EVALUATING BEST PRACTICES IN THE EUROPEAN INITIATIVE 'EMPLOYMENT'

(First Draft)

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1. Introduction

This draft paper presents the first results of a work in progress relating to the in itinere evaluation of the projects implemented under the European Initiative 'Employment' (henceforth CIE) in Italy. The aim is to assess which main features may distinguish 'good quality' projects.
The paper in particular addresses the effectiveness of those projects identified as *best practices* by the Italian National Support Structure (henceforth NSS).
We attempt to answer the following questions:

1) ex-post can we say that the *best practices* selected by the NSS are really the 'best performing' projects?
2) which features distinguish the *best practices* from all other projects?

The evaluation approach developed to answer these questions includes:

- a qualitative and quantitative analysis of the main distinctive features of the NSS *best practices* relative to all other projects
- a quantitative analysis on the determinants of 'good quality' projects within the whole projects' sample.

The qualitative analysis aims at identifying key success indicators and at comparing those indicators between the NSS *best practices* and all the other projects. The crucial elements investigated relate to the nature of the activities developed, to the characteristics and to the number of final and possibly intermediate beneficiaries reached by the projects, to their drop-out rate, to the kind of innovation realised, to the extension and to the nature of the local/regional/national and transnational partnerships created, to the mainstreaming effects and the sustainability dimension of the projects. The inter-relationships among all these features are explored and the possible trade-offs between candidate elements for the success of the 'good practices' are addressed.
The quantitative approach includes a *cluster analysis* approach, which aims at identifying patterns of success across projects, and the use of *maximum likelihood estimation* and *ordinary least squares* techniques to estimate which influence selected projects' characteristics and distinctive features play on some 'good performance indicators', such as the absence of drop-outs among the final beneficiaries[1] and the number of new firms created by the projects.
The work carried out has been limited by the lack of exhaustive data on all projects and by the administrative constraints to the evaluation activity. We hope to integrate our data-base as soon as possible in order to produce new and more precise estimations with the data on the second phase projects.

2. The data set

The NSS which carries out the technical assistance of the CIE projects in Italy is as well responsible for their monitoring process; based on a first monitoring of the First Phase CIE projects, the NSS selected 25 *best practices* out of 232 projects, which were implemented between 1996 and 1999.
The evaluation of the performance of 'Employment' projects in Italy has been carried out on the basis of the projects' activities final reports prepared by the promoters. The evaluation of the *best practices* relies as well on interviews conducted with the projects' promoters, the final beneficiaries and the local actors involved in the projects. For the majority of the *best practices* the interviews were carried out at the individual level; in a few cases it was possible to organise focus groups involving the final beneficiaries and the local actors.

[1] The final beneficiaries of the CIE projects are represented by the target of socially disadvantaged; intermediate beneficiaries are represented by the educators who are trained for activities aimed to reach the final target, such as formation, job orientation and placement

The total number of the first phase CIE projects is 232; out of the overall number, 116 projects sent us the activities' final reports and provided the ground for the evaluation of projects' results.
The overall number of projects is distributed across four volets: Horizon Handicap (henceforth HH), Horizon Disadvantaged (henceforth HS), Now, and Youthstart (henceforth YS). Our sample includes 38 projects from the volet Now (32.7% of the sample), 37 HH projects (31.9% of the sample), 24 YS projects (20.7% of the sample) and 17 HS projects (14.7% of the sample). These percentages mostly reflect the distribution of the universe across volets (28.4% Now, 30.6% HH, 22.4% YS, 18.5% HS), showing however a slight bias in our sample towards a higher concentration of projects in the volet Now, and a smaller concentration in the volet HS. (see Table1)

Table 1
Distribution of the projects' sample and universe

	# Projects		# Projects by volet				Total
	Reg.	Multireg.	HH	HS	Now	YS	
Universe	195	37	71	43	66	52	232
Sample	96	20	37	17	38	24	116
Coverage (%)	49.2	54.1	52.1	39.5	57.6	46.2	50.0

