Annex 13. A framework for the assessment of effectiveness and efficiency

By M. Manente & E. Mingotto, CISET, 2012

Introduction: the problem

Public bodies responsible for tourism management and promotion are nowadays subject, like any other public administration, to an increasing pressure, since on one hand they have to face considerable limitations on their budgets and on the other hand they have to develop successful actions able to deal with the increasing competition of other destinations.

Improving effectiveness and efficiency is then strategic, since managing public spending in the most effective and efficient way helps to assure better performances and the destination competitiveness, optimising at the same time the use of resources.

If implemented during the overall life cycle of the action – ex-ante, in-itinere, ex-post -, the evaluation[46] of effectiveness and efficiency plays a strategic role not only in terms of transparency and control of the public fund allocation, but also and in particular in terms of support to decision-makers: it is a continuous feedback to identify areas where actual results and efficiency are weak, so that interventions can be taken to promote improvements and, given the expected results and the budget constraints, to address public resources to the most effective and profitable activities only.

Also the European Union has confirmed the importance of the evaluation, especially in a period in which public bodies face continuous problems of budget restriction. Motivated by the ineffectiveness and inefficiency affecting the previous use of Community Funds, the European Union has recently invited national governments and regions to develop a new methodological approach for assuring a better planning and use of the future Community Funds for the period 2014-2020 and verifying project effectiveness and efficiency. This approach should articulate in: the clear definition of objectives, expected outputs and outcomes, key performance indicators and their target value; the identification of consistent interventions to be implemented for achieving expected results; the definition of resources and times; the availability of data and information; the involvement in the assessment of all stakeholders on which the intervention directly or indirectly impacts; the assessment of impacts, effectiveness and efficiency, verifying whether and to what extent the intervention has caused the impacts.

Unfortunately, the assessment of effectiveness and efficiency is not yet largely implemented by public bodies of any territorial level. The evaluation is very often left to improvisation and carried out without logic and rigorous approaches and professionalism. This problem can however partially depend on the deficiency of systems specifically designed for the evaluation of interventions carried out by public administrations in the field of tourism. Indeed, the whole field of program evaluation is still relatively under developed in tourism compared to other areas as health, education and public economics.

The aim of this document is to make policy- and decision-makers aware of the importance of the evaluation of effectiveness and efficiency, suggesting them a possible approach they can follow. The discussion draws on a CISET research project which has developed an assessment

[46] With the word "evaluation" (or "assessment") authors refer to a process which allows to interpret, understand and verify the merit and worth of a public activity, in this case in terms of effectiveness and efficiency; evaluation consists in assessing and giving meaning to the actual impacts produced by the actions, verifying whether and to what extent these impacts correspond to the expected results and they have been achieved minimizing the use of resources.

framework specifically designed for the evaluation of public activity carried out by territorial public bodies (Regions) in tourism.

An approach for the assessment of effectiveness and efficiency

According to the study carried out by CISET, a valid approach to the evaluation should be based first of all on ten important elements, which represent the starting conditions for a more rigorous and logic assessment. Even though these requirements can seem obvious, they are very often overlooked by public administrations.

1. Policy and decision-makers are required to specify the reasons for which they carry out the assessment of effectiveness and efficiency and the way in which results will be employed for supporting the decision-making process.
2. The assessment should be carried out ex-ante, in-itinere and ex-post, since these three steps are connected to each other.
3. The assessment of effectiveness and efficiency can not be separated from a clear and logic specification of objectives and expected outputs and outcomes, to which resources and activities should be aligned.
4. Since the impacts of an intervention can occur within different time frames, both short-term effects (outputs) and long-term effects (outcomes) must be considered. This means that the assessment process must follow the same time frames in which effects happen and that it is not completed until outcomes occur and they are measured.
5. Assessing effectiveness and efficiency means verifying whether, to what extent and with what resources results have been achieved and not simply controlling if a plan, a program or an action has been implemented.
6. Effectiveness and efficiency can not be assessed without verifying the causal relation between activity and results, in other words whether the impacts monitored at the conclusion of the intervention have been really caused by the intervention itself and not by other external factors.
7. Outputs and outcomes should be expressed through specific, realistic and measurable variables and indicators. However, the complexity of measuring some outputs or outcomes represents a big limit to the evaluation; this does not mean that the auditor should give up the evaluation, but, this means that, if it is not possible to express the variable with a proxi, he has to sincerely recognize and explain the limitations of the assessment.
8. Since the assessment can be a complex and expensive process, a balance between result quality and costs is required. A careful definition of the assessment system (set of indicators, methodologies, etc.) is required in order to answer both evaluation and information needs and available resources.

