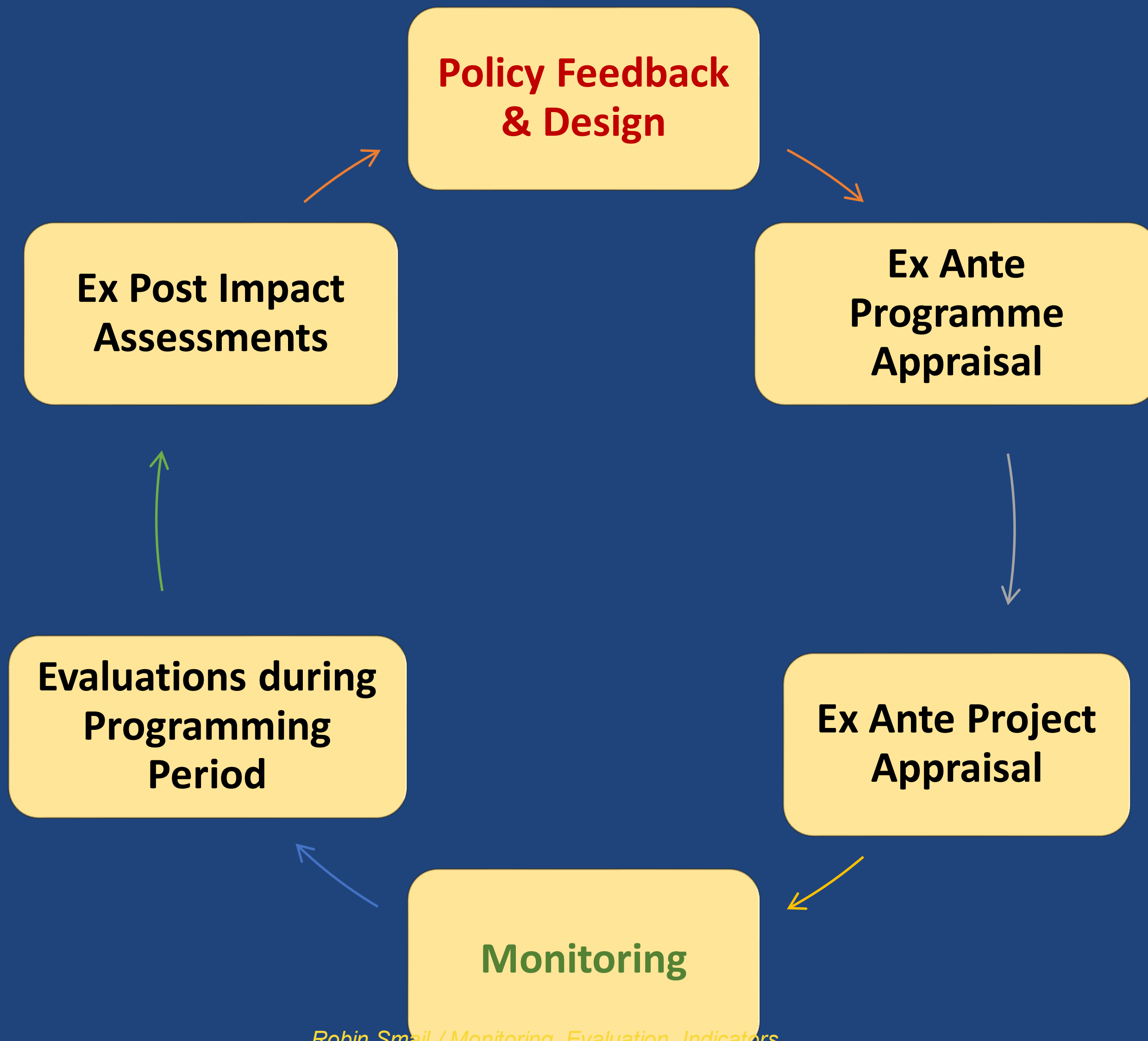
The evaluation-policy cycle, monitoring and indicators

