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Failure or success: assessing the European Commission's new strategy to foster EU's economic recovery

Isabel Camisão & Paulo Vila Maior

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ARTICLE

Failure or success: assessing the European Commission's new strategy to foster EU's economic recovery

Isabel Camisão [a,b] and Paulo Vila Maior [c,d]

[a]Department of History, European Studies, Archaeology and Arts, Faculty of Arts and Humanities, University of Coimbra, Coimbra, Portugal; [b]Research Center in Political Science (CICP), University of Évora, Évora, Portugal and University of Minho, Braga, Portugal; [c]Faculty of Social and Human Sciences, University Fernando Pessoa, Porto, Portugal; [d]Research Centre for the Study of Population, Economy and Society (CEPESE), University of Porto Porto, Portugal

ABSTRACT

The European Commission launched in November 2014 an Investment Plan for Europe to foster Europe's economic recovery. Despite prognosis of failure, in 2016 Juncker announced the success of the Plan and proposed its extension. Using as theoretical framework an adaptation of Bovens and 't Hart's model of two logics of policy evaluation (political and programmatic) (1996; 2016), our goal is to answer the question: Is the Investment plan truly a success as claimed by the Commission? Our findings suggest that although the Plan scored fairly poorly as the reputation goes, the perception is gradually improving over time. In terms of performance, most of the numbers are in line with, or above, the expected results for the timeframe of the analysis.

KEYWORDS

Juncker's investment plan; European Commission; policy failure; policy success

Introduction

Against several prognoses of institutional decline, the European Commission (hereinafter Commission) has tried to affirm itself as a central actor in the European Union (EU) response to the economic and financial crisis. The Commission's activism included issuing legislative proposals for strengthening economic and financial supervision, laying down the foundations of a banking union and putting in place an overall reform of the Single Market. In 2014, the newly appointed Commission President, Jean-Claude Juncker, considered that the time was come for a 'new approach' (Juncker 2014a) directed to strengthen Europe's competitiveness and to stimulate investment for the purposes of job creation. In November 2014 he presented an *Investment Plan for Europe* (known as the 'Juncker Investment Plan') based on three strands: the mobilisation of at least €315bn for investment; targeted initiatives to guarantee that the extra investment meets the needs of the real economy; and measures to provide greater regulatory predictability and to remove barriers to investment (European Commission 2014a, 5). At the heart of the Plan was the proposal for a new European Fund for Strategic Investment (EFSI), which was approved in 2015.

Despite the sceptic reaction of many stakeholders, less than two years later, in his 2016 State of the Union Address, Juncker bluntly announced the success of the Investment Plan,

CONTACT Isabel Camisão isabelc@fl.uc.pt Department of History, European Studies, Archaeology and Arts, Faculty of Arts and Humanities, University of Coimbra, Coimbra 3004-530, Portugal

justifying its extension. The aim of this article is to assess the Commission's new post-crisis instrument devised as a central piece of the institution's comprehensive strategy to help Europe regaining its competitive edge. The article is structured as follows. The next section explains the theoretical model and the methodology of the Investment Plan for the EU's economic recovery. Section 3 evaluates the Juncker Investment Plan as regards process, reputation and performance, and tentatively discusses its relevance for EU's economic recovery. In the conclusion we highlight the main findings of the paper and opportunities for future research.

Theoretical framework and methodology

Theoretical framework

The assessment of policy initiatives is practiced by numerous stakeholders, including politicians, bureaucrats, interests group leaders, academics, journalists, and bloggers (Marsh and McConnell 2009, 568). However, the analyses frequently fail to frame the assessment with clear criteria against which failure or success can be assessed. In order to avoid this methodological trap, we use as theoretical framework an adaptation of Mark Bovens and Paul 't Hart's model of two logics of policy evaluation (political and programmatic) (1996, 2016), to which we add the process dimension in line with the model proposed by Marsh and McConnell (2009). Our goal is to measure whether the Investment Plan for Europe is a success, as claimed by the Commission, and to what extent it is an input to Europe's economic recovery.

According to Bovens and 't Hart (2016, 654) the evaluation of a policy has a high degree of subjectivity and even when formal technical evaluations or benchmarking analysis are conducted the results may not be accepted or broadly known to alter the general public's perception. Also, different actors involved in policy shaping or affected by the policy often purposefully frame the *narrative* in order to increase or decrease political support, depending on what best serves their interests. In the specific case analysed in this article, besides EU institutional actors, whose official opinion is generally more aligned with the Commission's narrative, media and think tanks that focus on European issues are also players to be considered, as they are opinion-makers per excellence. The reaction of business actors is also worth to be recognised.

