EY Parthenon

EVALUATION of EUROPEAN FUNDS

Recovery Assistance for Cohesion and the Territories of Europe

Executive Summary

27/11/2025

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EY Parthenon

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1 Scope, Purpose and Objectives of the Evaluation

The main objective of this evaluation is to analyse the relevance, coherence, effectiveness, efficiency, impact, and European Added Value (EAV) of the use of REACT-EU instruments and how they contributed to the thematic objective "Promoting crisis recovery in the context of the COVID-19 pandemic and its social consequences, and preparing for a green, digital, and resilient economic recovery," based on the interventions covered by the Thematic Operational Program for Mainland Portugal (COMPETE 2020) and the two Regional Programs for the Autonomous Regions. The interventions under analysis cover the entire national territory, with COMPETE financing projects on the mainland (Norte, Centro, Lisboa e Vale do Tejo, Alentejo, Algarve) and the Regional Programs supporting projects in the respective Autonomous Regions (Açores and Madeira). The timing of this evaluation, shortly after the deadline for the execution of operations, enables a comprehensive analysis of the results of the interventions and a possible assessment of impacts, considering the longer time required for effects to materialize in the context of these interventions.

Recovery Assistance for Cohesion and the Territories of Europe

In June 2021, as a continuation of the immediate response measures to the pandemic through the Coronavirus Response Investment Initiative (CRII and CRII+), the EU approved REACT-EU (Recovery Assistance for Cohesion and the Territories of Europe), adding two new axes, implemented under the new thematic objective "Promoting recovery from the crisis in the context of the COVID-19 pandemic and preparing for a green, digital, and resilient economic recovery." Also financing COVID vaccines, vaccination-related expenses, as well as investments contributing to the climate transition, Axis 7 "REACT-FEDER" was established to support SMEs through working capital. On the other hand, Axis 8 "REACT-EU ESF" was designed to ensure support for job creation and internships.

In Portugal, as stipulated by regulation, resources were incorporated into a single Thematic Operational Program for the mainland (COMPETE 2020) and into two Regional Programs for the Autonomous Regions of Açores and Madeira, focused on a single Thematic Objective and Investment Priority – "Overcoming the crisis caused by the COVID-19 pandemic and preparing for a green, digital, and resilient economic recovery." These resources were directed toward five priority lines, namely: "1. Support for business survival and stabilization," "2. Strengthening social responses," "3. Support for job retention and creation," "4. Strengthening investment in climate transition," and "5. Cohesion Action in Favor of Refugees in Europe." It should be noted that only the first three priority lines are the subject of this evaluation.

Status Update as of December 31, 2023

To contain the negative impacts resulting from the pandemic crisis, 53 Calls for Applications (AAC) were launched between 2020 and 2023, with 89,140 projects approved, corresponding to an eligible investment of €2,013 million, associated with €1,997 million of approved funding (see Table 1). The high levels of financial commitment and execution under REACT-EU (96% and 110%, respectively) are largely influenced by the performance of "support for economic activities strongly affected by the pandemic crisis," whose allocation represents almost 60% of total programming. Most projects executed more than 70% of the approved incentive; however, significant constraints were observed in the implementation of EU funding for training measures in work contexts and for unemployed individuals, due to difficulties in mobilizing participants arising from the uncertainties and insecurities experienced during the pandemic.

Given the nature of the projects analyzed and the objectives of REACT-EU, there is, overall, a low selectivity rate, with approximately 98% of applications submitted by promoters being approved, driven by the high approval rate observed in Priority Line 1 operations. Only 2% of projects were rescinded or canceled after approval, facilitating program implementation. Cancellation rates were more significant among projects submitted under self-employment creation and adult labor market integration measures.

