STAREBEI concluding presentation

How to assess the non-financial performance of urban loans and other Financial Instruments?

Prof. Peter Tyler  Pawel Krasny  Prof. Brian Field
Outline

1. Introduction: context of the research and general aims

2. How to assess non-financial performance?
   - Theory and methods
   - Illustrative case-study
   - Practical recommendations and guidelines

3. Assessing institutional change

4. Bringing observed benefits together

5. Conclusion
The context of the collaboration

Context

- **Policy**: growth of non-grant intervention in EU cities
- **EIB**: lending to the urban sector since 1988, 58 BEUR for 2000-2010, JESSICA and other FIs

Research needs

- Need to know more about the **impact of non-grant interventions**
- EIB: need to improve non-financial performance assessment throughout the project cycle and to better demonstrate the **additionality** of the Bank’s lending

Research team

- **Pawel Krasny**, Urban and Regional economist and planner, PhD candidate
- **Prof. Brian Field**, former Urban planning and development adviser at the EIB
- **Prof. Peter Tyler**, Urban and Regional economist

Research aims

- Development of an evaluation plan with which to assess non-financial performance
  - Frameworks and methods
  - Focus on institutional change
  - Bringing benefits together
  - Practical recommendations
Approach undertaken

Collecting EIB information
- General docs
- Projects database
- Projects-specific docs
- Discussions

Collecting general information
- Literature on urban policies
- Literature on Policy Evaluation

Project typology

Framework for evaluation

Tailored methodology for evaluation

Illustrative case-studies

Feedback and recommendations

Local interviews

Local data

Additional corollary research

Goal-based evaluation and MCA weighting

Analysing the determinants of “Urban Satisfaction”

Cross-city impact evaluations (ongoing)

Report outputs
- Context elements and methodological annexes
- Project typology, logic chains and indicators
- Methodological discussion guidelines and templates
- Case-study results and recommendations
- ERSA presentations and PhD thesis
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Theory and methods: starting from the ReM framework, focusing on non-financial additionality

- Deriving logic chains and making explicit the rationale for intervention
- Identifying outcome and impact indicators
- Relating the financial additionality to non-financial outcomes

Pillar 1: project consistency with EIB mandate objectives and its contribution to EU/country development objectives

Pillar 2: indicators to capture economic, social, environmental and institutional outcomes

Pillar 3: EIB financial additionality over market alternatives

- Relating outcomes/impact indicators to what would have happened in the absence of an intervention
- Strengthening the link between outputs and outcomes and providing hard numbers
- Considering the sustainability of benefits
Theory and methods: the counterfactual approach

What would have happened in the absence of the EIB support?

Theoretical approach: compare the observed benefits against the alternative scenarios weighted by their probability using statistical analysis.

Difficult to implement in practice, especially at project level. Need to go for a second best approach.

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>Probability</th>
<th>Economic</th>
<th>Social</th>
<th>Environmental</th>
<th>General, f(Y,S,E)</th>
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</thead>
<tbody>
<tr>
<td>EIB loan</td>
<td></td>
<td>Y_{EIB}</td>
<td>S_{EIB}</td>
<td>E_{EIB}</td>
<td>G_{EIB}</td>
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<tr>
<td>No project</td>
<td>P_0</td>
<td>Y_0</td>
<td>S_0</td>
<td>E_0</td>
<td>G_0</td>
</tr>
<tr>
<td>Other funding</td>
<td>P_P</td>
<td>Y_P</td>
<td>S_P</td>
<td>E_P</td>
<td>G_P</td>
</tr>
<tr>
<td>Modified project</td>
<td>P_M</td>
<td>Y_M</td>
<td>S_M</td>
<td>E_M</td>
<td>G_P</td>
</tr>
</tbody>
</table>
Theory and methods: steps to identify change

• Focusing on additionality: what would have happened in the absence of the EIB support? How can we disentangle the Bank’s contribution?

Before-after change monitored in the project’s area/sector
- Difference in the observed outcomes

Net change happening in the project area/sector
- Difference in outcomes net of what has happened in control groups or places
- Counterfactual of the area's/group's evolution

Net change due to the project
- In the case where there is a bundle of complimentary initiatives
- Attribution of the observed change to the project
- Counterfactual of the project

EIB’s contribution to the project's net change
- Probability of alternative funding
- Financing counterfactual, loan additionality
Theory and methods: identifying area/project impact in practice?