Source: elaboration ATI-ISMERI Europe based on the Employment data base

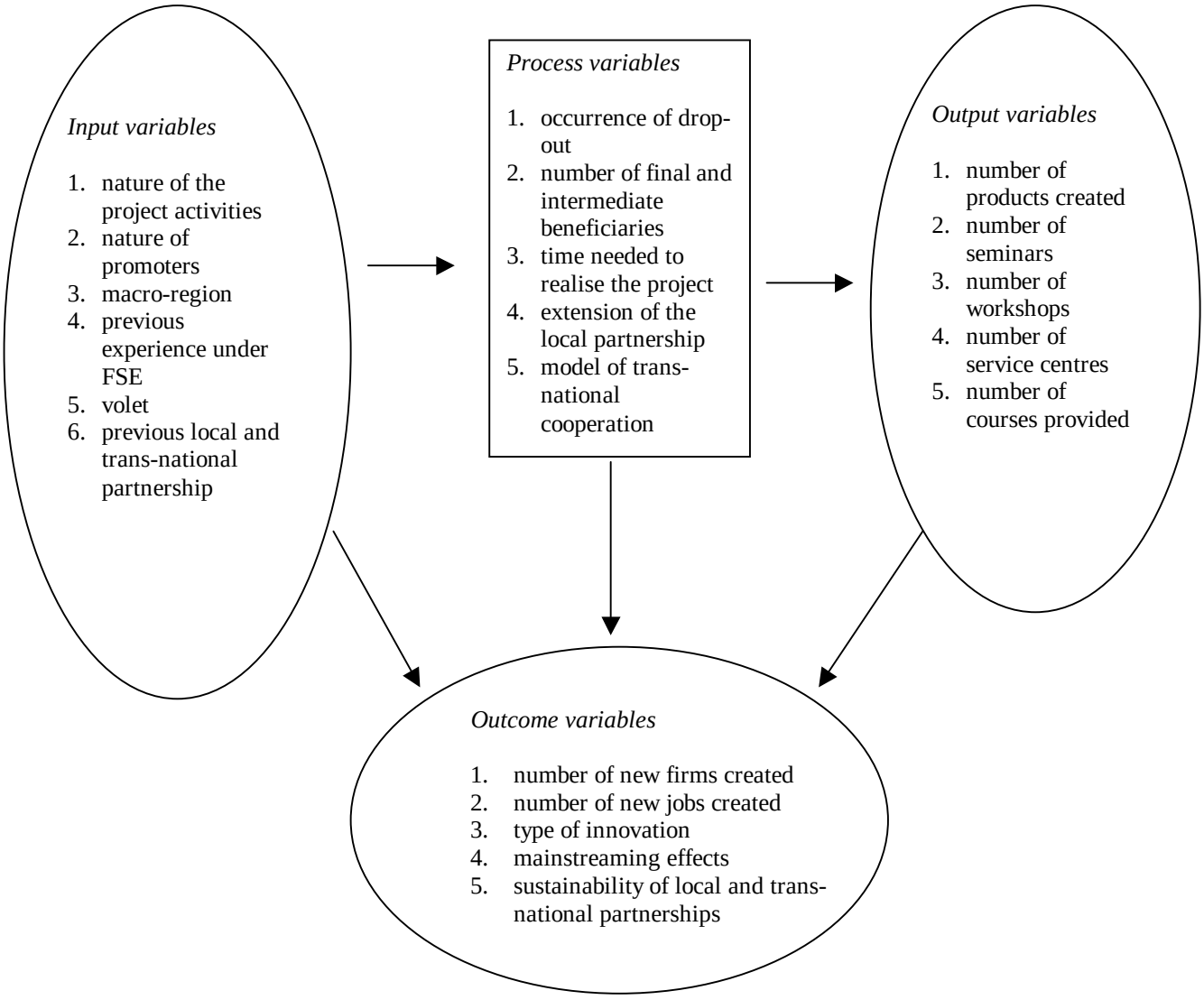
The multiple dimension of the actions and target groups of the Programme, as well as its multiple objectives (which include the creation of new jobs, of new business activities, the development of systemic actions, of new methods for training and job assistance, and information diffusion) make the evaluation task extremely complex.
Further difficulties encountered in the evaluation are given by specific factors such as:

- the lack of exhaustive data on all individual projects: as previously mentioned the data on each individual project are found in the final report of activities filled by the project's promoters. Besides the fact that only 50% of the first phase CIE projects delivered their final activities report, the quality of the data in most reports received is extremely poor: several observations are missing, and often the answers provided are not correct or exhaustive. In addition data do not come from an independent assessment of projects results', due to the lack of resources
- the selection criteria of the *best practices* adopted by the NSS: in fact the *best practices* were selected as 'best quality' projects by the NSS during the initial course of the projects. The selection criteria were based on the analysis of the projects' design, and on qualitative information gathered during field visits only in the very initial phase of the projects' development. The selection tried as well to account for criteria of equal distribution across regions and across volets, implying the adoption of criteria which were exogenous with respect to the projects' development and their effectiveness
- the administrative constraints to the evaluation activity: in fact the evaluation was carried out mainly on the basis of the information gathered through the final reports of projects' activities, whose structure and implementation had to be negotiated with the programme managing institutions, missing some information which would have been relevant to the evaluation assessment.