Table 1. Number of approved projects, eligible investment, approved funding, selectivity, termination, execution and commitment rate, by Priority Line and Measure as of 31/12/2023

Priority Line / Measure	Projects	Inv. Eligible (M€)	Fund Approv (M€)	Gross Approv, Rate	Cancel. Rate	Execution Rate	Commitment Rate
1 - Support for Business Survival and Stabilization	89 085	1 189	1 177	98%	2%	100%	108%
Support for Economic Activities Strongly Affected by the Pandemic Crisis	81 219	1 117	1 106	98%	2%	100%	109%
Açores - Support for Economic Activities Strongly Affected by the Pandemic Crisis	6 598	46	46	99%	1%	100%	92%
Madeira - Support for Economic Activities Strongly Affected by the Pandemic Crisis	1 268	24	24	95%	0%	100%	96%
2 - Strengthening Social Responses	15	526	522	100%	6%	88%	116%
Açores - Strengthening COVID Capacities and Service Resilience	6	46	46	100%	0%	93%	159%
PO CI - Vaccination and Medicines Capacity	2	250	250	100%	0%	100%	100%
Strengthening Education	3	197	197	100%	0%	70%	133%
Madeira - Strengthening COVID Capacities and Mass Testing	4	33	29	100%	20%	99%	117%
3 - Support for Job Retention and Creation	40	298	298	98%	10%	99%	110%
Açores - Measures for Job Retention and Qualification	7	29	39	100%	0%	100%	101%
PO CI - Activation Measures	3	237	237	100%	0%	100%	111%
Madeira - Labor Market Measures	30	33	33	97%	12%	92%	120%
Total	89 140	2 013	1 997	98%	2%	96%	110%

Source: EY-Parthenon based on the COMPETE 2020 information system, Madeira 14-20 and Azores 2020
Note: The % of approved incentive is calculated based on the weight of approved funding in each Priority Line/Measure relative to the total approved incentive for the operations analyzed in the evaluation. Gross Approval Rate = Number of selected applications / Number of applications with completed analysis; this indicator includes applications approved at the time of decision, regardless of whether they were subsequently canceled. Termination/Cancellation Rate = (Number of canceled applications + Number of rescinded or revoked applications) / Number of selected applications. Execution Rate: Executed incentive / Approved incentive. Commitment Rate: Approved incentive / Programmed allocation.

2 Methodology

This evaluation adopted Theory-Based Evaluation (TBE) as the methodological framework for impact analysis and involved reviewing the logical framework of the REACT-EU intervention and its respective Theories of Change (ToC). The evaluation process encompassed a broad set of methods and techniques for data collection and analysis, including documentary and statistical data review, twelve interviews/meetings, three case studies, and five focus groups. Additionally, a survey was administered to business beneficiaries that accessed the Liquidity Support Incentive System (APOIAR PME, APOIAR +SIMPLES, and APOIAR RENDAS measures) and/or the Business Support Incentive System (Garantir Cultura) through COMPETE 2020, Açores 2020, or Madeira 14-20.

The ToC review was further supported by literature review and documentary analysis and considered, regarding assumptions and risks, a focus on the evaluation criteria governing the questions set out in the Terms of Reference, thus emphasizing results rather than the operationalization process of intervention typologies. These choices foresee a full evaluation cycle—mobilizing all data collection and analysis methods and applying ToC and Contribution Analysis—to the intervention typologies under review.

Additionally, to assess the impact of support granted to companies, a counterfactual approach based on statistical matching methods was adopted. This process was developed and structured in several stages to ensure the robustness and reliability of the results obtained.

3 Main Evaluation Findings

C1.   REACT-EU emerged in an emergency context, which limited the depth of the initial diagnosis. Nevertheless, there was strong coherence between the elements analyzed and the issues identified

in the Theory of Programming (ToP). The diagnosis covered critical areas such as the decline in economic activity, unemployment, pressure on health services, and the needs of the educational community, reflecting the specificities of the sectors most affected by the pandemic and anticipating positive discrimination measures for these sectors.