This sort of 'framing contests' between advocates and shapers of the policy on the one hand and critics or victims of it on the other hand explains why 'the study of policy success and failure is one of the dynamics of *reputation* as much as it is one of *performance*' (Bovens and 't Hart 2016, 655–56) [italics in the original]. Thus the need for a model of policy evaluation focusing both on a *programmatic* and on a *political* dimension (Bovens and 't Hart 1996; Bovens, 't Hart, and Peters 2001). In the first, the analysis focuses on the degree to which policy has achieved policy-makers' original stated goals, by answering the question: how effective, efficient and resilient was the policy? (Bovens, 't Hart, and Kuiepers 2006, 330). If at first sight this appears to be a very 'mathematical', rational form of evaluation, it is not completely bias-free, as it could be pervaded by political judgements. Also, impact assessments could be commissioned purposefully to reinforce pre-determined narratives of the main policy-shapers (Bovens and 't Hart 2016, 656; Radaelli, Dunlop, and Fritsch 2013). In the *political dimension* the analysis focuses on impressions, i.e. on the reputation of policy and policy-makers to answer the question: how are policy and policy-makers represented and evaluated in the political arena? (Bovens, 't Hart, and Kuiepers 2006, 330). It is a constructed image based on the ways policies are perceived and discussed among stakeholders, in the media and in forums where policy-makers are held to account (Bovens and 't Hart 2016, 656). Even though the two dimensions could be envisaged as the side and the flipside of the same coin, the results are not necessarily coincident. Indeed, as Marsh and McConnell (2009, 569) note, a policy may fail in programmatic terms, but 'twisted' to appear a political success, or succeed in programmatic terms, but portrayed as a failure (with negative consequences for the government). Building on these two dimensions, one might consider a policy as a success 'if it achieves the goals that the proponents set out to achieve and attracts no criticism of any significance and/or support is virtually universal' (McConnell 2010, 351). Contrariwise, a policy fails 'if it does not fundamentally achieve the goals the proponents set out to achieve, and opposition is great and/or support is virtually non-existent' (McConnell 2016, 671).

While the relevance of Bovens, 't Hart and collaborators' work is well established (Marsh and McConnell 2010, McConnell 2017), some weaknesses of the model are highlighted in the literature on policy evaluation. For example, whereas for analytical purposes is useful to separate the programmatic and the political dimensions, the fact is that, as McConnell (2010) rightfully notes, programs have also political repercussions. Thus, governments' choices (or, for this analysis' purpose, the Commission's choices) regarding the timing of decisions and the symbolism associated to particular forms of action (or even the absence of action) have consequences not only for the reputation of the actors but also for their ability to manage political agendas (McConnell 2010, 350). Actually, controlling the policy agenda 'by giving the impression of tackling a problem and marginalizing critics' is another important criterion to measure political success (McConnell 2010, 353). Also, according to McConnell, a former marker of political success is helping maintain broad values of government.

The multi-dimensionality of policy and what governments do (or in the case of EU's political system of what EU institutional actors do) led David Marsh and Allan McConnell (2010) to add a third dimension to the analytical framework designed by Bovens, ´t Hart et al. Accordingly, besides performance and reputation they look at the *process dimension* i.e. 'the stages of policy-making in which issues emerge and are framed, options are explored, interests are consulted and decisions made' (Marsh and McConnell 2010, 569, 572). A policy might be considered a success by its proponents just for the reason that the process of policy-making went smoothly. Put it differently, the simple fact that a solution (policy) is agreed as a response to an urgent problem might, at least in the short term, be considered a political success. Thus, how the process went (the input) influences the evaluation of the policy (the output). Even though, Marsh and McConnell's line of reasoning might be debatable (see for example Bovens and 't Hart 2016, 659), we consider that tracing the steps that led to the adoption of the policy does help to put the policy in context and shed light on problem definition, agenda-setting and negotiations, as well as on the actors involved in shaping the policy, which in turn could provide important insights for the overall assessment of the policy.

A final note of caution is needed regarding the longevity of a policy evaluation's results. Since policies have generally lasting effects, the verdict of the policy evaluation – either being failure, success or something in-between – is most likely conditional to the timeframe of data collection:

> The words success and failure typically convey the impression of being the "last word" on whether a policy has performed well or badly. Yet many policies have lasting effects that reverberate over years, decades, and indeed centuries. Such effects may vary over the years in terms of bolstering or diminishing the case for a policy's having succeeded or failed (McConnell 2017).

Methodology

Building on the abovementioned framework, we will look at the Juncker Investment Plan using three different lenses: process, reputation and performance. We start by tracing the steps towards the Investment Plan focusing on the time dimension between 2014 (year of the contest for President of the Commission) and 2015 (the date of the EFSI proposal adoption). We then focus on how the Plan was portrayed in the media and received by think tanks and business associations or industry stakeholders. Besides EU institutional documents, a total of 54 documents using a combination of qualitative and quantitative methods were analysed. The selection covers the period between 2014 (year of the Commission's proposal) and 2017. After a first reading of the documents, content analysis (through software Dedoose) was used to check for perceptions or evaluations of positivity, negativity or neutrality of the Juncker Plan. Content analysis, as a technique to unveil patterns in data, is particularly useful for determining trends and changes over time (Matthews and Ross 2010, 395). Thus, text excerpts conveying positive, negative or neutral tones regarding the plan as a whole or of its many features were extracted from the documents. The assessment of what is positive, negative or neutral was based on contextual clues or expressions used either by the authors of the publications or by the sources they quote. For the 54 sources, a total of 215 excerpts were selected and categorised. We acknowledge criticisms regarding content analysis, namely the perils of human bias and misinterpretations. Also, incorrect selection of categories or codes can reduce the validity and reliability of the findings (Matthews and Ross 2010, 397). To minimise the occurrence of errors we revisited and refined initial categories by adding subcategories. Whenever possible the same wording was used for subcategories of positive and negative type, as it increases comparability. The only category without subcategories is the neutral tone.

As regards performance we analyse the results of the Plan by 2016 against its original stated goals, based mainly on the independent evaluation on the application of the Regulation 2015/1017 on the EFSI and the European Investment Advisory Hub (EY 2016), on the report of the European Investment Bank (EIB) (EIB 2016), as well on regularly published dataset by the EIB (2018).

