REACT-EU Evaluation: Management summary

CONTEXT

The Recovery Assistance for Cohesion and the Territories of Europe, or REACT-EU for short, is part of the NextGenerationEU plan through which the European Union aimed to **emerge stronger and more resilient from the corona crisis.** This temporary recovery instrument was meant to steer the European economy through the crisis towards a more green, more digital and more resilient economy. In the second instance, funding was added to this instrument to accommodate and assist refugees following the war in Ukraine. In total, the programme in Flanders thus consisted of 7 actions with a total budget of €122.5 million:

- One-off increase and widening of internship bonus
- Bottleneck training courses offered by VDAB
- Training of the future
- Telework training
- Strengthening guidance capacity VDAB and directing role REACT-EU
- Capacity Building - Support labour market local governments
- Support labour market access refugees Ukraine; including strengthening VDAB, DWSE, sectors, and community service preparation

In Flanders, this programme was managed by the **the policy domain 'Work'.** An evaluation was also commissioned by IDEA Consult on behalf of the Department of Work and Social Economy. This assignment was twofold:

- As part of **policy learning**, the aim was to capture focus points and lessons learned around developing, managing and implementing future (crisis) policies based on the policy process undertaken.
- To **justify** the use of REACT-EU funds to the European Commission, this evaluation should also provide a clear and transparent overview of the results achieved at the level of the Action Plan and the individual actions. To this end, actions were evaluated on their relevance, coherence, management quality and on their effectiveness and impact.

METHODOLOGY

A mix of methods was used to carry out the task:

- For the **policy evaluation**: a study of the scientific literature on policy planning, two in-depth interviews with those in charge of Europe WSE and VDAB, a document analysis of relevant policy documents, 11 in-depth interviews with identified stakeholders with additional follow-up where necessary.
- For the **evaluation of the action plan**: exploratory helicopter interview with DWSE and VDAB, a document analysis of the relevant call sheets, project proposals, progress reports, etc., an inventory and analysis of available monitoring data and reports, and 12 in-depth interviews or focus groups with the administrators of the actions within the action plan.

CONCLUSIONS

The study draws the following conclusions about the policy development process and the evaluation of the different actions:

▶ **The REACT-EU action plan is not a coherent whole, but a compilation of actions.** REACT-EU funding was one of several funding streams that could be used by the Flemish policy in the midst of the Corona and Ukraine crises, in addition to resources from other European funds and Flemish resources. This resulted in an incoherent set of actions funded through REACT-EU.

▶ As the REACT-EU Action Plan is a compilation of several actions, it is **not appropriate to evaluate the Action Plan as a whole**. In the table below, we show an overview of how the individual actions score on each of the evaluation criteria. We work with the following colour code:

- Green: the action does predominantly meet the evaluation criterion.
- Orange: the action partially meets the evaluation criterion, or there is insufficient information to make a judgement on the evaluation criterion.
- Red: the action predominantly does not meet the evaluation criterion.

For additional interpretation and more nuance to the evaluation results, we refer to the evaluations of the individual actions in the report.

Table 1: Overview of the evaluation of each of the actions in the action plan

Action	Call	Effectiveness and impact	Relevance and adequacy	Coherence	Management quality
Action 1: One-off increase and widening of internship bonus	547 - Additional and extended internship bonus				
Action 2: Bottleneck training courses	568 - Offering bottleneck training courses				
Action 3: Training of the future	566 - Training of the future				
Action 4: Telework training	533 - Telework training				
Action 5: Strengthening guidance capacity VDAB	568 - Strengthening guidance capacity of VDAB				
	555 - VDAB direction REACT-EU				
Action 6: Support labour market local governments	548 - Capacity Building Local Partnerships				
Action 7: Strengthening labour market access refugees Ukraine	567 - Strengthening VDAB in connection with Ukraine crisis				
	569 - Strengthening DWSE as part of Ukraine crisis				
	569 - Strengthening sectors in connection with Ukraine crisis				
	572 - VDAB Preparation Community Service				

- ▶ **The action plan contains both actions developed as an explicit response to the crisis and actions developed independently of the crisis.** Some of the actions resulted from an explicit response to the crisis with the objective of providing (temporary) responses to crisis needs. Other actions had their policy basis basically independent of the crisis, with the objective of preparing long-term measures. The urgency of those actions was artificially inflated by the maximum end date for spending the funds at the end of 2023 and constituted a significant threshold for their operationalisation.

- ▶ **The actions were managed by different bodies, which posed challenges in follow-up.** A number of actions were managed by Europe WSE itself. These actions were included in a 'classic' ESF call. Other actions were included by the relevant services of DWSE, where Europe WSE, as part of DWSE, could closely monitor these actions. Furthermore, a number of actions were managed by VDAB. Europe WSE had less insight into the roll-out of these actions. Indeed, the actions were not demarcated at VDAB from other crisis-related initiatives.