Robin Smail

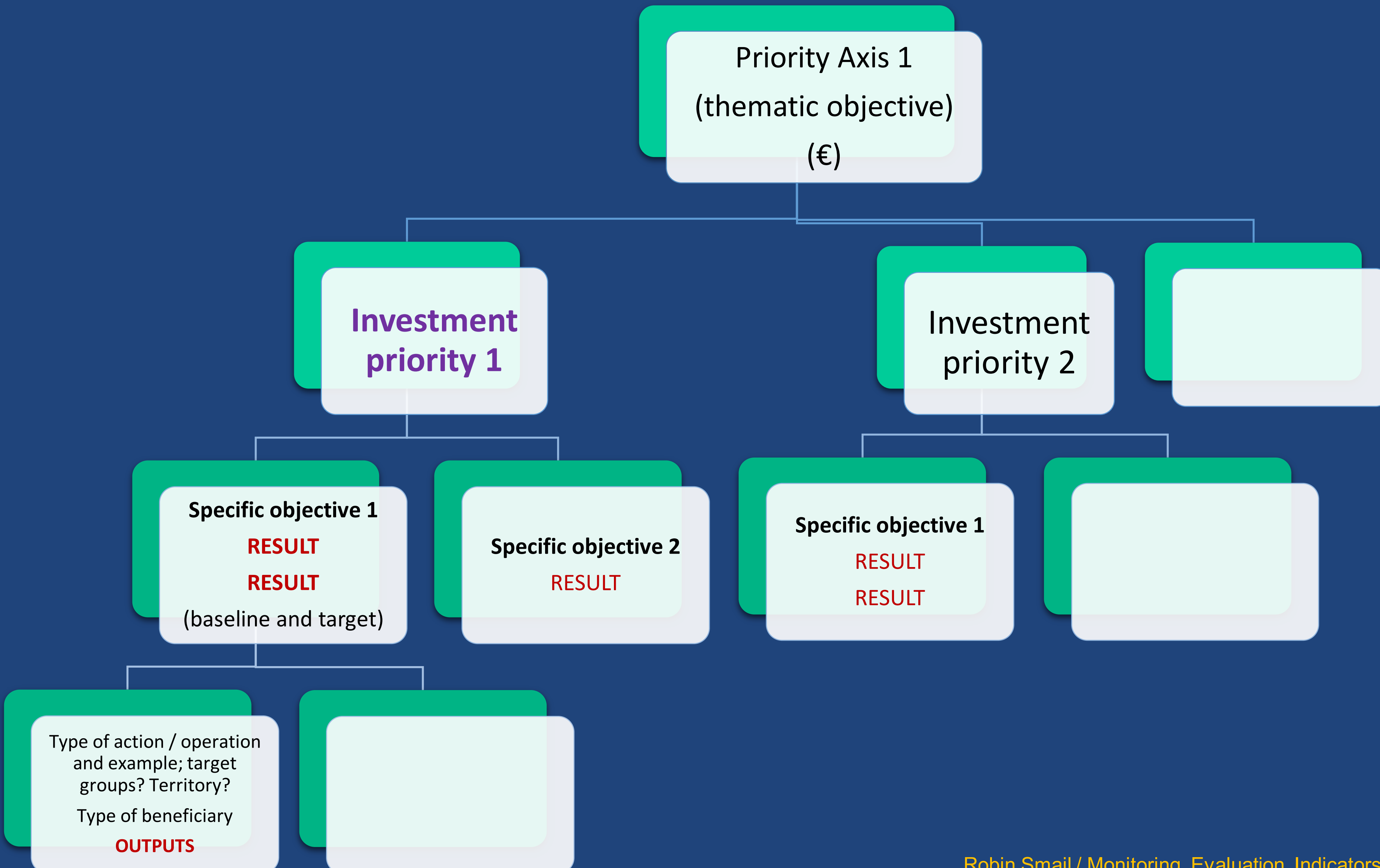
Visiting Expert EIPA & Independent Consultant

ECA Course
June 2023

The Evaluation-Policy Cycle



OP structure, 2014-2020 (Menu of 60 Investment Priorities)



11 TO, plus REACT, 2014-2020

Thematic Objective	Fund
1. Strengthening RTD and innovation	**ERDF**
2. Enhancing ICT access, use quality	**ERDF, EAFRD**
3. Enhancing competitiveness of SMEs	**ERDF**
4. Shift to low-carbon economy	**ERDF, CF, EAFRD**
5. Promote climate change adaptation and risk prevention	**ERDF, CF, EAFRD**
6. Protecting the environment and sustainable use of resources	**ERDF, CF, EAFRD**
7. Promoting sustainable transport and removing bottlenecks in network infrastructures	**ERDF, CF**
8. Promoting employment and labour mobility	**ESF, ERDF**
9. Promote social inclusion and combat poverty	**ESF, ERDF, EAFRD**
10. Investing in education, skills, lifelong learning	**ESF, ERDF**
11. Enhancing institutional capacity and efficient public administration	**ESF, ERDF, CF**
12. Crisis Repair: REACT	**REACT**

Partnership Agreement, 2021-2027 (Annex II): 5 Funds

(incl. JTF)
(EAFRD out)