C2.   The diagnosed needs were aligned with the emerging challenges of the pandemic across the different priority lines. In the business domain, the most impacted sectors were those that concentrated the largest financial volume, while in health and education, the predictability of the target groups and the participatory logic of the diagnoses favored this alignment. This process allowed responses to be adjusted to concrete realities, ensuring greater effectiveness in the application of support measures.

C3.   REACT-EU demonstrated strong alignment with European, national, and regional strategies, particularly with the frameworks created to respond to the pandemic crisis. Internal and external coherence of the set of measures was evident: internally, the priority lines were complementary and reinforced common objectives; externally, REACT-EU support measures were articulated with other policies and instruments, avoiding overlap and ensuring complementarity, as in the case of SURE or PRR measures.

Priority Line 1 – Support for Business Survival

C4.   The REACT-EU support for business survival, especially in sectors most affected by the pandemic such as accommodation, restaurants, and tourism, proved highly relevant and aligned with needs, as evidenced by strong uptake and positive perception among beneficiaries (90% considered the instruments adequate). These supports mitigated significant revenue losses (30% to 75% in 2020) and helped preserve 96% of jobs in supported companies, preventing bankruptcies and liquidity shortages. The APOIAR measure and other interventions ensured broad coverage, representing 8% of companies and 14% of the turnover in the most impacted sectors, with greater reach in the Autonomous Regions, confirming the effectiveness and consistency of responses against the diagnosed needs.

C5.   Evaluation results indicate that REACT-EU support was coherent and complementary to other measures, such as bank moratoria and simplified layoff, with around 25% of companies using multiple instruments and, of these, 33% stating they would not have maintained activity without this combination. Although counterfactual analysis suggests some effects may have been overestimated, the relevance of complementarity is confirmed for ensuring an integrated approach that preserved activity and employment. Furthermore, more than one-third of supported promoters had approved projects under PT 2020, with nearly 70% considering the support essential to complete those investments, reinforcing the coherence of measures not only for business survival but also for maintaining competitiveness.

C6.   REACT-EU proved effective in maintaining business activity and employment, with emphasis on the APOIAR program, which achieved 100% financial execution and mobilized over €1.1 billion, ensuring liquidity and productive capacity in the most affected sectors. Despite some weaknesses in specific measures, such as APOIAR RENDAS and cultural sector support, the relevance of instruments was recognized by most beneficiaries. Counterfactual analysis confirms positive impacts, with supported companies showing a higher probability of survival (+7.5 p.p.), better economic performance (+€47,000 annual turnover), and employment gains (+0.6 FTE), evidencing the direct contribution of support in mitigating the effects of the pandemic crisis.

C7.   The effectiveness (and also efficiency) of the APOIAR measure is fundamentally anchored in two factors: (i) simplicity of the application process and speed in analyzing applications, based on a simplified instrument design and the establishment of automated mechanisms for verifying eligibility conditions and calculating support amounts (via interoperability between the Managing Authority and Tax Authority); and (ii) cumulativeness of support, with beneficiaries resorting to multiple instruments (within LF 1; within or outside REACT-EU, notably simplified layoff, bank moratoria, or credit lines) and highlighting this possibility as essential for their survival.

C8.   REACT-EU support had a significant impact on reducing business mortality, increasing the survival rate of supported companies by more than 6 percentage points in the first two years and 7.5 points in the third year after intervention. In 2022, these supports prevented the loss of around 4,000 companies and, in 2023, another 920, covering sectors strongly affected by the pandemic, such as

restaurants and tourism, and ensuring the preservation of economic activity across the national territory, including the Autonomous Regions.

C9.   The absence of these supports would have implied an estimated reduction of 2.1% in the turnover of eligible activities in 2022 (around €5.5 billion), increasing to 2.2% in 2023 (€6.6 billion), in addition to a significant drop in employment, with potential losses of 3% of jobs in 2022 and 4.2% in 2023. Despite the positive contribution, the cultural sector showed slower recovery and a reduced impact in the overall context of the intervention.