**Qualitative approach**

- Standalone if little data or can fuel the quantitative approach (ex: control group definition)
- Scoring-based approach unless impact information is available from the promoter
- Check for spillover and geographical scope of impacts, negative outcomes and trends
- Investigate other initiatives and attribute the amount of change due to the project

**Quantitative estimations**

- Before-after comparison
- Comparing the evolution with a control group (DiD)
- Matching with comparable units
- Matching before treatment + DiD

- If good data, possibility to estimate spillovers, trends and attribution. Otherwise, need to complement with stakeholders assessment
- The information can be used directly or to derive impact scores
Theory and methods: Identifying EIB contribution

- What would have happened without EIB funding?
- **Case 1**: The project would not have been possible without EIB support:
  - The identified project impacts are all attributed to EIB lending
- **Case 2**: The project would have been modified
  - Higher cost, delays: it is possible possible to deflate the observed impacts
  - Changes in the project scope: consider benefits individually
- **Case 3**: The project would have been implemented in the same form anyway
  - The observed benefits cannot be attributed to the EIB lending
- If different counterfactuals are possible, the final EIB contribution would be an average of EIB impacts weighted by the probability of the event to happen
Illustrative Case-study – Rayners lane: logic chains

**Inputs**
- EIB loan
- Private sector loan
- RSL initial funding

**Activities**
- Social housing demolition, construction and refurbishment (incl. EE) and ancillary urban infrastructure (incl. a community centre).
- Financing of community activities by the RSL budget, in collaboration with other local initiatives

**Outputs**
- Number of demolished, regenerated and constructed flats
- Number of social workers involved and corresponding programmes
- Capacity of the community centre

**Outcomes**
- Area's attractiveness,
- Social cohesion (incl. safety and education outcomes)
- Quality of life
- Economic development
- Energy consumption (carbon footprint, disposable income)
Illustrative Case-study - Rayners lane: area and project impacts on examples

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Control before</th>
<th>Treated before</th>
<th>Diff before</th>
<th>Control after</th>
<th>Treated after</th>
<th>Diff after</th>
<th>DID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average ordinary consumption in kwh/h</td>
<td>3720</td>
<td>3977</td>
<td>256</td>
<td>3921</td>
<td>3401</td>
<td>-520</td>
<td>-777</td>
</tr>
</tbody>
</table>
## Illustrative Case-study - Rayners lane: summarising table for area impacts

<table>
<thead>
<tr>
<th>Selected variable</th>
<th>Dim. 1</th>
<th>Dim. 2</th>
<th>Dim. 3</th>
<th>Dim. 4</th>
<th>Dim. 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing prices</td>
<td>Attractiveness</td>
<td>Social cohesion/ Crime rate</td>
<td>Education</td>
<td>Employment</td>
<td>Well-being</td>
</tr>
<tr>
<td>DiD area impact assessment</td>
<td>Medium, negative compared to some control groups</td>
<td>Crime rate including drugs offences</td>
<td>School attendance, GCSE scores</td>
<td>Unemployment rates</td>
<td>Self-assessed health</td>
</tr>
<tr>
<td>Trend assessment</td>
<td>Decaying impact over time but the last part of the project might bring additional change</td>
<td>Trends appear quite similar to control areas before 2010</td>
<td>Scores may have reached a plateau. Reduction in unauthorised absence too early to consider a trend</td>
<td>No elements, although interviews suggest training and support can sustain the change</td>
<td>No elements. Wellbeing seems to have improved past 2011</td>
</tr>
<tr>
<td>Spillover assessment</td>
<td>Probable</td>
<td>Possible displacement south of the treated area somewhat seen in the data on drugs offences</td>
<td>Small. The community initiatives are open to persons outside the estate and the results are at ward level</td>
<td>No immediate impact, possible increased local consumption with future private sector residents</td>
<td>No elements</td>
</tr>
<tr>
<td>Area impact</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>-1</td>
</tr>
</tbody>
</table>
## Illustrative Case-study - Rayners lane: summarising table for project and EIB benefits

<table>
<thead>
<tr>
<th>Dim. 1</th>
<th>Dim. 2</th>
<th>Dim. 3</th>
<th>Dim. 3</th>
<th>Dim. 4</th>
<th>Dim. 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attractiveness</td>
<td>Social cohesion/Crime</td>
<td>Education</td>
<td>Employment</td>
<td>Well-being</td>
<td>Energy consumption</td>
</tr>
<tr>
<td><strong>Selected variable</strong></td>
<td><strong>Housing prices</strong></td>
<td><strong>Crime rate including drugs offences</strong></td>
<td><strong>School attendance, GCSE scores</strong></td>
<td><strong>Unemployment rates</strong></td>
<td><strong>Self-assessed health</strong></td>
</tr>
<tr>
<td><strong>Area impact</strong></td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Other initiatives that could have led to the identified change</strong></td>
<td>Home's action to help people sustain their tenancies and find jobs has an impact on the quality of the estate, hence its attractiveness. However these actions were part of the initial budget</td>
<td>Ignite have worked on ASB and crime prevention since 2010 using promoter funding. The change post 2010 is probably attributable to their action</td>
<td>The most important changes occur after Ignite's action so a large part should be attributed to them. The underlying initiatives have been partly financed from other sources</td>
<td>Improvement due to training was included in the initial business plan.</td>
<td>The negative change could be due to the works and housing changes</td>
</tr>
<tr>
<td><strong>Project impact</strong></td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Role of financial support</strong></td>
<td>The success of the private housing part of the project has been improved by the delay in works</td>
<td>Those dimensions were included in the handover project and decided prior to the EIB’s involvement</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Practical recommendations: getting more information