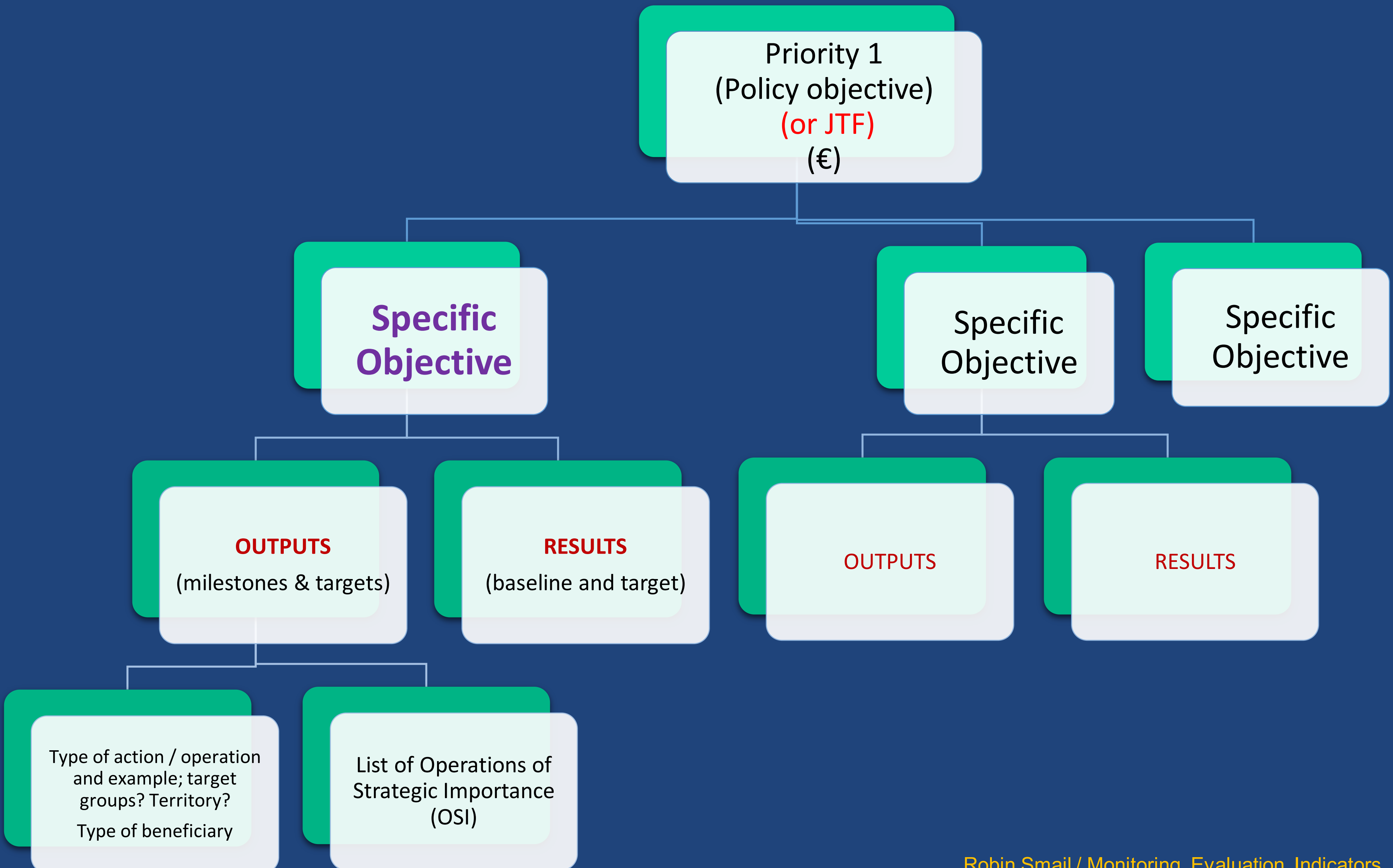
Partnership Agreement
- with **Policy Objectives (justified)**

consistent with NRP and
Country-specific recommendations
(see Country Reports 2019, Annex D)
****plus GREEN / EPSR****

- Policy Objective 1
- Policy Objective 2
  - ERDF €
  - Cohesion Fund €
  - EMFAF €
- Policy Objective 3
- Policy Objective 4
  - ESF+ €
  - ERDF €
- Policy Objective 5
- JTF "specific" obj.