C10.   In terms of efficiency, cash-flow support presented lower costs per unit of result than expected and survival rates above expectations, confirming good resource allocation. However, counterfactual analysis highlights a relevant deadweight effect, suggesting that many companies would have survived without support. This finding raises a trade-off between simplicity and speed in execution—essential in a crisis context—and greater selectivity for efficiency gains, recommending careful consideration in the design of future instruments.

Priority Line 2 – Strengthening Social Responses

C11.   REACT-EU support in the health sector was highly relevant, focusing on mitigating virus spread and strengthening care capacity through measures such as vaccine procurement, mass testing, and provision of protective equipment, aligned with diagnosed needs. The adequacy of instruments, including 100% co-financing rates and retroactivity of expenses, enabled rapid resource mobilization for critical areas, ensuring an effective response to public health demands and contributing to reducing case incidence and fatalities, as well as the social and economic impacts of the pandemic.

C12.   REACT-EU support in the health sector demonstrated strong coherence and complementarity with other initiatives, such as those funded by the State Budget and the PRR, ensuring an integrated and effective response to the health challenge. Measures focused on vaccine and medical equipment acquisition, avoiding overlaps and optimizing resources, while collaboration among public health entities ensured a cohesive and well-managed approach. This articulation helped strengthen the resilience of the health system and accelerate the normalization of the country's health situation.

C13.   REACT-EU support in health proved highly effective, enabling vaccination of 7.9 million people and achieving defined targets, thanks to near-total execution of approved amounts and collaboration between entities and the population. In the Autonomous Regions, implementation was also successful, with execution rates of 93% in Açores and 112% in Madeira, ensuring mass testing, reinforcement of human resources, and rehabilitation of infrastructures. These results confirm that the support significantly contributed to the resilience of the health system and its capacity to respond to emerging needs during the pandemic.

C14.   REACT-EU support in health proved efficient, with vaccination costs per unit of result below forecast and adequate resource allocation, despite higher costs in testing in the Autonomous Regions due to unexpected demand increases. Although operational difficulties arose for bodies such as DGS, due to limited experience in large-scale procurement and co-financed project management, these were mitigated through institutional collaboration, ensuring overall effectiveness. Retroactivity of expenses and timely launch of calls ensured continuity of operations, and the universality of the measure, combined with centrally defined prices at the European level, confirmed that resources were used efficiently, with no margin for better results using the same means.

C15.   The impact of REACT-EU in health was decisive in containing the pandemic and enabling the resumption of social and economic life. Vaccination of 7.9 million people, equivalent to about 80% of the vaccinated population, helped reduce virus spread, decrease fatalities, and ease health restrictions. In parallel, mass testing and infrastructure rehabilitation ensured continuity of healthcare, especially in the Autonomous Regions, strengthening the system's response capacity.

C16.   Beyond mitigating health effects, REACT-EU measures had a multiplier effect on economic recovery, restoring consumer and investor confidence. The reduction in cases and fatalities accelerated normalization of activities, while testing financed by the program played a strategic role in revitalizing tourism in Açores and Madeira, promoting the archipelagos as safe, low-risk destinations.

C17.   The performance of 1.7 million tests in Madeira and 228,000 in Açores met established targets, reinforcing health security and helping the Autonomous Regions recover tourism demand faster than the national average, surpassing 2019 overnight stay levels. Complementarity between health measures and tourism promotion strategies was essential to revitalize a critical sector for these regions, evidencing the effectiveness of interventions and the importance of coordination between different instruments to ensure lasting results.

C18.   COVID-19 testing in schools proved essential to ensure a safe return to in-person education, enabling testing of the entire educational community and facilitating the resumption of classes. Coordination among stakeholders, school flexibility, and community adherence were critical success factors, complemented by measures such as online classes for infected students and increased awareness to prevent contagion.