Assessing the Juncker investment plan: how successful is the commission's 'successful' plan?

Process dimension: tracing the steps towards the Juncker investment plan

As a response to the economic and financial crisis substantial reform of the EU financial regulation framework was designed to achieve a safer, more transparent, accountable and resilient financial sector supporting growth and employment. However, heavy bank-dependency as regards investment, substantial differences in financing conditions between member states and limited access to finance that many SMEs experience remained.

Acknowledging handicaps in Europe's reforms, Juncker displayed on July 2014 the political agenda for his five-year term (2014–19) at the head of the Commission. The document singularised ten policy areas on which achieving concrete results was crucial. By opting for a more political and focused agenda, Juncker signalled a move away from the 'micro-managing' style of his predecessor (Ivan 2017, 5) which in turn allowed his Commission to concentrate its energy in putting fewer but crucial key issues – 'big things' (European Commission 2014b, 2) – onto the *European* agenda. As a priority, Juncker committed to swiftly launch an ambitious Jobs, Growth and Investment Package (Juncker 2014a). In Juncker's narrative, the low level of investment was displayed as one of the Europe's chief *problem* and his Investment Plan as the urgent and most needed *solution*. This was a clear depart from Barroso Commission's narrative. It is true that the low level of investment was acknowledged by the Barroso Commission[1]. However no systematic plan was devised to revert EU's negative growth and Barroso himself recognised that structural reforms (not investment) were his Commission's priority (Barroso 2014). Thus, arguably it was Juncker's persistent discourse on the perils of low investment that managed to frame the investment issue as a pressing problem that need immediate action or, in different words, that needed an Investment Plan.

Juncker's Plan was therefore a way for the Commission to present a new (non-austerity based) recipe to overcome persistent economic stagnation but also a way for the Commission to try to reaffirm its influence (and authority) in the design of the EU's future course of action. To put it differently, there is a normative justification associated not only to the Juncker Commission's new way of doing things but must importantly to its clear reprioritization of problems and proposed solutions.

Acting as a 'policy entrepreneur' (Kingdon 2003), Juncker took every opportunity to float the idea of the Investment Plan. He started discussions of the proposal and constantly explained the Plan, whereas in the Commission's work programme and other official documents, or in his speeches. For example, in Juncker's opening statement before the EP plenary session in July 15 he stressed: '[w]hat we need is sustained growth over decades. What we need is an ambitious package for employment, growth, investment and competitiveness' (Juncker 2014b, 4).

A clear signal that Juncker's new narrative regarding the importance of investment was steadily becoming the new institutional narrative appeared in September 2014, when a *Special Task Force on investment in the EU* was set up by the Commission and the EIB (in coordination with member states), following a request of the ECOFIN Council[2].

Despite favourable signs regarding the agenda-setting of the investment issue, Juncker never neglected the campaign for his big idea. In his 22 October statement 'Time for Action' before the EP he reaffirmed his commitment to the Plan:

> *In July I promised I would present a 300 billion euro investment package (...) I shall not be presenting this investment programme in the first three months of my term of office, as originally planned. Instead, the Vice-President concerned, Jyrki Katainen, and I will present it before Christmas. There is no time to lose and we must meet the challenge as swiftly as possible* (Juncker 2014c, 4).

This was an important step as the chances of a proposal being taken seriously greatly enhance if policy communities, mass public and specialised publics have been 'soften up' in advance (Kingdon 2003, 205). Gradually, Juncker's narrative became the institutional narrative of one of the EU key players, as the European Council of 23–24 October noted that: '[t]o pave the way towards a strong sustainable economic recovery, Europe needs to invest in its future. Low investment today erodes tomorrow's growth potential'. Accordingly, the European Council explicitly stated its support to the 'incoming Commission's intention to launch an initiative mobilising 300 billion euro of additional investment from public and private sources over the period 2015–2017' and urged the Commission (along with the Council and the EIB) 'to take the investment initiative forward without delay, and to report to the European Council in December' (European Council 2014a, 11).

Taking advantage of the momentum building up around the Plan[3], the then recently appointed Juncker Commission took the decisive step to turn Juncker's pet idea into action by putting forward the Communication 'An Investment Plan for Europe'[4] on 26 November 2014. The sense of policy urgency, which is a narrative technique used to facilitate the adoption of a proposal (Radaelli, Dunlop, and Fritsch 2013), was established in the first sentence of the document: 'Europe urgently needs an Investment Plan' (European Commission 2014a, 3), followed by a detailed explanation of the investment package as the solution for EU's investment problem. Juncker (with Vice-President Jyrki Katainen, and EIB President Werner Hoyer) presented the Plan to the EP on the same day. According to the European Parliamentary Research Service (EPRS) it 'obtained the support of MEPs from across much of the chamber in particular from the EPP, S&D, ALDE and the Greens/EFA political groups' (EPRS 2014, 2). However, the GUE/NGL and EFDD expressed their scepticism regarding the feasibility of the plan, while the ECR called for additional information to enable them to adopt a final position (EPRS 2014, 2). Actually, reservations of these political groups towards the plan were considerable, with expressions such as 'voodoo', 'magic', and 'unrealistic' being used to describe the proposal. Scepticism of some external stakeholders is also noted in the EPRS's document[5].