- ESF+ to PO4
- Cohesion Fund to PO2 and PO3

Focus on Specific Objectives, 2021-2027



Menu of 23 ERDF/CF & 13 ESF Specific Objectives

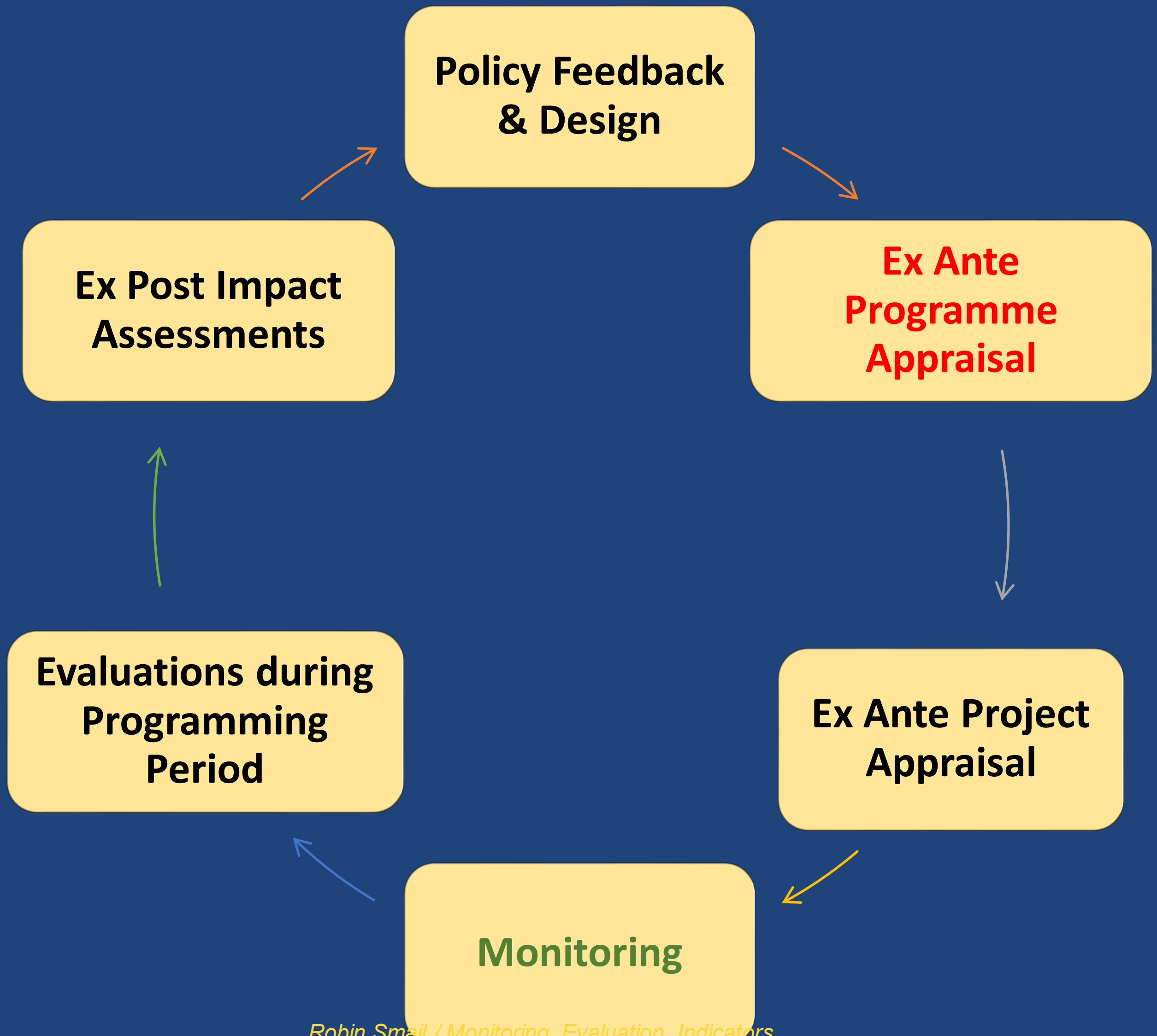
Policy Objective	Specific Objectives
PO1. More Competitive & Smarter Europe (SMEs, RTDI, e-biz)	RTDI e-business / e-government – benefits of digitalisation SMEs skills for entrepreneurs, transition, smart specialisation Digital connectivity (ICT)
PO2. Greener Europe (Energy, Environment, Climate change)	energy efficiency; water management renewable energy; circular economy smart energy systems,; Urban green infrastructure / reduce pollution climate change / risk prevention; Multi-modal urban mobility
PO3. Connected Europe (transport)	TEN-T Regional, local access to TEN-T
PO4. Social Europe (labour market; skills, education & training; social inclusion, healthcare, poverty)	Jobseekers, LTU; instit. and services; LM participation/ women; adaptation educ. / training systems; Disadvan. ET; Reskilling/skills Equal Opps; Migrants; Marginalised and Roma Access to health care /// social protection; Social integration; Material deprivation
PO5. Europe Closer to Citizens (local development, urban dev, territorial aspect)	Urban development, heritage and security and tourism Non-urban area development, heritage and security and tourism
JTF SO: Just Transition Fund	

Investment needs identified for the EU Member States by policy objectives

Investment needs identified for EU Member States - by political objectives

		PL	CZ	SK	HU	HR	SI	RO	BG	IT	MT	PT	ES	EL	CY	EE	LT	LV	AT	DE	FR	FI	SE	DK	IE	BE	NL	LU
1	a smarter Europe ('PO 1')	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
2	a greener, low-carbon Europe('PO 2')	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1					1		
3	a more connected Europe ('PO 3')	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1			1					1		
4	a more social Europe ('PO 4')	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
5	a Europe closer to citizens ('PO 5')	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1					1	1	

Timing of Evaluations – The Evaluation-Policy Cycle



5 broad components of ex ante evaluation, 2014-2020

- Programme strategy
- Indicators, monitoring and evaluation
- Consistency of financial allocations
- Contribution to Europe 2020 strategy
- Strategic Environmental Assessment

Ex ante evaluation tasks, 2014-2020 (from Regulations and Guidance)

Contribution to Europe 2020 objectives, linking to national and regional needs	Intervention logic of OP and each priority; Identify target groups; Rationale for types of support
Link to NRP and country recommendations	Causal links: how outputs lead to results? (evidence?)
Consistency of thematic objectives, priorities, with CSF/Europe 2020 and NRP;	Coherence with other instruments (synergies);
Realistic targets, related to funding	Allocation of budget, in relation to objectives
Milestones and performance framework	Good indicators, measuring progress towards objectives (relevant and clear?) and degree of change
Management and administrative capacity; sufficient resources	Set-up for monitoring and evaluation, and collection of data
Equal opportunities (eg. engagement of stakeholders; disabled access)	Promoting sustainable development Strategic Environmental Impact Assessment (SEA)

basic method for ex ante programme appraisal (and for programme development)

How have programme priorities been determined?