C19.   Despite challenges such as constant reallocation of human resources and supply chain disruptions, collaboration between pharmacies and suppliers ensured timely availability of tests. The operation launched in early 2021 enabled a gradual return to in-person classes in March, with positive impact on social and economic life, as school reopening was accompanied by resumption of commercial activities and relaxation of telework, reinforcing the strategic role of this measure in post-pandemic recovery.

C20.   Education support under REACT-EU was designed based on a comprehensive diagnosis and school flexibility to adapt measures to their specificities, ensuring coherence with identified needs. Interventions focused on learning recovery and testing proved complementary internally, by facilitating return to in-person education and mitigating distance learning inequalities, and externally, through coordination between COMPETE 2020, POCH, and PRR in financing the Plano Escola+ 21|23, avoiding overlaps and ensuring near-total coverage of needs.

C21.   The implementation rate of learning recovery support reached 92% (€120M), involving 1.7 million students and ensuring coverage targets were met. Despite this, challenges arose such as difficulties in hiring specialized human resources and lower participation of students from vulnerable families. The absence of global data on school success limits assessment of effectiveness against planned targets.

C22.   The pandemic exposed weaknesses in the education system, particularly in supporting students with greater needs. REACT-EU support helped mitigate these gaps, equipping schools with tools to assist vulnerable students and reduce socio-educational inequalities. Although precise impact measurement is not possible, collected evidence indicates positive contributions to learning recovery and improved school performance.

C23.   Measures such as multidisciplinary teams and decentralized strategic plans were fundamental to addressing inequalities, enabling integrated interventions and resource reinforcement. School autonomy in defining strategies contributed to positive results, confirmed by studies and stakeholder consultations, including improvements in student motivation, attendance, and behavior.

C24.   Supported actions continued after the end of funding, reflecting both positive results and the need to extend efforts to consolidate learning. The transition/completion rate of students in the 2022/2023 school year (94.7%) exceeded pre-pandemic levels, especially in secondary education, although the retention/dropout rate rose to 4.7%, indicating persistent pandemic effects.

Priority Line 3 – Support for Job Creation

C25.   REACT-EU employment support measures proved highly relevant to labor market needs, evidenced by strong uptake (44 out of 48 calls with demand above 75%) and increased allocations under POCI. Focused on mitigating unemployment and promoting professional integration, programs such as ATIVAR stood out, ensuring continuity and expansion of internships, creating opportunities for young people and the unemployed.

C26.   REACT-EU employment support was coherent with other job-retention initiatives, such as those funded by the State Budget and PRR. Centralized management by IEFP (in the case of ATIVAR) and the distinct nature of the support avoided overlaps, ensuring an integrated and effective approach. The diversity of implemented measures, including internships, hiring incentives, and vocational training, reflects a well-structured strategy to address labor market challenges.

C27.   REACT-EU employment support measures demonstrated high effectiveness in job creation and professional reconversion, with ATIVAR mobilizing €236M, achieving an employability rate of 77%, and creating 32,669 jobs, surpassing planned targets. In the Autonomous Regions, socio-professional integration support also achieved near 100% execution, although initiatives such as entrepreneurship and training had lower uptake due to pandemic uncertainty. Overall, most targets were met or exceeded, confirming the relevance and positive impact of the measures implemented.

C28.   The COVID-19 pandemic had a significant impact on the Portuguese labor market, disproportionately affecting young people, long-term unemployed, fixed-term workers, and individuals with low education levels. Between 2019 and 2020, total employment fell by 2.3%, while youth employment dropped by 7.1%, only returning to pre-pandemic levels in 2023. REACT-EU employment support measures were crucial to mitigate these effects, enabling recovery of employment levels and creating new opportunities, with a cumulative increase of 22,400 employed individuals between 2019 and 2023 and over 30,000 after the support, although challenges persist for vulnerable groups such as long-term unemployed and precarious workers.