This mixed appraisal of the Plan didn´t permeated the final Report of the Task Force issued in December 2014. On the contrary, the report greatly supported what was described by the Commission itself as the 'new economic narrative of the Commission' (European Commission 2014b), namely by stressing that the level of investment impacted on Europe's growth and competitiveness:

> *The current subdued level of investment activity jeopardises Europe's long-term growth potential. It leads to an erosion of the existing productive capital stock. Europe is not making the productive investment in human and physical capital that is needed for future competitiveness, growth and employment, and is thus falling behind other leading economies worldwide* (Task Force 2014, 5).

The sense of urgency repeatedly conveyed by Juncker was equally endorsed, with the word 'urgent' repeated six times in the document. Without surprise, Juncker's proposal for a comprehensive investment package was adopted at the European Council meeting on 18 December 2014. The meeting, the first chaired by Donald Tusk, had investment as a central issue of the agenda (alongside the situation on EU's eastern borders). Conclusions were lined up with the Commission's narrative and reinforced the need for urgent action: '[f]ostering investment and addressing marketing failure in Europe is a key policy challenge' (European Council 2014b, 1). The same conclusion emerged from Tusk's remarks during a press conference following the European Council meeting:

> *I am pleased to report to you on this European Council (...) We focused on Europe's two most important challenges: boosting investment, and the situation at our eastern borders. First, on investment. Presently, injecting public and private money in strategic projects is the best thing to speed up Europe's economic recovery* (Tusk 2014, 1).

The legislative process required to approve the EFSI (one of the chief pieces of the Plan), also went smoothly. The December European Council invited Union legislators to agree on a legal text by June, so that new investments could be activated as early as mid-2015. Subsequently, on 13 January 2015 the Commission presented its Proposal for a Regulation of the EP and of the Council on the EFSI. Despite several amendments made, the adoption of the Regulation took less than six months[6] (against the average 17 months at first reading), with the Regulation entering into force on 25 June 2015.

The facts and timelines described show that the process dimension was a success. Juncker was able to frame the issue of low investment as a major problem and the investment plan as the right solution. Juncker also managed to guarantee institutional support from the start with the Plan endorsed in all EU institutional fora and the legislative proposal on EFSI approved in a noticeable short period of time.

Reputation dimension: between 'unrealistic' and 'second-best option'

The assessment of a policy frequently varies depending on who is making the evaluation. Often governments or, in the EU case, institutional actors praise the advantages of the policy whereas other stakeholders highlight handicaps. One possible explanation is that '[b]enchmarks for success and failure are a moveable, politicized feast' (McConnell 2017), meaning that results or expected results of a policy will be screened through what we might call the 'interest lens'[7] of the evaluators.

The assessment of the Investment Plan followed the pattern highlighted above. Whereas the Plan was welcomed and for the most part acclaimed by EU institutional actors (see process dimension), reactions from external stakeholders (visible in the 54 documents analysed) were fairly different, with the majority of the opinions leaning towards a negative perception. The media contrasted Juncker's bluntly confidence against the widespread scepticism of external actors, particularly regarding the real possibility of achieving the Plan's announced results, as exemplified by the General Secretary of the European Trade Union's suggestion that the Commission was 'relying on a financial miracle like the loaves and fishes' (BBC 2014). All in all, even though the media acknowledged that Juncker was praised for putting forward a plan to boost investment (which was perceived as better than having none), they also stressed that many criticised him for grounding the announced success of the plan on 'unrealistic' projections.

As for the think tanks' reaction, although the majority confirmed Juncker's diagnosis regarding EU's investment problem, they also expressed serious doubts, questioning (among other things) the level and source of investment, the design of the Plan and the intended results: '[t]he risk for the Commission is that its flagship investment plan will not be the game-changer announced last year and that its impact in terms of growth

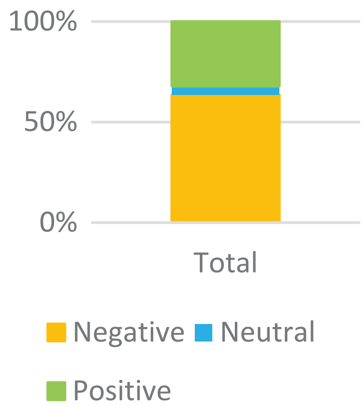

Figure 1. Tone (total aggregated).

and employment will be very limited' (Claeys and Leandro 2016). Even though some analyses were mostly negative, the majority presented a moderate perception, criticising the plan's weaknesses but also highlighting some of its positive features. However, at best, the Juncker Investment Plan was considered a 'starting point … but not the all answer' (Zuleeg and Schneider 2015).

Business and industry associations also expressed concerns about the feasibility of the Juncker Investment Plan. Their main doubts related to the amount of EU budget mobilised to EFSI, the type of projected financed, and the Plan's capacity to generate the level of investment foreseen. Yet, in the analysed documents stakeholders also describe it as an 'opportunity', a 'start' or a 'step in the right direction'. Thus, the negative perception appears to be tone down by the fact that a solution to reverse Europe's low levels of investment (though imperfect) was finally putted forward: '[w]hilst the investment plan may not be enough, it is not too late' (Norton Rose Fulbright 2014).

As regards reputation, our first reading of the documents points to a highly sceptical reaction to the Plan, with very conservative projections regarding the likelihood of success. The results of the content analysis confirm this 'first' reading. Selected sources convey more negative appreciations than positive ones, with 64% of the excerpts conveying a negative tone, 32% a positive one, and 4% being neutral (see Figure 1).

Results by year also show that negative tones prevail, even though the gap between positive and negative is becoming narrower in 2017 (see Figure 2).