Exiting information that should be better reported
- A reliable and precise reporting on the duration and localisation of the works
- Quantitative context information: baseline information can be collected prior to the project, time data before the intervention will help match the areas or judge the quality of the proposed control group
- Cross-referenced stakeholders opinion on the investigated performance dimensions

Additional information that could be required
- Defining control groups for intervention and report on their evolution as well as on the treated area
- Identifying other initiatives in the area that may affect outcomes
- Estimation of the counterfactual probabilities
- Standardise the evaluation in order to create a results database, meta-analysis
Guidelines and templates

Evaluation guideline chart
• Sets out the steps for the evaluation process based on the report recommendations

Evaluation support spreadsheet
• Presents a standard template for evaluation
• Pre-filled with report information (logic chains, candidate variables)
• Flexibility to include qualitative and quantitative information to score impacts

Guidelines for information collection
• Interview guidelines to include logic chains, counterfactual approaches and non-financial benefits
• Closed survey with the corresponding information
• To be tailored based on the decided logic chains and indicators for assessment
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Assessing institutional change

Why is it important?

- Importance of strong governance and institutions for the success of local policies
- A source of additionality vis a vis private lending
- An increased technical assistance role for the EIB and the existence of informal assistance

How can loans and other FIs influence local institutions?

- Through financing requirements (need for the financed projects to be planning-led)
- By enhancing public-private collaboration and other partnerships: combining resources, knowledge and expertise, generating trust and willingness for further collaboration
- By increasing local capacity and expertise through learning-by-doing

→ Path dependency of efficient local policy-making institution
Assessing institutional change: network logic chains

<table>
<thead>
<tr>
<th></th>
<th>Public sector, city administration</th>
<th>Financial/funding institutions</th>
<th>Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector, city</td>
<td>Activities → Outcomes</td>
<td>Activities → Outcomes</td>
<td>Activities → Outcomes</td>
</tr>
<tr>
<td>administration</td>
<td>Impacts ← Outputs</td>
<td>Impacts ← Outputs</td>
<td>Impacts ← Outputs</td>
</tr>
<tr>
<td>Financial/funding</td>
<td></td>
<td>Outputs ← Impacts</td>
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</tr>
<tr>
<td>institutions</td>
<td></td>
<td>Outputs ← Impacts</td>
<td>Outputs ← Impacts</td>
</tr>
<tr>
<td>Firms</td>
<td></td>
<td>Outputs ← Impacts</td>
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</tr>
</tbody>
</table>
Assessing institutional change: the London Waste Fund

**Context**: GLA strategy on carbon footprint reduction and waste sector development.

**Rationale**: Bridging the gap between public goals and private benefits, market failure, positive externalities from innovations

**Theory of change**: Change the perception of the waste management market and improving public-private collaboration around such projects

**Inputs**
- UDF investments
- Private investors participation

**Activities**
- Finding projects
- Technical advice
- Partnerships and collaborations

**Outputs**
- Meetings and discussions with businesses, investors and policy-makers
- Project-follow-up and reporting

**Outcomes**
- Combining know-how
- Improved businesses practices
- Public support for private initiatives
- Private support for public goals

**Impacts**
- Better knowledge and information
- Improved partnerships and trust
- Improved perception of the waste sector and its risks

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**Theory of change diagram**

- **Context**: GLA strategy on carbon footprint reduction and waste sector development.
- **Rationale**: Bridging the gap between public goals and private benefits, market failure, positive externalities from innovations.
- **Theory of change**: Change the perception of the waste management market and improving public-private collaboration around such projects.
- **Inputs**: UDF investments and private investors participation.
- **Activities**: Finding projects, technical advice, and partnerships and collaborations.
- **Outputs**: Meetings and discussions with businesses, investors and policy-makers, project-follow-up and reporting.
- **Outcomes**: Combining know-how, improved businesses practices, public support for private initiatives, and private support for public goals.
- **Impacts**: Better knowledge and information, improved partnerships and trust, and improved perception of the waste sector and its risks.