1. Situation NOW in region or sector

2. WHERE to get to - 7/10 year objectives

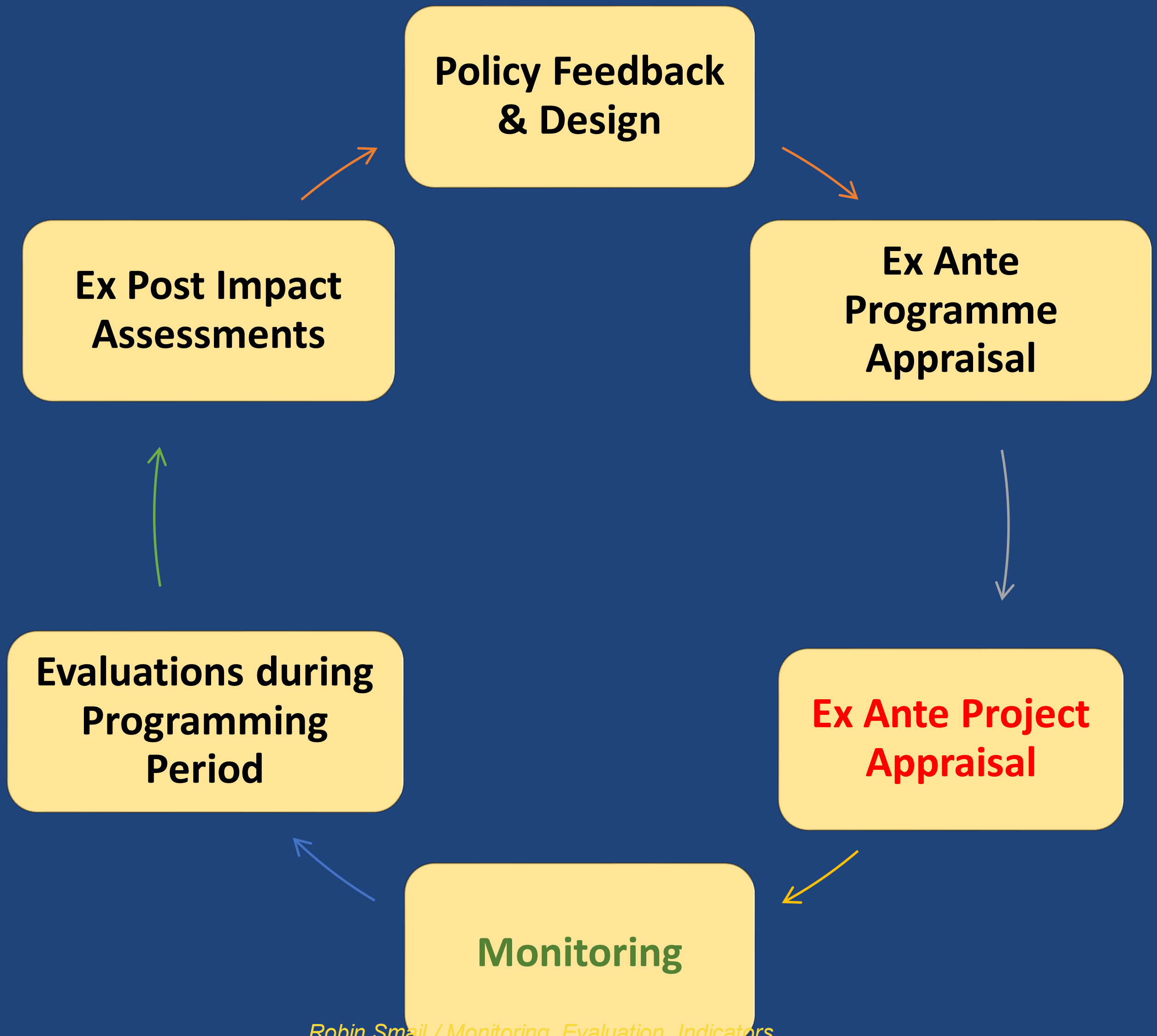
3. HOW to get there - strategy and actions

4. Measuring success - SHOW that it is working

(+ keep this under review)

Ex ante evaluation to check <u>logic of intervention</u>

The Evaluation-Policy Cycle



The project application form… includes…..

• Name, location • Applicant and partners, and contact details • Relevant skills and capacity of applicant team; financial capacity • Project scope and geographical coverage; eligible costs; follow rules • Execution period / timetable for support • Target groups / beneficiaries	• Category of expenditure; scope of Funds • Objectives of project • Description of activities in project • Fit with OP and priority / investment priority; links to other projects, programmes & priorities; policy context? synergies? • Evidence of demand or need for project / project rationale. Previous such projects? • Key options & feasibility; project risks
• Expenditure schedule • Specification of all costs • Financing structure, show need for grant & intervention rate • Rate of Return ; VfM; cost-effectiveness • Any previous funding? • Exit strategy and sustainablity after EU support (and expected durability) • Plans for dissemination of results	• Expected outputs, results; impacts • Contribution to specific objectives / results • Indicators and methods for monitoring and measuring impact; economic impacts • Innovation component, new technologies? • Contribution to horizontal themes • Environmental impact / studies • Compliance with legislation • Publicity and communications activities