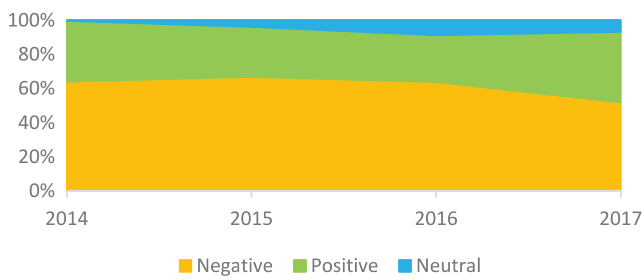

Figure 2. Tone (total aggregated by year).

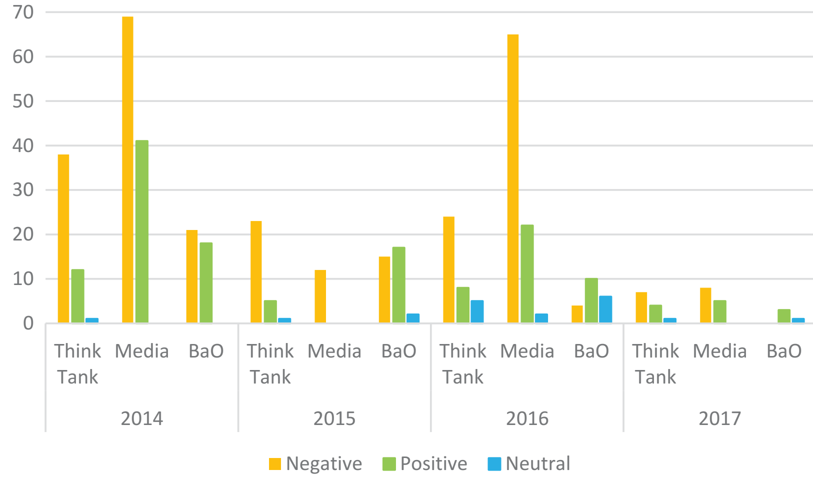

Figure 3. Tone total aggregated by year and type of source.

If we breakdown the results also considering the type of source, data show that media and think tank publications tend to convey more negative impressions, whilst business related publications tend to convey more positive impressions since 2015 (see Figure 3). In particular, media appraisals of the Plan show a clear tendency towards a negative perception, which raises some red flags. Particularly, since media are expected to be the most objective evaluators among the three types of actors, consider both professional ethics and their role as watchdogs. However, the fact is that the criticisms found in several of the articles analysed seemed more a wake-up call for Juncker (in the sense that the Plan would need refinements to work properly) than a complete distrust in the project.

As for the much favorable results of the group BaO, one possible explanation is that as potential beneficiaries of the Plan, business and other economic actors opted to be more prudent since they find it better to have Juncker's Investment Plan than no plan at all. It is worth noting that, even within the BaO category, there are some differences regarding the evaluation of the Plan. Indeed, the stakeholders more receptive to the Plan were the ones that aggregate the interests of potential net recipients of the policy, such as associations of business and industries. Arguably this is due to the fact that one of the major aims of the Juncker Plan was to support the SMEs which were facing particular restrictions regarding bank financing. Thus, for the organizations representing enterprises the Plan was perceived as a most welcomed effort to dismantle financial barriers to investment (through a combination of public and private investment), which would unblock innovative projects that otherwise would not be considered for funding. Whereas some reservations prevail regarding the overall impact of the Plan on economic growth or unemployment figures, it is the 'logistics' part of the Plan that raises the major concerns, namely the lack of due preparation on the earlier stages of the plan that resulted in Member States being asked to send projects before the approval of the regulations, with little regard to the need of changing the EIB risk adverse culture. Arguably, this is indicative that actors such as business and industry associations were more concerned with the operational dimension (what are the hurdles that can prevent their associates to benefit from the Plan) than with the broad purpose of the Plan. Showing a slightly different mind frame, advisory bodies and advocacy organizations not only were more reserved in their positive reactions, but also voiced a different type of concerns that have more to do with the alignment of the Plan with the EU's 'normative vocation' as, for example, they expressed some questions regarding the overall design of Plan (including the apparent lack of social and regional dimensions[8] in the initial blueprint of the Plan), or the plan's lack of alignment with broader EU policies.

Moving to a comparison between positive and negative perceptions using the subcategories created for the analysis (Figures 4 and 5), results show that stakeholders are fairly divided as regards the main stated goal of the Plan – increasing investment – as demonstrated by the fact that features within the subcategory 'investment stimulation' are referred in a total of 29 excerpts conveying a positive tone, but also in a total of 25 excerpts conveying a negative tone (see Figures 4 and 5). Positive evaluations highlight, among other things, the importance of the plan for boosting investment; the fact that it represents an economic paradigm shift, moving away from policies focused on austerity to policies based on growth and investment; the fact that some investment is being made; and the fact that the Plan removes uncertainty and risk from private investors. Negative evaluations essentially point out at the inability of the plan to meet proposed investment targets. The features that have the most negative impressions are related to the subcategory 'mechanism' (i.e. how the plan was designed and how the plan will work), referred in a total of 30 negative excerpts (which represents a value far superior to the 11 excerpts that convey positive tones about the mechanism). Criticisms include, among other things: lack of assessment mechanisms; lack of adequate preparation; lack

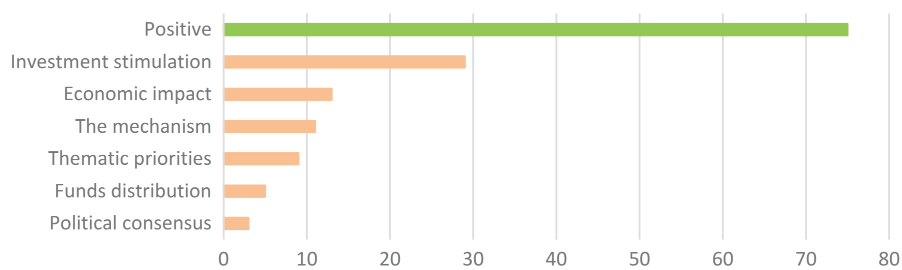

Figure 4. Positive tone (total aggregated figures).