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The diagram illustrates the flow of financial returns and relationships between the GLA, LGF (EIB managed), London Waste Fund (FEF), and individual projects, highlighting the connection between inputs, activities, outputs, and impacts.
The London Waste Fund: main stakeholders’ network, institutional activities

<table>
<thead>
<tr>
<th></th>
<th>GLA</th>
<th>Foresight</th>
<th>EIB/HF</th>
<th>Investors</th>
<th>Beneficiary firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>GLA</td>
<td>Collaboration between services</td>
<td>Providing funds</td>
<td>Holding Fund mandate</td>
<td>Providing a stable institutional framework</td>
<td>Land provision, sustainable industries park</td>
</tr>
<tr>
<td>Foresight</td>
<td>Selecting investments that comply with the mandate</td>
<td>Increasing the know-how through learning-by-doing</td>
<td>Procurement application, compliance with the mandate, reporting</td>
<td>Seeking interest, introducing projects, making comfortable with their risk</td>
<td>Getting projects investment-ready</td>
</tr>
<tr>
<td>EIB/HF</td>
<td>Representing the GLA’s interests, possible additional loans</td>
<td>Providing funds, procurement process</td>
<td>Knowledge pooling between JESSICA initiatives</td>
<td>Signalling (manager and sector)</td>
<td>Need for the projects to be planning-led</td>
</tr>
<tr>
<td>Investors</td>
<td>Participating in the fund or co-investing</td>
<td></td>
<td></td>
<td>Diffusion of information</td>
<td>Financing, directly or through the fund</td>
</tr>
<tr>
<td>Beneficiary firms</td>
<td>Non-financial outputs, contributing to policy goals</td>
<td>Bringing projects, returns on investment</td>
<td></td>
<td>Returns on investment</td>
<td>Contacts between similar businesses and along the supply chain</td>
</tr>
</tbody>
</table>
## The London Waste Fund: main stakeholders’ network, institutional impacts

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>GLA</td>
<td>Better collaboration between services, esp. regarding land provision (1)</td>
<td>Better understanding of the GLA’s strategy (0)</td>
<td>Building a knowledge base on JESSICA (1)</td>
<td>Better trust in the public sector and understanding of its strategies (1)</td>
<td>Better trust in Public support (1)</td>
</tr>
<tr>
<td>Foresight</td>
<td>Supporting the development of a low carbon economy (2)</td>
<td>Increased skills and knowledge (1)</td>
<td>Building a knowledge base on JESSICA (1)</td>
<td>Changing the perception of the waste sector in London and pushing its growth (2)</td>
<td>Project-making and business plan capacity improvement (1)</td>
</tr>
<tr>
<td>EIB/HF</td>
<td>Pushing the shift from grant to investment-based policies, knowledge of structural funds (1)</td>
<td>Supporting the reputation of the sector/fund (2)</td>
<td>Building a knowledge base on JESSICA (1)</td>
<td>Changing the perception of public funds and of the sector. (1)</td>
<td>Attention to the urban plan and strategy (0)</td>
</tr>
<tr>
<td>Investors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficiary firms</td>
<td>Green growth sector development and success of the sustainable industries cluster (2)</td>
<td>Providing a series of cases to analyse what works or doesn’t (1)</td>
<td></td>
<td>Providing a series of cases to analyse what works or doesn’t (1)</td>
<td>Increased collaboration within the sustainable industry sector (1)</td>
</tr>
</tbody>
</table>
## The London Waste Fund: main stakeholders’ network, net institutional impacts

<table>
<thead>
<tr>
<th>x\y</th>
<th>GLA</th>
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<tbody>
<tr>
<td>GLA</td>
<td>Better understanding of the GLA’s strategy (0)</td>
<td>Building a knowledge base on JESSICA (1)</td>
<td>Better trust in the public sector and understanding of its strategies (1)</td>
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<tr>
<td>Investors</td>
<td></td>
<td></td>
<td></td>
<td>Improving the perception of the sector (2)</td>
<td></td>
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## Bringing benefits together: theoretical approaches, relating weights to goals assigned to urban projects

<table>
<thead>
<tr>
<th></th>
<th>Generic goals</th>
<th>Targeted goals</th>
<th>Local goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variables selection</strong></td>
<td>Statistical significance</td>
<td>Identified bottlenecks opportunities</td>
<td>As emphasized in the local development strategy</td>
</tr>
<tr>
<td><strong>Preferred aggregation weights</strong></td>
<td>Contribution to predefined goals</td>
<td>Distance to a reference benchmark</td>
<td>Distance to the planned strategic goal</td>
</tr>
<tr>
<td><strong>Advantages</strong></td>
<td>External validity, broad focus, no prior conception</td>
<td>Most pressing dimensions, intermediary focus</td>
<td>Locally tailored, considers resident’s opinions</td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td>Based on averages, not tailored and no provision for disruptive approaches</td>
<td>Possible expert bias, forecasting difficulties, top-down</td>
<td>Poor quality strategies and little quantification of goals, no external validity</td>
</tr>
<tr>
<td><strong>Urban policy underlying vision</strong></td>
<td>Following the trends and what works on average, incremental development</td>
<td>Catching up by addressing most urgent problems, building on strengths</td>
<td>Building on local assets, internal knowledge and public support</td>
</tr>
<tr>
<td><strong>Legitimacy</strong></td>
<td>Statistical/policy-makers’ choice</td>
<td>Expertise and benchmarks</td>
<td>Indirect electoral, local knowledge</td>
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- **Preferred aggregation weights**
  - Contribution to predefined goals
  - Distance to a reference benchmark
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- **Advantages**
  - External validity, broad focus, no prior conception
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- **Disadvantages**
  - Based on averages, not tailored and no provision for disruptive approaches
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- **Urban policy underlying vision**
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- **Legitimacy**
  - Statistical/policy-makers’ choice
  - Expertise and benchmarks
  - Indirect electoral, local knowledge
## Bringing benefits together: theoretical approaches, possible candidates for benefits weighting (generic)