Project Selection – Criteria

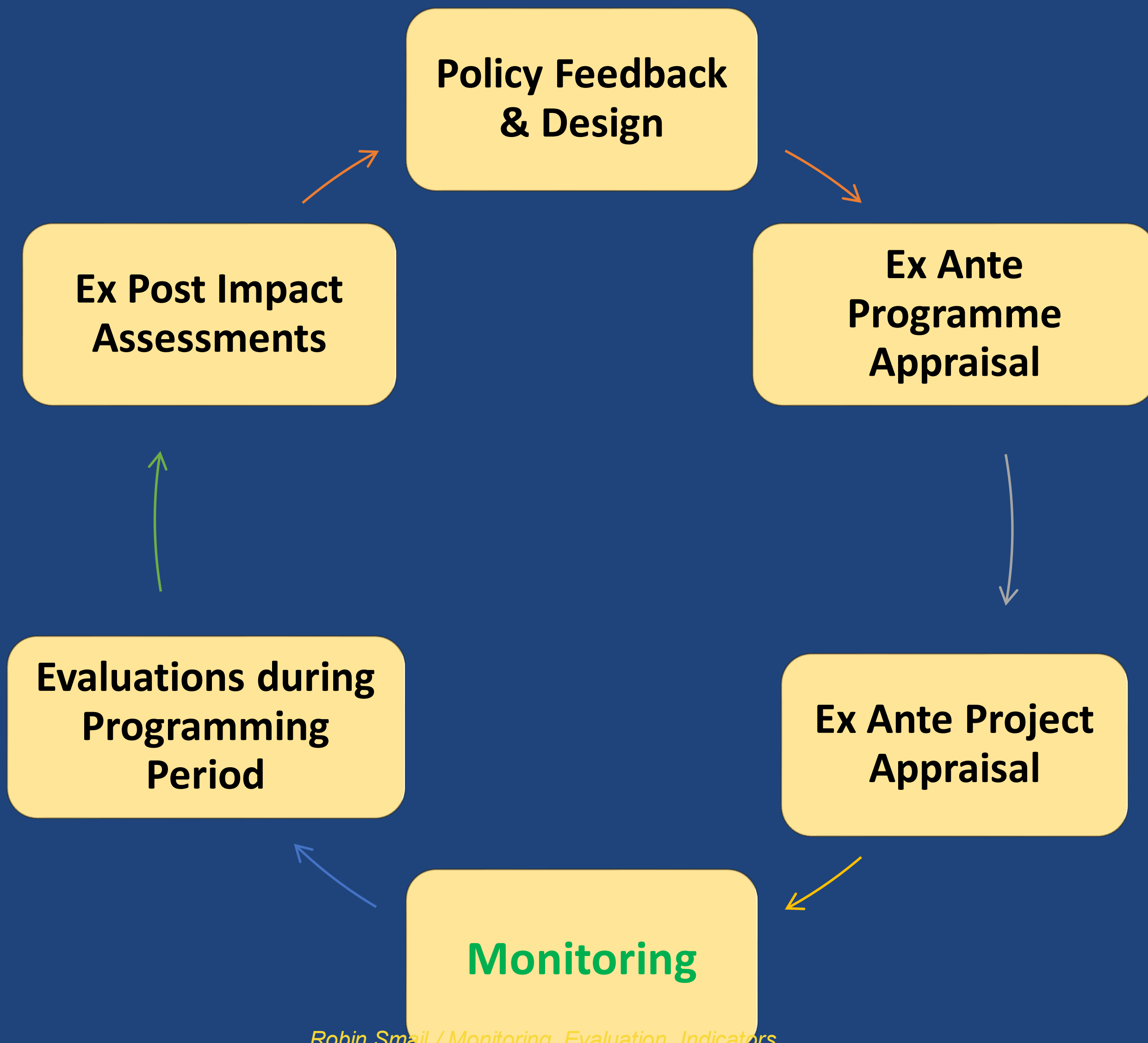
Selection Criteria **(Article 73 CPR):**

- Contribution to SOs
- Consistent with strategies/plans etc. as per ENC
- Maximise finance-activity-objectives link (...cost-benefit)
- Beneficiary is sound
- Horizontal compliance + climate change
- Eligibility of expenditure rules

10 essential steps for a CBA

1. project description & scope / competence of beneficiary	6. economic analysis
2. project context and objectives and contribution to specific objective / results	7. risk and sensitivity analysis
3. project rationale / demand	8. environmental appraisal
4. option & feasibility appraisal	9. compliance with legislation
5. financial analysis	10. horizontal and non-quantifiable aspects / project outputs / other impacts? project synergies?