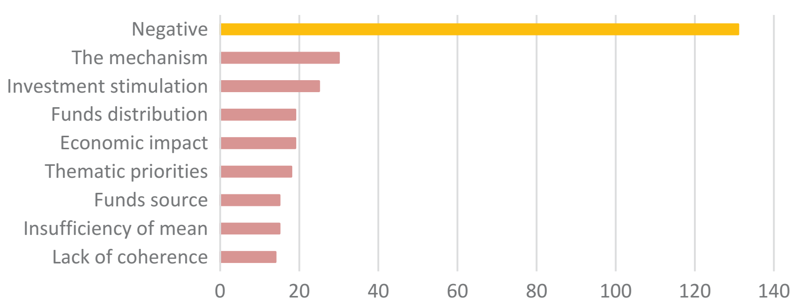

Figure 5. Negative Tone (total aggregated figures).

of incentives for member states to participate in the plan; lack of transparency of the projects' approval process; lack of democratic control over the plan's execution; and the involvement of the EIB on the Plan.

In the reputation dimension results show that negative perceptions prevail in all subcategories used in the analysis, apart from 'investment stimulation' and 'political consensus' (the latter only perceived as positive). The negative perception in the majority of the categories appears to have substantiated a relatively pessimistic perception regarding the Plan's overall impact on EU's economic recovery (19 excerpts conveying negative perception against 13 conveying positive perception). It appears though that criticisms were softened by the idea that having a plan with flaws is better than having none which ultimately validated the Commission's proposal as a sort of *'half-way' success*, i.e. not optimal but at least second-best.

Performance dimension: the 'state-of-art' of statistical data

At the time of writing (late June 2018), two comprehensive reports on the evaluation of the EFSI were published. They cover the period between the start of EFSI operations and the 30th. June 2016 (one third of the three year-period planned for EFSI operations) (EIB 2016; EY 2016). A far-reaching analysis of the EFSI performance is not possible because comprehensive evaluation reports only cover one third of the period estimated for EFSI operations. In addition, EFSI features blur the evaluation: the expected multiplier effect drives the burden of success to the private sector, so that private investments significantly outpace the triggering effect of EIB and the EU budget's funding altogether. To engage on a quantitative evaluation, numbers deployed in the EFSI plans must be compared with the results accomplished so far. A twofold dimension is at stake: i) sectoral distribution of money disbursed; and ii) how much money has been disbursed and the expected multiplier effect.

Some reservations apply to both reports. On the one hand, the risk of the EIB report is biased analysis, since the EIB is the key actor in the implementation of the EFSI. On the other hand, the EY report is not an academic evaluation. It is, therefore, far from harbouring a thorough assessment. Despite their shortcomings, the reports are the first quantitative assessment of the EFSI. Therefore, conclusions drawn on these reports are necessarily limited. Yet, the authors decided to resort to both reports as a guiding light to measure the performance of EFSI. Additionally, the EIB publishes, on a regular basis, dataset that updates the implementation of EFSI. These data supplement the analysis based on the aforementioned reports.

Sectoral evaluation

It is important to find out which sectors have been attracting more investment for the Infrastructure and Innovation Window (IIW) and the Small and Medium Enterprises Window (SMEW) operations. For IIW operations, the top three sectors are energy (46%), transports (19%) and RD&I (13%). The focus is much on energy investments, which represents almost half of funding for IIW operations. This does not respect the 30% threshold recommended. For SMEW operations the concentration is even higher, as RD&I attracted a substantial portion of investments (69%). ICT, and human capital, culture and health lag behind (20% and 5%, respectively)[9]. Nonetheless, there are no limits for SMEW operations (EIB 2016).

For IIW operations, it is understandable that the emphasis lies on energy, since the modernisation of energy infrastructures is of utmost relevance for improving competitiveness. These are high-risk investments and, hence, the impetus of an investment plan such as the EFSI is critical to trigger additional investment from the private sector. The concentration of funded operations on RD&I at the level of small and medium companies (SMEW operations) shows how their market attractiveness largely depends on investments focused on production renovation, which in turn requires new production procedures with an important role for technological conditions.

Sectoral distribution of EFSI investments and the share of investments mobilised across sectors is also relevant. A substantial parcel of EFSI investments took place on energy (34%), followed by SMEs (18%), transport (16%), RD&I (15%), environmental and resource efficiency (8%), and the digital sector (6%). In terms of the share of investments mobilised, the hierarchy is the same, with some differences on what concerns each sector's share (EY 2016). Recent data (EIB 2018) show some differences on the amounts mobilised for these sectors: SMEs rank first (28%), followed by RD&I and energy (both with 22%), the digital sector (11%), transport (9%), social infrastructure (4%), and environmental and resource efficiency (4%).