3. Analysis of the Best Practices: main focus and methodology

The analysis of the 'good quality' projects can be framed in a simple model where some input variables (mainly represented by the projects' characteristics) affect the nature of the projects' output (mainly represented by the number of new products, service centres, courses, etc.), and outcome (represented by the projects' effects on the beneficiaries, such as the creation of job opportunities, of new firms, mainstreaming effects, etc.), given a particular implementation process. The variables which characterise the implementation process can be for example identified with the capacity to attract and maintain final beneficiaries (measured by the occurrence of drop-out cases), the number of final and intermediate beneficiaries, the extension of the local partnership, the contents of the transnational cooperation.
The following figure (Figure 1) illustrates the most relevant input, output, process and outcome variables used both in the qualitative and quantitative analysis, and describes the analytical framework developed for the projects' evaluation.

Figure 1. The analytical framework used for the projects' evaluation



Based on this simple framework, the analysis of the *best practices* consisted of the following steps:

1. the analysis of the performance of the *best practices* identified by the NSS. The methodology applied included the use of descriptive statistics and qualitative analysis of the data from the projects' final reports of activities, as well as the use of quantitative methods, in particular a *cluster analysis* technique, applied to the same data-set.
   The qualitative and descriptive analysis applies to the main projects' characteristics and the main projects' output and outcome variables. The aim is to assess if the NSS best practices have performed better than the other 'Employment' projects.

2. the analysis of the determinants of projects' results. We use OLS (*ordinary least squares)* estimation techniques and MLE (*maximum likelihood estimation*) applied to the whole data sample to estimate the influence played by input variables on a few selected process and performance indicators (outcome variables), such as the number of new firms created. The choice of the variables has been constrained by the quality of the data available.

4. Main distinctive features of the NSS best practices

The NSS identified the 25 *best practice* projects based on a monitoring process of the CIE projects conducted between 1996 and 1998, at the very first stage of the projects' development.
Starting from the NSS monitoring report, which proposes a categorisation of the *best practices* which reflects their internal and external strategy, our process of evaluation of the *best practices* has been carried out through interviews to the projects' promoters, beneficiaries and main actors involved, as well as through the statistical analysis of the results from the final reports of activities.
The volets HH and Now are the most represented in the class of the NSS 'good quality' projects, with respectively 8 and 7 projects representing the 32% and 28% of the total number of the *best practices*. The volet YS accounts for 6 *best practices*, whereas the volet HS includes only 4 'good quality' projects, representing the 24% and 16% of the total.
In this section we consider the performance of the NSS Best practices through:

- the use of both qualitative and quantitative methods of analysis
- the use of information referring to the projects' final outcomes and implemented activities[2]

Our evaluation is based on some projects' performance indicators collected after the conclusion of the projects, and, therefore, there is a temporal mismatch between the NSS and our evaluation. In fact we analyse observed outcome variables against the expected outcome variables identified by the NSS.

Based on the analysis of the actions realised by the NSS *best practices*, the following main distinctive characteristics of the NSS 'good quality' projects with respect to all other projects emerge (see Table 2):

- the *best practices* are characterised by the *development of more effective integrated approaches*, through the implementation of actions under a multi-dimensional approach; their effectiveness can be seen even in their capacity to obtain results above those initially expected, in numerical terms, both with regard to job placement and with regard to the training provided. Focusing on

[2] Out of the 25 *best practices*, we received 21 project activities' final reports. For the remaining projects, where possible, telephone interviews were conducted. Overall, 21 telephone interviews have been carried out with the promoters of the *best practices*, and 6 site visits have been performed, through personal interviews and focus groups with the projects' promoters, beneficiaries and local actors.

their impact on the beneficiaries, the *best practices* (which represent only 18% of the first phase projects under analysis) created 25,8% of the total number of jobs created by all CIE first phase projects, and 48% of the new enterprises, thus showing a higher capacity to develop job opportunities and to place the beneficiaries on the job market