C29.   REACT-EU support in the Autonomous Regions played a relevant role in restoring employability, representing about 50% of accumulated variation in Madeira and between 30% and 40% in Açores. Specific measures, such as training and socio-professional integration, also contributed to this impact. In terms of efficiency, support stood out with costs per unit of implementation and result below forecast (-3% and -30%, respectively, for ATIVAR), driven by high demand and employability rates above targets (+22 p.p.), confirming the adequacy of measures without compromising attractiveness in a crisis context.

European Added Value

C30.   The effectiveness and efficiency of REACT-EU interventions were enhanced by European coordination, which ensured a strategic and integrated response, avoiding fragmentation and guaranteeing greater balance in recovery among Member States. In Portugal, decentralized management by Portugal 2020 programs and entities experienced in fund operations, combined with simplified applications, retroactivity of expenses, and flexibility in resource allocation, contributed to high beneficiary uptake and operational efficiency. In health, education, and employment, support prevented cuts in other public policies and higher indebtedness, ensuring essential investments, such as 55% of the national total in health (72% in RAM), and expanding actions to reduce inequalities, with lasting effects, notably in equipping schools for future challenges.

C31.   In the business domain, support was decisive in preventing the closure of around 5,000 companies in 2022 and 2023, generating an average annual additionality effect of €2.8 billion in turnover and 51,600 jobs, plus an amplification effect translating into €3 billion and 36,600 jobs. The average leverage of €4.65 for every euro invested confirms the economic relevance of the intervention. Overall, the use of EU funds and alignment with national and European strategies enabled a coherent and complementary response to the health and economic crisis, strengthening the resilience of the business and social fabric.

4   Recommendations

Contingent Recommendations / Response to Future Crisis Situations

R1.	Ensure swift, adaptable, evolving, and coherent responses to emergency challenges faced by companies
Operationalization	
Given the adequacy of REACT-EU, its effectiveness, and the high internal and external coherence of the policy mix aimed at mitigating the effects of the pandemic crisis on companies—and considering the contingent nature of this recommendation—it is important, for future crisis responses, to carry forward what proved positive (the majority), while at least considering adjustments to aspects that were less positive, such as the deadweight effects observed.	
Thus, in similar situations that may occur in the future, it is recommended to design response packages for business challenges that include:	
• Different time horizons: introducing sequential measures, from short-term, rapid/near-immediate implementation actions that provide the necessary liquidity to companies (loans/credit lines; advance	

R1.	Ensure swift, adaptable, evolving, and coherent responses to emergency challenges faced by companies

payments of contracted funds; bank moratoria, tax credits, etc.) to more structural measures that foster accelerated recovery trajectories, replicating the COVID-19 response logic that extended beyond REACT-EU, from CRII measures to PRR. These responses, although sequential, should be communicated in an integrated manner, providing stability and predictability to business decision-makers.

- Different and adaptable forms of support: combining debt instruments with non-repayable grants for companies/sectors most affected, always considering, where possible, mechanisms for converting repayable grants into non-repayable ones and performance-based bonuses that maximize resource efficiency and align incentives for business decision-makers.

- Cumulativity and complementarity: ensuring the cumulativity of support and its complementarity (i.e., no overlap), not only through measures with different forms of support but also covering different objectives and scopes that reinforce each other (e.g., cash-flow support and support for job retention and creation).

- Adequate incentives: considering designs that, without compromising the timely availability of support to provide immediate relief to companies in situations of severe fragility, incorporate incentives for efficient resource allocation, mitigating deadweight risk. These must be carefully defined, but the possibility of combining repayable/non-repayable grants based on the evolution of supported companies' business is admitted, with the non-repayable component increased if the external situation persists beyond the support moment—making it vital for survival—or reduced (or even eliminated) in cases of companies/sectors whose external evolution was particularly favorable post-support.