Benchmarks for the EFSI's performance

As President of the Commission, Juncker promised to restore the institution's political influence, namely by delivering results in EU's priority areas. The Investment Plan was his first flagship initiative. In previous sections, we have assessed the Juncker Investment Plan in terms of process, reputation and performance. However, in order to label the Plan as success or failure and to measure its impact on Juncker Commission's reputation it is important to analyse it in the context of Europe's broad strategy to regain economic momentum. Though the limited time-frame of the analysis precludes definitive conclusions, some preliminary insights are attempted here.

EFSI is supported on a €21bn budget, of which €5bn were covered by the EIB and the remaining €16bn were funded by the EU budget. These funds were expected to crowd-in to private investments according to a 15x multiplier effect, so that the overall investment potential of the Juncker Plan aimed at €315bn (European Commission 2014a)[10]. These are the landmarks against which the quantitative assessment of the EFSI must be judged. Since evaluation reports only cover the first third of the period envisaged, a rough measure is to account operations' funding (those directly financed by actors involved in the functioning of the EFSI and those owing to private investments) and to extract a measure of the outcome considering the time already spent.

At the end of first third of operations, €17,45bn were disbursed by the EFSI, which is expected to mobilise €104,75bn of total investment (EIB 2016). 62% of total investment came from the private sector, which is a positive outcome. A recent appraisal, going until July 2017 (European Commission 2017), updated the figures: a total of €43,6bn invested by the EFSI (of which €29,7bn by the EIB and €9,3bn by the EU budget), matching a total of mobilised investments of €225,3bn, provides evidence of some success. 71% of expected investment by 2018 was already accomplished by mid-2017, that is, when two thirds of the EFSI lifespan already passed, total investments are marginally higher than two thirds of the total expected.

Data call for disaggregation, since the EFSI includes two broad categories of investments: IIW and SMEW. To that purpose, June 2016 interim indicators are used (because detailed numbers of the July 2017 evaluation are not available) (EIB 2016). 262 operations were approved, which represents 33% of the target and is in line with the first third of the period covered. The number of operations signed (202) was slightly below, however. They represent 21% of the target, which is lower than the 33% threshold expected at the end of the first third of EFSI operations. An imbalance is noticed between IIW and SMEW operations: while the former shows a modest accomplishment (76 operations approved, of which 39 were signed, representing only 9% of the target), the latter is clearly above the indicative threshold (186 operations approved, of which 163 were already signed, representing 58% of the target).

These figures, nevertheless, are not absolute evidence and must be understood within the specific context of EFSI operations. While SMEW operations started first, they also benefited from a rollover of the EU budget and of the EIB mandate. In contrast, IIW operations started later and had to wait for the approval of regulations on financial disbursements. IIW operations required new products and an accommodation of systems and procedures, which explains time-lag and disproportionate investments between both headings (EIB 2016).

The analysis of the share of private financing, in turn, reveals a balance for both ingredients of the EFSI: for IIW operations private investments represented €14,43bn (of a total of €22,39bn, a 64% share), while for SMEW operations they matched €26,73bn (of a total of €43,75bn, a 61% share). The addition of both types of operations shows a €41,16bn input of private investments (of a total of €66,14bn, a 62% share) (EIB 2016). Table 1, below, provides detailed data.

An important benchmark if the feasibility of the multiplier effect of the Juncker plan. Technical details fall outside the goals of this analysis, as it would dwell into the macroeconomics of the model that influenced the rationale of the Juncker plan. While there is profuse literature on the multiplier effect of public investments at the European level (e.g.: Abiad, Furceri and Topalova 2016; Mazzucato and Penna 2016), what is important is to measure the outcome and whether deviations are a reason of concern.

Table 1. EFSI performance, in €bn.

	IIW	SMEW	EFSI
EIB/EIF signed up:	***4,7***	***5,9***	***10,6***
Support: EU guarantee	4,6	0,4	5,0
Support: EIB risk banking capacity	0,1	2,2	2,3
Support: EFSI	***4,7***	***2,6***	***7,3***
Other EIB/EIF funding	0,0	3,3	3,3
External funding	17,7	38,3	56,0
Investment mobilised	***22,4***	***44,2***	***66,6***
KIPS			
Actual multiplier (%)	4,8	17,0	9,1
Expected multiplier (%)	14,6	13,9	14,1
Targeted investment to be mobilised	240,0	75,0	315,0
Actual investment mobilised (%)	9,3	58,9	21,1
EFSI support committed	16,0	5,0	21,0
Actual EFSI support (%)	29,4	52,0	34,8

Source: EY (2016).

The crucial findings come from the comparison between actual and expected multipliers. It is important to ponder the relative intensity of the actual multiplier, bearing in mind that one third of the lifetime of the EFSI was spent. For the EFSI as a whole, the actual multiplier is 9.1% and the expected multiplier (at the end of the three-year period) is 14,1%. Approximately 65% of the expected multiplier was already achieved despite only one third of the EFSI was spent, which provides a very satisfactory index of the Juncker plan. Disaggregated data show that the multiplier of IIW operations (4,8%) is far from the expected multiplier (14,6%), but it still represents roughly one third of the expected multiplier, which is in line with the time so far spent; for SMEW operations, the actual multiplier (17,0%) exceeded the expected multiplier (13,9%), but for understanding this achievement the specific context of SMEW operations, notably the rollover of EU budget and EIB funds, must be considered.