- the best practices show a *lower occurrence of drop-outs* among their final beneficiaries
- the *best practices* show a *higher participation of the public sector* both in the promotion and management of the projects; this factor appears to contribute to a higher sustainability of the actions implemented by the projects, due to an easier diffusion/ implementation of the models developed, and to more likely mainstreaming effects on local/national policies and agreements
- the *best practice* projects record a *higher experience under previous European Community Programmes*, with regard to both the first European Initiative (1990-1993), and to other ordinary and extra-ordinary actions supported by the European Social Fund
- the *best practices* concentrate their *innovative capacity on the adoption of new processes/ methods, as well as on the realisation of new products*, rather than on context innovation, which characterises the majority of all other projects. Examples of process and product innovation in the *best practices* are the adoption of systemic approaches, the development of individual paths of orientation/ training and placement, the valorisation of individual skills and knowledge, the use of advanced technologies, the promotion of new qualifications, etc.
- the *best practices* show a *higher capacity to involve new actors*, in particular involving public bodies mainly in the project design and start-up phases
- the institutions promoting and carrying out the *best practices* are *more critical towards the role of the trans-national partnership*, particularly due to the lack of similarities across partners, often related to the fact that the trans-national network was set up after the approval of the project. However, 30% of the *best practices* show a strengthening of the network compared to only 20% for all other projects
- almost all the *best practices continue under the second phase of CIE, or thanks to public or private local or regional funding*. Three projects continue under the financing of the European Community (Objective 3- Leonard)
- a few *best practices obtained relevant vertical mainstreaming effects*: some examples for instance are provided by the legitimisation of the model of tele-formation for the disabled people, by the acknowledgement and start of 'Socially Useful Jobs' inside the prisons, by the projects' influence on the regional development plans regarding issues of Equal Opportunities, and by the subscription of some territorial agreements/contracts

Table 2. Main Features and results achieved by the NSS best practices compared to the other projects

FEATURES	STRONG POINTS	WEAK POINTS
INNOVATION *(main innovation = process for 42,1%)*	• Creation of job opportunities in new basins of employment for both intermediate and final beneficiaries • Development of training actions*(developed by 61,9% of the projects)* and systemic approaches *(developed by 23,8%)* • Experimentation of new integrated action methodologies and approaches (especially in Horizon and Integra) • Capacity in obtaining results above those initially expected *(236 new jobs created, representing 25,8% of the total created by all first phase projects; 108 new firms created, representing 48% of the total new enterprises)*	• Difficulty in replicating or transferring some innovative models which require a long-term adaptive process • Difficulty in confronting with the local context and local actors
TRANSNATIONAL ACTIVITY *(main models = mutual knowledge for 31,6% and transfer and adaptation of methodologies for 31,6%)*	• Involvement of different actors with different experience on the same issue	• Difficulty in exploiting the potential of the trans-national partnership, often due to the fact that the partnership was set up after the project design • Scarce affinities across partners in terms of work objectives and methodologies • Problems in developing common methodologies
BOTTOM UP	• Strengthening of solid local networks and partnerships • Involvement of different actors with different experience on the same issue • A greater involvement of the public sector both in the promotion and management of the projects • A greater involvement of intermediate (and final) beneficiaries in action planning and designing	• Communication and relational problems between implementers and local institutions
DISSEMINATION/MAINSTREAMING *(horizontal for 78,9%)*	• A higher participation of the public sector in the dissemination of the results	• Not enough time for the new models' dissemination
SUSTAINABILITY (*main projects' perspective = continuing under CI for 35%)*	• Strengthening of managing bodies in terms of: - external visibility - networks - designing ability - implementing ability	• Difficulty in confronting with the local culture • Problems in involving regional and national institutions (vertical mainstreaming)
ADDED VALUE AND COMPLEMENTARITY	• Possibility of setting up networks with a greater number of players (international, national, local) • Strong connection with other Community Programmes *(ESF - Obj. 3, Leonardo, Helios, etc.)* • The capacity to change the dominant culture (e.g. the disadvantaged as a 'resource' and not as a 'burden')	• Insufficient connection with national/community policies

The quantitative analysis of the *best practices* identified by the NSS, based on *cluster analysis techniques,* does not allows us to identify these projects as an homogenous group of projects: this is probably due to the fact that very few observations across all crucial variables are available, so that the clustering occurs only with regard to a few variables and around a limited number of observations. However this *cluster analysis* shows that the NSS *best practices* are distributed across two contiguous clusters out of four clusters overall. In both clusters the *best practices* are characterised by the predominance of public promoters/ vertical mainstreaming/ product and process innovation/more extended local partnership: all features which had already emerged in the previous qualitative and descriptive section

5. The analysis of the determinants of success of 'good quality' projects

The analysis of the *best practices* identified by the NSS has confirmed that some characteristics, previously identified as input variables, seem to be significant in affecting the 'good quality' of these projects. With the econometric analysis we wanted to study, for the whole sample, the statistical influence of these variables (such as the nature of projects activities, the nature of promoters, projects' previous experience under ESF, the model of transnational cooperation, the extension of the local network, etc) on the determinants of process and performance indicators of 'good quality'.