<table>
<thead>
<tr>
<th>Underlying vision</th>
<th>Long-term growth and resilience</th>
<th>Maximising attractiveness</th>
<th>Life-satisfaction and well being</th>
<th>Maximising equivalent monetary value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persistence of tax revenues, endogenous and exogenous growth</td>
<td>Ensuring labour and capital inflows</td>
<td>Emphasising non-growth aspects of urban development</td>
<td>Micro-founded cost-benefit analysis</td>
<td></td>
</tr>
<tr>
<td>Variables</td>
<td>GDP, employment, GVA, employment, capital inflows, housing prices</td>
<td>Declared happiness or satisfaction</td>
<td>Revealed values through house prices, stated</td>
<td></td>
</tr>
<tr>
<td>Limits</td>
<td>Overreliance on the economic component</td>
<td>Focus on the mobile population</td>
<td>Opinion-based, no inclusion of urban revenue</td>
<td>Externalities, estimation issues</td>
</tr>
</tbody>
</table>
Bringing benefits together: considering city satisfaction

Preferences by groups

Baseline 2011
Young (<35 years)
Newcomers (<5 years)
Skilled workers
Poor or unemployed
Bringing benefits together: considering city satisfaction and base levels

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial situation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>V. unsat</td>
<td>0</td>
<td>0.0439***</td>
<td>0.0891***</td>
<td>0.104***</td>
</tr>
<tr>
<td>Rth. Unsat</td>
<td>-0.0439***</td>
<td>0</td>
<td>0.0452***</td>
<td>0.0599***</td>
</tr>
<tr>
<td>Rth. sat</td>
<td>-0.0891***</td>
<td>-0.0452***</td>
<td>0</td>
<td>0.0147***</td>
</tr>
<tr>
<td>V. sat</td>
<td>-0.104***</td>
<td>-0.0599***</td>
<td>-0.0147***</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Job availability</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial situation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>V. unsat</td>
<td>0</td>
<td>0.0192***</td>
<td>0.0342***</td>
<td>0.0349***</td>
</tr>
<tr>
<td>Rth. Unsat</td>
<td>-0.0192***</td>
<td>0</td>
<td>0.0150***</td>
<td>0.0157**</td>
</tr>
<tr>
<td>Rth. sat</td>
<td>-0.0342***</td>
<td>-0.0150***</td>
<td>0</td>
<td>0.000739</td>
</tr>
<tr>
<td>V. sat</td>
<td>-0.0349***</td>
<td>-0.0157**</td>
<td>-0.000739</td>
<td>0</td>
</tr>
</tbody>
</table>
1. Introduction: context of the research and general aims

2. How to assess non-financial performance?
   • Theory and methods
   • Illustrative case-study
   • Practical recommendations and guidelines

3. Assessing institutional change

4. Bringing observed benefits together

5. Conclusion
On-going and possible future research

On-going research

• Cross-city econometric estimations of the impact of EIB lending
  • On the perception of different urban amenities using the Urban Audit Perception Survey
  • Using Eurostat metropolitan panel data across cities
• Pending academic articles
  • Methodological paper
  • MCA weighting with a focus on city satisfaction

Possible future research

• Apply the proposed evaluation methodology on a larger sample of case-studies and aggregate results
• Apply the proposed institutional evaluation framework to more projects as well as technical assistance initiatives by the EIB
• Create a EIB benefits weighting system for aggregating observed benefits in the case of urban loans
Benefits for my research

• Practical and academic experience of my EIB supervisor regarding urban development and EIB lending

• Understanding of the EIB’s urban lending work

• Formal interviews and more informal discussions to fuel my research, and help in securing external interviews

• Access to urban projects database and projects documentation

• Financial support: research allowance, travel to Luxemburg and conference participation (ERSA)

Benefits for the EIB

• Research outputs, both practical (Bank’s practice) and more theoretical

• Beginning of EIB-Cambridge collaboration
  • Joint supervision, Faculty meetings, planned seminar by Brian Field this academic year
  • Possible bidding for EIBURS projects and other STAREBEI applications in the future

• Acknowledgement and communication about the collaboration through the website of the department of Land Economy, a poster, presentations in the UK and China and future academic articles
Thank you very much

Contact:

• Pawel KRASNY: pkk29@cam.ac.uk
  • Department of Land Economy, University of Cambridge
  • 16-21 Silver St, Cambridge CB3 9EP, UK
Discussion

- How to improve monitoring and evaluation of non-financial benefits given the Bank’s constraints? How to better involve promoters in doing so?