In order to avoid useless waste of time and money, the assessment should ignore interventions based on secondary objectives only apparently related to tourism.

9. The assessment of effectiveness and efficiency is based on a comparison: the intervention under consideration should be compared with other alternative activities, in order to identify the best one; the alternative can be represented also by the option "doing nothing".
10. The assessment should be supported by a flexible, comprehensive and valid information system.

Together with these essential requirements, a valid approach for the assessment of effectiveness and efficiency should be based on a global and comprehensive vision that embraces the evaluation of interventions of different entities and complexity: from well-structured tourism plans to programs to specific actions[47]. Indeed the evaluation should be a continuous and cyclical approach, in the sense that on one hand the evaluation of a specific action does not make sense if it is not included in a more global evaluation referring to the program and the overall tourism plan to which it belongs; on the other hand the assessment of a plan can not be separated from the analysis of its programs and individual actions.

As summarised as follows, the assessment should follow a sequential and logic process and be integrated in the overall decision–making process, so that it can be a real support to decisions and to the implementation of effective and efficient activities.

1. Analysis of the current situation, for identifying and assessing real problems to be solved, gaps to be filled, opportunities to be taken. While the definition of a well-structured tourism plan requires the study of all aspects of tourism, in order to identify priorities for the future development of tourism in the destination, the definition of specific programs and specific actions require an analysis limited to the specific area to which the intervention refers (for example the analysis of tourism market segments and perceived image for developing a program of promotion).
2. Explanation (in a smart way – specific, measurable, achievable, realistic, time) of primary objectives and expected results, both outputs and outcomes, paying attention to the interaction of secondary objectives as political issues and maintaining consensus, pressures from lobbies, superregional directives, etc.
3. Ex-ante evaluation: identification, assessment and comparison of alternatives interventions (programs or actions) in order to identify, estimate and measure their costs and benefits (for example through cost-effective analysis, cost-benefits analysis, multicriteria analysis, causal logic models, case-study analysis, etc.) and select the most effective and efficient one, also in relation to available resources. It is important to pay attention also to the possible effects of other interventions already implemented in tourism and in other areas non directly linked to tourism but affecting it (agriculture, transports, culture, environmental policies, ict, fiscal policies, etc.).
4. Selection of interventions (programs to be included in the plan or actions for putting into practice programs) and specifications of the period of timeframe, amount of resources used for the intervention, subjects' responsibility, coordination with other interventions, etc.
5. Definition of an assessment system for the in-itinere and ex-post evaluation, selecting a set of variables and indicators of effectiveness and efficiency for each of the objectives, defining their target value and specifying the methodologies and tools for collecting data, measuring indicators and evaluating effectiveness and efficiency.
6. Implementation of interventions.
7. In-itinere and ex-post evaluation through the assessment system previously defined: identification and measurement of real outputs and outcomes, test of the causal relation between effects and intervention, comparison between actual effects and expected results, final judgment about effectiveness and efficiency. The evaluation of those more complex activities articulating in several different interventions (for example the tourism plan which consists of different programs or the program which consists of several actions) requires the assessment of the impacts produced by all these interventions and by their interactions.

[47] Focusing in particular on a territorial public bodies (the region), with the word "*plan*", we refer to the tool with which the region define the future strategic development of the regional tourism. It is generally held every three years and it is composed by different programs, according to the priorities and strategic objectives.
With the word "*program*" we refers to a coordinated and organized set of actions aimed at achieving the objectives defined in the plan for a specific areas of interest (for example the program for the tourism promotion or a program for supporting tourism operators and enterprises of the region, etc).

8. Feedback for decision-makers and use of the assessment results for correcting/improving ongoing or future interventions.

Final considerations

The evaluation approach suggested above has been applied to the assessment of some actions taken by the Veneto Region (Italy) in the field of tourism, bringing interesting results.

It as a consequence represents a starting point to increase awareness of policy- and decision-makers, bringing them to progressively integrate the assessment of effectiveness and efficiency in the decision-making process and to develop a more logic and rigorous evaluation.

FURTHER LINKS

http://virgo.unive.it/ciset/website/

REFERENCES

Mingotto, E. (2012). *Research Grant final report - Metodologie di valutazione dell'efficacia e dell'efficienza di azioni svolte dalle amministrazioni pubbliche in ambito turistico. Applicazione ad alcuni casi di studio*. CISET, Università Ca' Foscari. Unpublished report.

Manente, M., Mingotto, E. (2012). *How tourism statistics can support di assessment of effectiveness and efficiency of public actions. Paper presented at the 11th Global Forum on Tourism Statistics, Reykjavik, Iceland, 2012.*