defining regional merit criteria that suit the differentiated strategic choices in the Centre region, ensuring rigor and selectivity in territorial decentralisation, interlinked to the absolute merit of actions. It is also important, wherever possible, to relativise the rankings of business investments via sectoral benchmarks for the indicators used and to enhance the territorial impact of an enterprise and a project.

Progressing towards a simplification of the procedures associated with payment requests and expenditure certification

To simplify procedures, suitable certification models should be adopted according to the typologies of intervention and the size and/or strategic character of investments. The simplification of procedures is most urgent for the simplified instruments (such as vouchers) and for projects developed in partnership, where simplifying and facilitating the use of Programme's electronic platform may also introduce greater speed into the processes of registering, certifying and paying promoters and partners.

Broadening the use of standard or reference costs and generalising the practice of pre-qualification of suppliers to other policy instruments, especially those which involve building or rehabilitating/requalifying infrastructures or facilities

The use of reference costs aims to ensure greater efficiency in the resources applied and greater speed and uniformity in analysing applications, involving, in its definition, bodies with technical expertise suited to the investment typologies under analysis. Pre-qualification of suppliers is a way of ensuring the quality and sustainability of the undertakings to be awarded.

Accompanying the execution of the investments approved

This objective calls for the efforts of the management authority and relevant intermediate bodies to be continued in order to identify those operations with lower output levels than foreseen in the execution timetable, in particular projects with higher investment, and to provide promoters with support to resolve any constraints which may jeopardise the Programme's effectiveness.

Conducting an *ex post* evaluation of Mais Centro in the aim of gauging the Programme's effects more precisely and broadly

Bolstering the orientation towards results reaffirms the need to conduct evaluation studies centred on gauging the results and impacts of public policy interventions, whose full effects are only felt some time after the financing programmes have ended. Holding *ex post* evaluations requires applying demanding methodologies in terms of quantitative information, implying that the management authorities should structure their procedures and information systems in timely fashion in order to collect data on the results of the operations, even after their respective completion. It also implies wider and better access to data on the evolution of the Programme's target population, supplied by the bodies of the national statistics system to the entities promoting these evaluations.