- How relevant is institutional change in the Bank’s lending? How to nudge promoters into better practice?

- What is the goal of urban lending for the EIB? What are its underlying assumptions regarding urban development?
Annexes
Theory and methods: typology of urban loans

- Classification using the expected non-financial outcomes rather than the projects themselves (outputs)

<table>
<thead>
<tr>
<th>Urban services provision</th>
<th>Regeneration, local environment and heritage</th>
<th>Economic development</th>
<th>Environmental sustainability/greening</th>
</tr>
</thead>
<tbody>
<tr>
<td>transport/accessibility</td>
<td>public spaces, streets, roads and municipal infrastructure</td>
<td>business space and infrastructure development</td>
<td>energy efficiency</td>
</tr>
<tr>
<td>social housing</td>
<td>buildings including social housing and public buildings</td>
<td>trade fairs development</td>
<td>pollution and waste reduction</td>
</tr>
<tr>
<td>education, health, culture, sports and recreation</td>
<td>heritage preservation</td>
<td>port facilities</td>
<td>land decontamination</td>
</tr>
</tbody>
</table>

- Deriving logic chains and selecting variables of interest
# Logic chains and variables for the assessment of urban loans

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Activities</th>
<th>Outputs</th>
<th>Outcomes/impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources: EIB funds, other private/public funds</td>
<td>Implementation of specific urban projects and interventions</td>
<td>Results of this implementation: a given construction, refurbishment or service</td>
<td>Benefits to participants or residents of the area/city concerned, such as jobs, more general change, including orgs, communities and systems</td>
</tr>
</tbody>
</table>

### Urban services
- EIB loans (framework, investment, UDFs), together with private lending and possibly grant blending.  
- E.g. Public transport, social housing, refurbishment and retrofitting of education, health, culture, leisure and sports facilities, exhibitions  
- E.g. Increased public transport usage, social housing availability, better access to health and education, participation in cultural, sports and leisure activities, external visitors  
- E.g. Time gains and improved accessibility, reduced housing costs, social cohesion, quality of life, improved health and education outcomes, image of the city  

### Regeneration, urban environment, heritage
- E.g. regeneration of streets, public spaces, old buildings and historical/heritage sites  
- E.g. number of regenerated buildings, surface of regenerated areas and heritage sites, length of repaired roads  
- E.g. land and housing prices, quality of life assessments, crime rates and feeling of safety, tourism and migration balance  

### Greening
- E.g. housing and public buildings retrofitting, public transport improvement, waste management, site clearance and decontamination  
- E.g. number of refurbished buildings, surface of decontaminated sites, population using greener modes of transport, amount of waste collected for recycling  
- E.g. energy consumption, air pollution levels, ratio of recycled waste, fossil fuels consumption, health and quality of life, green growth  

### Economic dev.
- Development of business parks, office/retail space and related infrastructure, trade fairs and port facilities  
- Number of firms accommodated, business space created  
- E.g. Jobs created, GDP increase, productivity, trade and perception of the city by external firms and investors
Deriving the evaluation framework

**Is the FI traceable to a specific project?**
- The use of the funds cannot be traced to project
  - No evaluation can be made
- The promoter invests in multiple projects which cannot be traced directly
  - The loan requirements could include evaluation guidelines/requirements
- The promoter uses the funds for a precisely specified project or set of projects
  - A case-study evaluation can be performed

**What is the project about?**
- Assessment of the context, goals
- Key stakeholders and their opinion
- Geographies of the intervention(s)

**Project type:**
- Urban services provision
- Regeneration, local environment, heritage
- Environmental sustainability
- Economic development
- Other type to be specified

**Framework for evaluation**

**Context:**

**Rationale and objectives:**

**Theory of change:**

- Inputs
- Activities
- Outputs
- Outcomes/impacts

**Identification of the logic chain of intervention and of the main dimensions for evaluation**
Assessing additionality and performance

**Identification of the logic chain of intervention and of the main dimensions for evaluation**

**What is the data available along the selected dimensions for evaluation?**

- Before-after measurement
- Before-after including control groups
- Time-series data with no controls
- Only ex-post with controls

**Secondary data is available at an appropriate scale**

**Informative results only unless assumption of no change otherwise is plausible**

**DiD, with possible control group matching**

**Interrupted time-series**

**Matching with similar individual/areas based on other characteristics**

**Stakeholders are able to assess impact**

- Complement, inform the approach, support control group selection
- Second-best information source in the absence of other data