- ▶ **Administrative and technical requirements are the main factor that determined the choice of actions.** REACT-EU's substantive objectives were broad and it proved relatively easy to fit actions into these broad objectives. However, limited time to spend the funds did play a crucial role in selecting actions. As a result, there was relatively little room to develop new actions (this is especially for the 2nd tranche). This resulted in funding actions that already existed, or actions that could be launched through incremental adjustments to existing initiatives. There were also other technical and administrative rules linked to REACT-EU funds. As REACT-EU was an extension of the ESF programme, the extended set of technical and administrative rules is the same as imposed on that regular ESF programme. It concerns standards on costs (incl. available evidence), indicators to be reported, incl. specific data on final beneficiaries, proof that there is no double funding, as well as communication obligations towards beneficiaries. These requirements excluded a lot of possible initiatives from the outset.

- ▶ **The policy development of the policies in which the REACT-EU Action Plan actions are situated were already developed before the outbreak of the crises.** Most of the actions funded with REACT-EU funds are situated in policies that had already been developed before the crisis. Embedding ongoing policies in REACT-EU is in itself a valid choice. After all, to a limited extent, the corona and Ukraine crises meant completely new, unprecedented challenges for labour market policy that required completely new solutions. Instead, it is about increasing or sharpening pre-existing challenges, around which ongoing policies have been thinking and working for a long time.

- ▶ **Many of the actions stem from VESOC agreements, which went through the usual policy development process.** To assess whether the actions in the REACT-EU Action Plan were developed through the fundamental principles of good policy, it is important for some actions to also include the policy process prior to the announcement of REACT-EU funds. The two VESOC Agreements All Hands On Deck and the Employment Agreement are important in shaping many of the actions. The basic principles of clear objectives, stakeholder engagement and role assignment, and thorough evidence-based assessment and rigorous policy design were respected to a relatively high degree in this process.

- ▶ **The Ukraine-related actions were developed from the Ukraine Task Force.** The time between the start of the war in Ukraine and the release of the additional resources was short and the 'crisis context' was more strongly reflected in the development of the Ukraine actions. The Ukraine crisis actions are in line with the work of the cross-policy area task force Ukraine, which was established at the level of the Flemish government to provide a cross-policy area response to the challenges. For the Work policy domain, the actions were prepared by VDAB, the Cabinet and Department of Work. In addition, the actions were presented in the inter-cabinet working group. As with the first tranche, actions were first identified, and only at a second stage linked to REACT-EU funds. Given the challenging crisis context, the policy development of the Ukraine actions can also be assessed as good. This mainly due to the rapid start-up of

a cross-policy task force that provided an inspiring narrative, the involvement of relevant stakeholders in the development of relevant actions (although the involvement of the local level through VVSG was lacking), and the gradual learning and monitoring of the crisis and needs.

▸ **Action 'Preparation Community Service' was not based on thorough assessment, rigorous policy design, and had limited stakeholder engagement.** For the policy development of the call preparation community service (action 7d), many reservations are raised. The decision to go into this was political. There was a lot of reaction, in which various actors expressed their concerns, including from SERV, labour market experts, VDAB and VVSG. Nevertheless, the action was implemented. The appearance did take into account the input of the social partners, who proposed to include community service at GLOW. Nevertheless, in the end there turned out to be very little support for the action among actors on the ground, which was a huge bottleneck for the impact of the action. The limited support made it challenging to convince local governments to sign up to the call. Support among GLOW partners was also limited, resulting in limited referrals to Community Service.

▸ **Extensive evaluation of actions after completion, but relatively limited feedback mechanisms throughout the duration.** Due to the short duration of REACT-EU funds, little scope was perceived for timely adjustment of ongoing policy actions based on monitoring or feedback. Action 7a, the strengthening of the guidance capacity at VDAB in the context of the Ukraine crisis, is an exception to this, as cited above. There are, however, a number of actions that had an explicit learning approach. Continuous feedback mechanisms were relatively limited in most actions, but extensive evaluation mechanisms of (some of) the actions were provided (e.g. operational monitoring).

▸ **ESF does not provide the appropriate framework for the roll-out of crisis finance REACT-EU**. ESF appears less suitable as an instrument for crisis financing, given that the fund and the rules do not appear to be appropriate for crisis policy in which agility, speed, but also uncertainty are central. The strict requirements from Europe are a barrier to swift action and limit too much what can be financed. Administrative requirements and time constraints also invariably emerge as bottlenecks in the implementation of actions. Moreover, the extensive operational audit requires a lot of work for the administrators and implementers, which, especially in the case of crisis funding, raises the question whether the workload linked to such audits sufficiently outweighs their benefits (i.e. preventing malpractices and waste of resources).