The imbalance of performance is striking when attention shifts to targeted and actual investment mobilised. Only 9,3% of actual investments for IIW operations contrast with 58,9% for SMEW operations. Differences in context provide a rough measure of the imbalance between both types of operations. More illustrative is the overall figure for EFSI operations: of the €315bn of targeted investment, 21,1% was mobilised so far. This figure lags behind the one-third of the time dimension of the EFSI and, thus, might be interpreted as an unsuccessful outcome of the EFSI at the end of this period. Yet, according to Rinaldi and Núñez-Ferrer (2017, 13),

> *whilst excessive confidence in preliminary results is to be avoided, the multiplier effect is expected to increase over time thanks to the development of new products. (…) Likewise, for the SMEW, the progressive development of equity-like products, to complement lower-leverage debt products that have been used when EFSI was first operationalised, give the promise of an increased multiplier effect.*

Recent data (EIB 2018) shows a total investment related to EFSI approvals of €294.2bn, of which €58,9bn matches with approved EFSI financing (and €42,4bn with signed projects). These figures refer to the 12th. June, 2018. Since the planned conclusion of the EFSI was the 30th. June, 2018 (before the decision to extend the programme until 2020), a rough and updated measure of how efficient the Juncker Investment Plan is available if we take for granted that the planed deadline is almost at the end. The targeted investment was (before the extension of EFSI) €315bn. Thus, the total investment represents 93,3% of that target. Using this yardstick, the EFSI has been a success.

Nevertheless, some qualifications must be added to this conclusion. It remains to be seen whether the multiplication effect is achieved. Figures revealed by the EIB only show the investment potential coming from the amount of the EFSI projects approved. The conclusion above owes to the rationale of the Juncker Investment Plan, which is far from being consensual and might be considered as overly optimistic. Some caution must be used when reading these figures.

Concluding remarks

In November 2014 Juncker proposed an Investment Plan for Europe as a most needed solution to get Europe out of its economic sluggishness. In this article, we have assessed the Juncker Investment Plan in terms of process, performance and reputation. We have also essayed a preliminary evaluation of the Plan's impact for EU's economic recovery.

Results show that despite institutional acclamation (process success), the Plan felt short as regards external stakeholders' initial views. Negative perceptions outweighed positive ones, with critics highlighting the poor design of the Plan and questioning feasibility. The image of 'empty promises' could result in high political costs for Juncker, adversely impacting in the Commission's reputation as a relevant player within the EU institution framework. However, the data also shows that the initial negative perception was gradually diminishing (half-way success). Also, in terms of performance the overall perception confirms that the Plan performed relatively well (conditional success), when the first term of the Plan was assessed. The conclusion is more enthusiastic when recent data are explored, despite some degree of caution that must remain. Using a time-dimension benchmark to measure the outcome of the EFSI (that is, how much has been accomplished of targeted investment against the time spent), statistical data was in line with the share of investment expected bearing in mind the time dimension.

At this point, it is premature to reach conclusions on the impact of the Juncker Plan on economic growth. Firstly, because the Plan did not end. Secondly, and more importantly, because it is reasonable to expect that macroeconomic effects (in terms of economic growth) are diluted over time. Bearing this in mind, to the question '*Is the Juncker Investment Plan a success?*' so far, a cautious yes is our answer. Time will, nonetheless, be the best judge, not only for the accomplishment of the EFSI targets but, especially, to measure its impact on economic growth – its ultimate goal.

If we look to the big picture though, one that has to do with the EU vision and the role of the Commission in it, the Investment Plan appears to be a step in the right direction, as its success (so far) seems to suggest that the Commission is being able to steadily regain some agenda-setting power. What is more, if we remember that the Investment Plan was perceived as the symbol of a sort of paradigm shift upheld by the Commission, its success (if confirmed) might reinforce the institution's authority to propose alternative courses of action in other key policy domains.

Notes

1. See for example Barroso Commission work programmes for 2013 and 2014.
2. ECOFIN Council informal meeting of 13 September 2014.
3. The G20 Brisbane Action plan, published on 16 November 2014, also welcomed the Investment Plan: 'Additionally, the European Union in October announced a major initiative mobilizing additional public and private investment over 2015–17. We call for swift implementation of these packages' (G20 2014, 4).
4. COM(2014) 903 final, 26.11.2014.
5. The reaction of external stakeholders is addressed in the reputation section.
6. The proposal for a Regulation on EFSI was adopted at first reading by the EP on 24 June 2015 and by the Council on 25 June 2015.
7. We adopt here a broad definition of 'interest' that does not necessary means individual or self-interest. In fact, we assume that stakeholders' analysis could be influenced by what they perceive will be the consequences of the policy not for themselves but for the community they represent or the cause they support.
8. Arguably, these were valid criticisms as the announced successor of the Investment Plan for Europe, the InvestEU (which was presented by the Commission on June 2018), will include

new national and regional financial partners in order to avoid the allegedly lack of a regional dimension in the first Investment Plan.
9. A fundamental distinction exists between the approval of projects and the disbursement of funds. There is a gap between both moments and sometimes it is possible that planed funds are not disbursed. The analysis in this section relies on the data provided by the assessment reports and gives no clear indiction of how much money was actually disbursed.
10. During the process of refereeing of this article, the European Commission proposed the extension of the EFSI until 2020, with a €500bn. target. The Council of Ministers and the European Parliament agreed.

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ORCID

Isabel Camisão http://orcid.org/0000-0003-4138-3231
Paulo Vila Maior http://orcid.org/0000-0002-6547-136X

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