**Selection/mixing of the methodologies and estimation of the impact in the area**

- Hard data results
- Evidence-informed scoring

**Possible trend and spillover effect adjustments**
Evaluation guideline chart 3

**Are other initiatives happening in the area? Assessing the project’s contribution**
- No specific initiatives are bundled with the EIB-financed one
- Complementary initiatives exist but they would not have happened otherwise
- There are other initiatives that contributed to the change
  - The identified impact has to be adjusted taking these into account

**Estimation of the impact of the project**

**How has the loan contributed to the realization of the project and its form?**
- There is a chance the project would not have happened otherwise
- The project would have been delayed or cost more
- The form of the project would have been changed

**Estimation of the impact of EIB funding along the selected dimensions**

**Can we group the identified benefits together?**
- Inclusion of institutional benefits
- Valuation-based weighting
- Generic goal-based weighting
- Policy prioritization weighting
- Citizens’ preferences weighting

**Deriving a general performance indicator**
## Evaluation support spreadsheet 1

### Project description

<table>
<thead>
<tr>
<th>Project name</th>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
</table>

### Timing

<table>
<thead>
<tr>
<th>Timing</th>
<th>Start of works</th>
<th>End of works</th>
<th>Intermediate phases of works start and finish dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>EIB documentation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Survey and research</td>
<td>Survey information</td>
<td>Survey information</td>
<td>Survey information</td>
</tr>
</tbody>
</table>

### Logic chains and evaluation dimensions

<table>
<thead>
<tr>
<th>Project-type 1</th>
<th>Project type 2</th>
<th>EIB type</th>
<th>EIB</th>
<th>Promoter:</th>
<th>Other 1</th>
<th>Other 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project-type</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Context</strong></td>
<td>Pre-defined</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rationale</strong></td>
<td>Pre-defined</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Objectives and theory of change</strong></td>
<td>Pre-defined</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inputs</strong></td>
<td>Loan amount</td>
<td>Proportion of total costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Activities</strong></td>
<td>Pre-defined</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>Pre-defined</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outcomes/impact dimensions</strong></td>
<td>Pre-defined</td>
<td></td>
<td></td>
<td></td>
<td>Survey info</td>
<td></td>
</tr>
<tr>
<td><strong>Negative impacts</strong></td>
<td>Pre-defined</td>
<td></td>
<td></td>
<td></td>
<td>Survey info</td>
<td></td>
</tr>
</tbody>
</table>

### Summary

- Survey information
- Summarizing information
### Evaluation support tool 2

#### Selecting variables of interest

<table>
<thead>
<tr>
<th></th>
<th>Impact dimensions derived from logic chains</th>
<th>Stakeholder-defined and other evaluation dimensions</th>
<th>Negative impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Selected assessment dimensions</strong></td>
<td>Selected above, based on generic logic chains</td>
<td>Selected above, based on generic logic chains</td>
<td>Selected above, based on generic logic chains</td>
</tr>
<tr>
<td><strong>Possible variables for evaluation</strong></td>
<td>Pre-defined</td>
<td>Pre-defined</td>
<td>Pre-defined</td>
</tr>
<tr>
<td></td>
<td>Pre-defined</td>
<td>Pre-defined</td>
<td>Pre-defined</td>
</tr>
<tr>
<td></td>
<td>Additional possible variables</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Selection</strong></td>
<td>Selected among possible variables, depending on availability</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Selection 2</strong></td>
<td>if needed/available, among possible variables</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Dimensions

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control group definition</td>
<td>Expert-based, stakeholder-based or statistical</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment of the control group</td>
<td>If possible, considering pre-project evolutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DiD impact assessment</td>
<td>Comparing control and treated groups evolutions in the period before and after the project (including using stakeholders opinion)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trend assessment</td>
<td>If enough time-series data available, otherwise through stakeholders opinions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spillover assessment</td>
<td>If sufficiently disaggregated data available, otherwise through stakeholders opinions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project area impact score</td>
<td>Identified impact for the selected dimensions, based on one or more assessment variables, adjusted for spillovers and trend</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bundled initiatives that could have had an impact in the treated area but not in the control group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Survey-based elements</td>
<td>Information on other initiatives, how they could have contributed to impact and to which extent they are independent from the EIB-financed project</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other elements</td>
<td>Through documentation, observation and quantitative elements such as funds allocated or benchmarks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project impact score</td>
<td>Adjusting the impact in the area by considering information on other initiatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Evaluation support tool 3