▸ **Other policy domains were involved too late**. A key lesson for the policy preparation process is therefore that the other policy domains were involved too late and insufficiently. Given the multidisciplinary nature of crisis situations, such as the corona crisis, this was a missed opportunity. While the limited involvement is understandable given the need to act quickly, early involvement of multiple actors could have helped identify alternative solutions to underutilisation of resources.

▸ **Europe WSE was in a difficult position**. As the REACT-EU funds were an extension of the ESF programme, it was natural that Europe WSE was appointed to manage the funds. The fact that Europe WSE's managing authority is in a position where it has to mediate interests between the European Commission and Flanders was a challenge. At the same time, this role is hierarchically managed within Flanders by the secretary-general of the Department of Work and Social Economy and the Flemish government. Since the managing authority acts as the final responsible party in the eyes of the Commission, this made it sometimes perceived as challenging to reconcile the different expectations of all stakeholders. Furthermore, some of the activities were taken up by VDAB. From VDAB, there is direct consultation with the cabinet. There it is examined which actions from the agreements can be financed through REACT-EU. More limited grip was perceived from Europe WSE on the actions that were ongoing at VDAB. An additional challenge was that, when the call for proposals was sent to other policy areas by the cabinet, it was not clearly communicated which conditions applied. This led to inefficiencies , as Europe WSE received many proposals that did not meet the criteria.

Based on these conclusions, a number of lessons are drawn for policy development in crisis situations, both for Flemish and European policy.

For Flemish policy:

▸ **Transversal crisis strategy also link to a transversal funding strategy.** In a future crisis situation, it is advisable to bring together relevant policy areas from the outset in a task force to jointly set priorities and identify actions that can help address the problems posed (more strongly) by the crisis. Indeed, crises usually require a multidisciplinary approach. Linked to the cross-cutting crisis strategy, however, there is also a need for a cross-cutting funding strategy. During the Corona crisis, many resources were mobilised from different quarters. In order to deploy the totality of funding as effectively and efficiently as possible, funding as a whole needs to be used strategically. In this way, the underspending of resources, as well as the late involvement of other policy areas, can be avoided.

▸ **In times of crisis, increase capacity for accurate information gathering, policy design, operational translation and monitoring.** In times of crisis, information must be gathered and processed in a short period of time. Based on the insights, policy must be designed and operationally translated as soon as possible. Also during implementation and execution, time is needed for continuous monitoring and adjustment if needed. To do this thoroughly, sufficient capacity is needed. Increased capacity can be realised, among other things, through the involvement of external experts (e.g. the relance committee), an emergency procedure to recruit (temporary) staff in times of crisis, increasing capacity within the competent bodies by shifting priorities. Finally, it is good practice to share the operational translation of the actions and management of the initiatives among several agencies.

▸ **Where possible and relevant, focus on strengthening what already exists.** Several actions of the REACT-EU Action Plan were actions that reinforced existing offerings or involved incremental adjustments to existing measures or initiatives. Given that the challenges posed by the Corona and Ukraine crises to the labour market were not totally new, unprecedented challenges, strengthening existing solutions was relevant. Such reinforcement has some advantages, such as being able to implement actions quickly, efficiently and qualitatively, learning effects among the competent authorities, and easier phase-out (as opposed to completely new measures).

▸ **Fill gaps with new solutions.** For where existing solutions fail to meet the challenges of a crisis, new solutions are needed. This requires the necessary capacity and expertise. In addition, flexibility in the framework is important, in order to learn and adjust as we go along.

▸ **Strategic cooperation between Europe WSE and the Cabinet.** Good cooperation and constructive dialogue between the cabinet and Europe WSE is desirable for actions included in the ESF programme. After all, Europe WSE is ultimately responsible to the European Commission. If other bodies take part of the management of the actions (in this case it was VDAB), it is recommended that Europe WSE be involved in the discussions with Cabinet.

▸ **Freeing up time to learn together from crisis approaches.** There is a concern that there is too little learning at an overarching level from the approach to crises. The question is whether lessons are being missed on, for example, cooperation between DWSE, the government and VDAB, but also between different policy domains. A learning evaluation of the transversal crisis approach (i.e. Corona or Ukraine) is needed to learn from the experiences for future crisis policy. Both approaches within policy domain work, and cross-policy domain work, are interesting to learn from. It would be a shame not to be able to make the most of the experiences in subsequent crises. The efforts that took place within some entities (e.g. VDAB) to draw lessons from this can serve as input.

For European policy:

- **Coordinate the different European funding streams.** The finality of the different European funding streams during the Corona crisis seems to overlap in content. It seems desirable to coordinate the different funding streams more closely and then provide administrative and technical requirements that are coherent with the (broad) objective of each funding source.
- **Adapt administrative and technical rules to crisis conditions.** Strict ESF rules proved inappropriate for short-term crisis response. We therefore recommend revising policy rules or creating exceptions that allow more flexibility in crisis conditions, in order to achieve a more effective crisis policy.