The Evaluation-Policy Cycle



Monitoring tasks: WHO? WHAT? from 2014-2020 to 2021-2027

- Managing Authority (with Intermediate bodies)...
- supporting the work of the (Programme) Monitoring Committee
- ***Checking Programme implementation, and progress towards objectives***
    - *Issues affecting programme progress*
    - *Reference to financial and physical indicators and progress towards targets*

WHY? HOW? monitoring for sound programme management and control

- Programme level: to ensure that you spend all the OP budget, progress towards achieving programme objectives
- Selected Projects: spending and delivering outputs, as agreed per grant letter and execution contract, on time, and contributing to results / (specific) objectives
- regularly check progress of projects – make needed adjustments to operations / delivery mechanisms
- information/data is collected and used in the system
- reports can be generated and sent , particularly the Annual Implementation Report →
- input to evaluations / studies
- following all the rules, while guaranteeing control and audit

Reporting: Annual Implementation Report (AIR)

- submitted by May 30 each year, 2016-2023 (but end June deadline for AIRs submitted in 2017 and 2019)
- implementation progress (of previous financial year) at the level of priority AND investment priority or specific objective for common and programme-specific indicators →
- **report cumulative achievements (€, outputs)**
    - For fully implemented operations, using indicators – financial, output and result (where possible)
    - For selected operations – stage of implementation
- 2017 onwards: progress towards milestones of Performance Framework
- Final Implementation Report (FIR) by 15 February 2025

(Art.50, Art.111, CPR)(and Annex V, Implementing Reg. 2015/207)

Monitoring changes, 2014-2020

- Management Information System (MA, CA, AA)
  - more information (fields) on individual operations →
- common indicators (compulsory) (core indicators in 2007-2013 were voluntary), plus programme-specific indicators →
- output and result indicators:
  - Result-orientation of programmes (and projects?); results - achieving Specific Objectives →
  - Outputs (and ESF results; and Key Implementation Steps) for the Performance Framework →

Management Information System

Article 125, CPR: MA responsible for:

- establishing a computerised system
- for data on each operation…
- …necessary for monitoring, evaluation, financial management, verification and audit
- ensuring that data is collected, entered, recorded, stored

- checked by CA, audited by AA
  - Which people, with which tasks? What information to be held by which body? Role of IBs? System access?
  - Using guidance; and templates to gather data…

Data Accuracy

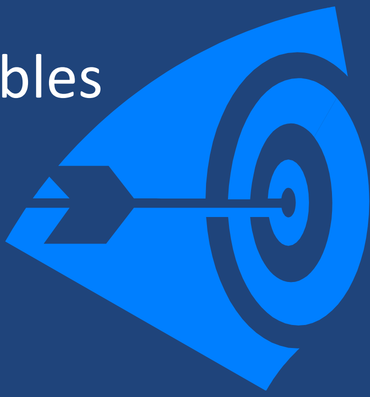
- **COMMON INDICATORS compulsory; you may add programme-specific indicators where needed**

- clear definitions of indicators and values; measurable; who collects data, when and how?

- data sources and quality - projects made aware? Progress reports? On-the-spot verifications?

- MIS that accurately records data; system which enables checking / verification of values?

- system that can allow for the correction of values?



Performance Framework, 2014-2020

Priority	Indicators	Milestones 2018	Targets 2023
ESF: P1	• Total (EU) Spend under PRIORITY (€)* •Output - no. of trainees (by age group etc.) **•Result - no. with jobs; no. active in labour market**	•Financial; •Output; •Result	•Financial; •Output; •Result
P2	(NB: *Spend = total certified eligible expenditure)		

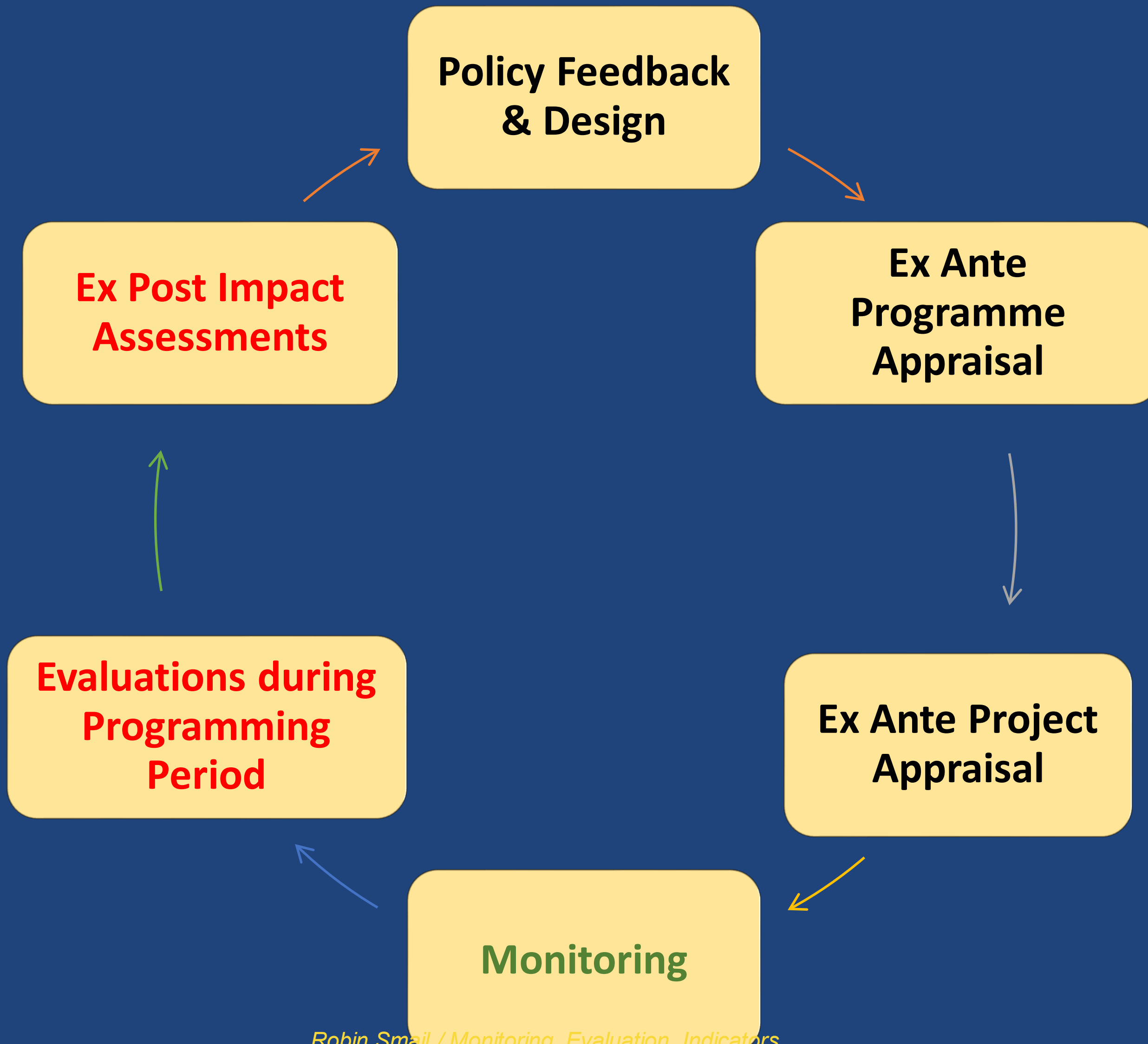
Priority	Indicators (and unit of measurement)	Milestones for 2018	Targets for 2023
ERDF: P1	▪ Spend (€)* ▪ Output – eg. no. new companies assisted ▪ Stage of project / initiative	▪ Financial; ▪ Output; ▪ **Key implementation step**	▪ Financial; ▪ Output;
P2			
P3			