The *probit- maximum likelihood estimation* technique investigates the variables which influence the probability of the occurrence of drop-out, that the previous analysis identified as a good process indicator for 'good quality' projects. The model shows that the probability of the occurrence of drop-out is significantly influenced by the nature of the project's promoter (public vs. private), by the extension of local partnerships and by the geographic localisation of the project e (see Table 3). Overall the probability model results to be statistically significant.

The *ordinary least squares* estimation analyses which input variables influence the creation of new firms, identified as a good outcome indicator for 'good quality' projects. This approach indicates that the creation of new firms is again significantly determined by the model of transnational co-operation pursued[3], by the previous experience developed under FSE programmes and by the number of intermediate beneficiaries, such as educators or trainers, involved (see Table 4).

[3] Going from the lower level of reciprocal knowledge between partners, to staff exchange, to the transfer of approaches/ methodologies, to the joint development of approaches/ methodologies which is considered the highest level of transnational cooperation.

Table 3 Factors influencing the probability of drop-out
Probit estimation

Explanatory variables	*Coeff.*	*Std. Err.*	*t*	*P>|t|*	*Sign.*
Nature of Promoters	-0.429	0.176	-2.441	0.015	***
Macro-region	0.368	0.203	1.817	0.069	*
Bottom-up	0.355	0.157	2.264	0.024	**
Model of transnat. coop.	0.243	0.148	0.175	0.861	
Intermediate beneficiaries	0.001	0.029	0.333	0.739	
Nature of activities	-0.243	0.392	-0.621	0.534	
Previous experiences under FSE	-0.158	0.217	-0.730	0.465	
Constant	1.107	0.885	1.251	0.211	
# obs.	65				
chi2(7)	14.08				
Prob>chi2	0.0498	**			
Pseudo R2	0.1835				
Log Likelihood	-31.313				
***99% significance level					
** 95% significance level					
* 90% significance level					

Table 4 The determinants of newfirms' creation
OLS estimation

Explanatory variables	*Coeff.*	*Std. Err.*	*t*	*P>|t|*	*Sign.*
Occurence of drop-out	-6.341	2.369	-2.676	0.010	***
Nature of Promoters	0.324	0.916	0.353	0.725	
Macro-region	1.765	0.991	1.781	0.080	*
Bottom-up	1.381	0.811	1.703	0.094	*
Model of transnat. coop.	1.838	0.768	2.393	0.020	**
Intermediate beneficiaries	0.031	0.016	1.943	0.057	*
Nature of activities	-3.263	2.064	-1.581	0.120	
Previous experiences under FSE	2.462	1.179	2.088	0.041	**
Constant	-10.296	4.984	-2.066	0.044	
# obs.	65				
chi2	0.03316				
F (8,56)	3.47				
Prob>F	0.0026				
Pseudo R2	0.2361				
***99% significance level					
** 95% significance level					
* 90% significance level					

6.. Conclusions

Two main conclusions may be drawn from this preliminary evaluation of the best practice projects in the context of the overall evaluation of the first phase CIE projects in Italy.
First of all both the qualitative analyses of the NSS best practices, as well as the econometric analysis on the determinants of performance and success indicators for the overall sample, suggest that some crucial input and process variables may be relevant for 'good quality' projects. The input variables which result to be crucial to influence the good performance of the projects (represented in this case by the creation of new firms) and the probability of having a good process indicator (represented in this case by the non-occurrence of drop outs) are mainly given by the presence of public institutions among the projects' promoters, the extension of local partnerships, the model of trans-national co-operation pursued, the previous experiences under ESF. The econometric analysis on the whole sample thus supports the qualitative and descriptive evidence on the best practice projects'.
The validation of these results may help the design of guidelines for the selection and identification of 'good quality' projects. The availability of better quality data and of a more complete and exhaustive data set in the second phase of the Employment evaluation process will allow us to ameliorate the use of these techniques and provide more interesting policy suggestions.

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