### EIB impact assessment

<table>
<thead>
<tr>
<th>Counterfactuals</th>
<th>The project would have been implemented anyway</th>
<th>The project would have been implemented at a higher cost</th>
<th>The project would have been implemented with delays</th>
<th>The project would have been implemented in a modified form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counterfactual probability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluation dimensions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluation variables</td>
<td></td>
<td></td>
<td></td>
<td>As decided previously</td>
</tr>
<tr>
<td>Observed project impacts</td>
<td></td>
<td></td>
<td></td>
<td>As assessed previously</td>
</tr>
<tr>
<td>Probable impacts if higher cost</td>
<td></td>
<td></td>
<td></td>
<td>Promoter and other stakeholders interviews/surveys information</td>
</tr>
<tr>
<td>Probable impact if delayed project</td>
<td></td>
<td></td>
<td></td>
<td>Promoter and other stakeholders interviews/surveys information</td>
</tr>
<tr>
<td>Probable impact if modified form</td>
<td></td>
<td></td>
<td></td>
<td>Promoter and other stakeholders interviews/surveys information</td>
</tr>
<tr>
<td>Aggregated counterfactual impact (without EIB funding)</td>
<td></td>
<td></td>
<td></td>
<td>Based on alternative scenarios probabilities and anticipated impacts</td>
</tr>
<tr>
<td>Survey elements on EIB additionality</td>
<td></td>
<td></td>
<td></td>
<td>Promoter and other stakeholders interviews/surveys information</td>
</tr>
<tr>
<td>EIB impact</td>
<td></td>
<td></td>
<td></td>
<td>Observed project impact net of the aggregated counterfactual impact</td>
</tr>
</tbody>
</table>

### Bringing benefits together

<table>
<thead>
<tr>
<th>Dimension</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weights</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>To be decided by the EIB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weights deflated for double counting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Identifying impact dimensions that are included in other dimensions and would be double-counted otherwise. Adjusting the weights accordingly (ex: changing weight to 0 if an element is fully double-counted)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final score</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Practical recommendations: a hierarchy of possibilities

### Promoter reporting
- Precise projects completion timings and localisations, counterfactual probabilities
- Control groups suggestion and logic chains of intervention (dimensions of change, variables)
- Survey participation (see related document)
- Non-financial variables monitoring in both treated and control group and data provision

### EIB practice
- Define impact dimensions and score them, store in a database
- Gather quantitative data on impacts along elected dimensions (before-after)
- Monitor the evolution in the control group. Focus on a subsample of projects
- Include an evaluation tool in the appraisal and ex-post assessment process
Institutional focus: logic chains

**Inputs**
- EIB loans and FIs
- Planning, financial and project-making requirements
- Possible formal or informal technical assistance

**Activities**
- Applying for funding and meeting the funding requirements
- Project-making
- Possible necessary collaboration with other stakeholders on the project

**Outputs**
- Compliance with the planning-led approach
- Organisational changes
- Interactions with investors, firms, public stakeholders and charities
- Discussions with and reporting to the EIB

**Outcomes**
- Increased knowledge, expertise and practice
- Improved partnerships, increased public involvement,
- Increased concern for project financial viability and efficiency

**Impacts**
- Better project-making skills, improved future project performance
- Trust and willingness for future collaboration with the private sector
- Shift away from grant dependency
- More evidence-based decisions
## Institutional focus: institutional networks, outputs and impacts

<table>
<thead>
<tr>
<th>Public sector, city administration</th>
<th>Financial/funding institutions</th>
<th>Firms</th>
</tr>
</thead>
</table>
| **Interaction between planning and financial departments regarding project-making**  
→ better collaboration and understanding, better future project implementation | Participation in advisory committees, land provision, regulatory support, projects provision | Funding (inc. grant blending), land provision, benefits from policies (clustering, regeneration, access)  
→ Better inclusion of public sector help in firm’s decisions  
→ Increased firm’s responsiveness to policies and incentives, improved productivity |

<table>
<thead>
<tr>
<th>Financial/funding institutions</th>
<th>Public sector, city administration</th>
<th>Firms</th>
</tr>
</thead>
</table>
| **Funding to policy-led initiatives, loans to infrastructure projects, reporting on benefits**  
→ Better understanding of private finance by the public sector  
→ Institutional move away from grants, dissemination of better monitoring practices | Interaction between pure private investor and institutional/policy-led ones (EIB), inclusion of non-financial goals in investment decisions | Help with project and business plan, skills provision, funding  
→ More projects going through  
→ More able firms, better financial discipline for project running and future investors |

<table>
<thead>
<tr>
<th>Firms</th>
<th>Public sector, city administration</th>
<th>Firms</th>
</tr>
</thead>
</table>
| **Utilisation of public-developed land, contribution to clusters, urban services provision (regeneration, waste, EE)**  
→ Increased public initiatives success (development projects, clusters) and improved urban development  
→ Better inclusion of firm’s strategies and expectations in the urban strategy | Funding applications, returns on investment  
→ Increased trust and reduced risk perception by investor for a given location or sector  
→ Development of frontier sectors and places, bridging market gap/market failure | Clustering of activities (location externalities, supply chain complementarities), more weight to push for regulation changes  
→ growth of a sector or development of a given location |