Performance Review, 2019

- indicators must cover activities that spend at least 50% of financial allocation
- Performance Review - progress to end 2018, reported in AIR 2019
- to award Performance Reserve (6% of Fund)
- success – indicators
  - **where 1 or 2 indicators per priority, all must reach 85% of milestone or target (where more than 2 indicators per priority, all but one must reach 85%, the other must reach 75%)**
- revision of targets where failure to get performance reserve or...if extra funds allocation from other priorities following performance review

Priority	Indicators (choose unit of measurement)	Success	"Serious Failure"	Achievement rates 2023	Correction scale
P1	1 or 2 indicators used Financial (F) Output (Q) Key Implementation step (K)	All indicators reach 85% of milestone or target	Any indicator does not reach 65% of milestone or target	Calculate average achievement rate (A) of both indicators; Divide by S (absorption rate of €) x100 (%); ie. achievement rate as % of (spend) absorption rate	60-65% Flat 5% financial correction to priority contribution 50-60% Flat 10% financial correction
P2	More than 2 indicators used Financial (F) Output (Q) Key Implementation step (K) (Result) (R)	All indicators reach 85% of milestone or target OR all but one reach 85%, 75% for the other	At least 2 indicators do not reach 65% of milestone or target.	Average achievement rate (A) of all indicators; Divide by S (absorption rate of €)	Below 50% Flat rate 25% financial correction Correction rates can be reduced by up to 50%
Note:	Q and K correspond to more than 50% of priority €	By priority, assessed for each Fund, each category of region	YEI assessed separately	A and S are final value / target value (%) for each indicator	

Timing of Evaluations – The Evaluation-Policy Cycle



Evaluations during the Programme Period, 2014-2020

- including those "assessing effectiveness, efficiency and impact of programmes"

- "at least once – for each priority axis - how each fund has contributed to the (achieving) objectives.." *(specific objectives)*

- distinguish implementation (early) and impact (later) evaluations – EC wants impact evaluations

Impact Chain

Finance/spend

↓

Activities(Inputs?)

↓

Inputs?

↓

Outputs?

↓

Results? (outcomes)

↓

Impacts?

Impact Chain, defining results

Finance/spend

▼

Activities(Inputs?)

▼

Inputs?

▼

Outputs?

▼

Results? (outcomes)

▼

Results / Impacts?

Results reflecting "outcomes", direct effect on beneficiaries (not LT impacts)

outputs and results, 2021-2027

OUTPUT

- “measures the specific deliverables of the intervention...”
- (2014-20: measures unit of activity of operation)
- goods or services purchased by expenditure

Examples:

- No. of training courses
- No. of participants
- Km of road
- No. of companies assisted
- No. of projects

RESULT

- “measures the effects of the intervention... on users/those targeted/beneficiaries...”
- (2014-20: measures the change sought by the specific objective)
- the knock-on effect, enabled by outputs

Examples:

- no. into employment, or economically active (seeking work)
- travel time-saved
- accident rates
- No. of companies expanding into new markets
- No. of new innovations

Contact Address

Robin Smail

Training & Consultancy

EU Cohesion Policy, ESI Funds

Regional Economic Development

Evaluation and Investment Appraisal

EU Economy, Macroeconomics

robin.smail486@btinternet.com