R2.	Support the maintenance of companies' operational capacity, facilitating their ability to sustain growth plans and increase medium-term competitiveness

Operationalization

Given the dual circumstance that ESI Funds are not intended to support companies in financial distress and that many supported companies have benefited from PT 2020 incentive systems, it is essential in these situations to ensure their ability to continue investments and medium- and long-term strategies, mitigating the risk of defaults on these operations. To this end, it is important to:

- Ensure that the mobilization of measures foreseen in Recommendation R1 includes positive discrimination for companies with projects approved under ESI Funds or other public incentive mechanisms.

- Disseminate the availability of this type of support among beneficiaries of incentive systems, in order to maximize their uptake and, ultimately, sustain the ability to implement projects and ensure proper execution of financing programs.

R3.	Ensure capacity-building frameworks and/or ex-ante institutional collaboration, or assign the responsibilities for designing and implementing measures to duly qualified entities

Operationalization

This type of support, mobilizing extraordinary financial effort and requiring significant effort from public bodies responsible for implementing the measures, demands either reinforcement of resources or the establishment of robust institutional collaboration frameworks to ensure effective and efficient implementation. To this end, the following should be ensured:

- Assign responsibility for implementing funded measures to bodies with proven experience in the matter (as exemplified by APOIAR, operationalized by the Managing Authorities of the Operational Programs and Intermediate Bodies – IPAMEI; TdP; IDE, IP-RAM; DRAIC), mitigating the adaptation effort to inherent procedures.

- Allow exceptional and temporary reinforcement of resources allocated to implementing entities (taking as an example the special recruitment contingent created under the PRR).

- Establish governance models for implementing measures—working groups, task forces, etc.—ex-ante to measure development, promoting the creation of multidisciplinary teams duly qualified to manage the entire implementation cycle (for example, highlighting the effective, albeit somewhat voluntary, collaboration of DGS, COMPETE 2020, and SPMS in developing information systems, handling procurement procedures, among others, within the vaccination process).

Recommendations Aimed at Strengthening Resilience to Crisis Situations

R4.	Invest in skills development and reduction of labor market segmentation, and promote inclusion through Employment

Operationalization

Given that the most vulnerable segments of the active population (youth, long-term unemployed, individuals with lower qualification levels, and fixed-term contract workers) were those most exposed to unemployment during the pandemic—and faced the greatest difficulties in re-entering the labor market—efforts should continue to mitigate these vulnerabilities through:

- Strengthening/Maintaining hiring incentive systems (i.e., conversion of fixed-term contracts into permanent contracts, integration of temporary workers into full-time regimes).

- Strengthening/Maintaining measures for youth integration into the labor market, with attractive bonuses/incentives for promoting entities that exceed employability targets and/or sign permanent contracts.

- Strengthening/Maintaining incentives for increasing adult qualifications, either through measures to reinforce and/or requalify supply (increasing places/courses aligned with current and emerging labor market needs; inclusion of new competency units; short-duration training units or training pathways), or through measures to stimulate demand (from companies and individuals, such as the Qualifica Accelerator).

R5.	Maintain the installed capacity (created under REACT) to combat school failure and exclusion, extending the scope of these responses to AE/ENA

Operationalization

Given the perceived benefit by sector stakeholders regarding measures to support learning recovery and inclusion of disadvantaged groups, it is essential to maintain AE/ENA equipped with human resources and technical skills to address the challenges faced by students and their families. Therefore, it is important to:

- Maintain the functioning of the responses and capacities created within AE/ENA, particularly regarding EMAEI (Multidisciplinary Teams for Inclusive Education Support) and PDPSC, to ensure coverage of these "permanent" needs that require continuous "investment" to achieve the desired results.

- Establish regular mechanisms for diagnosing the incidence of school failure and exclusion phenomena in schools (or vulnerability to such situations), strengthening knowledge about these phenomena and continuously adapting existing responses and resources allocated to them (e.g., regular diagnostic and/or assessment reports).

- Maintain a multidisciplinary and holistic approach to the student's pathway and context, ensuring that these responses consider the multidimensional nature of the factors behind school failure and exclusion.

Recommendations Based on Lessons Learned from REACT-EU, Potentially Transferable to Future Programs/Public Policies

R6.	Simplification of Procedures

Operationalization

Capitalize on the "simplifying" and "accelerating" momentum introduced by REACT-EU, transferring it to PT 2030, as this could generate efficiency (and also effectiveness) gains for business incentive systems in other programs. In this regard, it is recommended to:

- Assess the procedures involved in the processing of operations throughout their lifecycle, identifying bottlenecks and steps that are "heavier" in terms of bureaucratic burden and time spent by applicants and Managing Authorities/Intermediate Bodies.

- Identify opportunities for improvement and optimization of procedures, whether related to collecting information necessary for application processing (applying the "only-once" principle, in line with past Simplex measures, such as obtaining information from IES), or for analyzing applications and reporting project execution.

- Explore opportunities to use digital/technological solutions (i.e., maximizing the use of AI for this purpose) to optimize the process of analyzing applications and handling payment or final balance requests.

R7.	Develop a monitoring framework with indicators based on a process-outcome approach to quantify and characterize the effects of interventions

Operationalization

Despite the positive (and widely acknowledged) contribution to mitigating the pandemic's impact on learning and promoting recovery in the post-pandemic period, the existing monitoring framework and mechanisms for learning reinforcement measures do not allow for measuring the contribution of these measures to the intended objectives. This limits the ability to objectively evaluate the measures and generate knowledge to inform necessary policy adjustments—whether regarding their continuation, extension, or termination, or their conceptual design.

This need becomes even more pressing as these measures have been extended over time, requiring the production of information/evidence and its translation into knowledge that supports policy and programmatic decisions. This knowledge and the effects of the measures should be (not only, but also) quantified in terms of their impact on beneficiaries (distinguishing between beneficiaries and non-beneficiaries), which strongly depends on the quality and breadth of available information.

The monitoring system to be developed should include, for each measure, a set of indicators to track the student's progress during the period following the intervention (these frameworks could share a common core based on key indicators and additional modules depending on the nature/duration of the measures) and their effects on learning outcomes.

Therefore, it is recommended to:

- Develop a monitoring framework for the population targeted by these measures, aiming to assess the actual results of their implementation.

- Base this framework on regular procedures/mechanisms for collecting and systematizing information on a (limited) set of key indicators, appropriately selected to allow differentiation between:

  o Process: actions implemented, resources mobilized, and students who were effectively supported/participated.

  o Results: school success of targeted students (differential compared to the average and, preferably, to non-targeted students), measured through indicators explaining their achievement and learning outcomes.

- Promote stronger coordination between entities holding the information and those responsible for managing ESI Funds. Preferably, this coordination should be formalized through protocols clearly defining, at minimum, the scope of collaboration, the form and frequency of data provision, and applicable data protection rules for information shared between public administration entities. Regular meetings between these entities will also be important to monitor protocol implementation.

- Ensure continuity of evaluation practices focusing on these measures, complementing previous exercises to provide evidence-based assessments of their contribution to school success and inclusion. This "continuity" should involve deepening existing studies and anchoring them in a broader set of information, as recommended above, enabling not only measurement of this contribution but also identification of factors explaining higher or lower levels of effectiveness of different measures for target groups with varying characteristics.

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EY-Parthenon teams work with clients to navigate complexity by helping them to reimagine their eco-systems, reshape their portfolios and reinvent themselves for a better future. With global connectivity and scale, EY-Parthenon teams focus on Strategy Realized – helping CEOs design and deliver strategies to better manage challenges while maximizing opportunities as they look to transform their businesses. From idea to implementation, EY-Parthenon teams help organizations to build a better working world by fostering long-term value. EY-Parthenon is a brand under which a number of EY member firms across the globe provide strategy consulting services. For more information, please visit ey.com/parthenon.

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