

Programme Finance and Programme Performance

Robin Smail

Independent Consultant & Visiting Expert EIPA

**Financial Management and Audit
EIPA Open Seminar
21-23 September 2021**

Performance – progress and success

- Programme **Management** and Admin. Capacities
- Clear **objectives**? **Priorities** identified; financial **allocations**
- Projects make up Programmes. Using a sound *project pipeline*?
 - Hitting target groups? Publicity and Information?
 - Stakeholders involved? Good project managers ?
- **Selecting best projects?** →
- **Measuring progress and success?**
 - Monitoring systems; use of indicators
 - Evaluating programmes and activities

Project Selection – Criteria

Selection Criteria (**Article 67 draft 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

Linking Finance and Performance

1. Measuring Progress: Monitoring and Reporting
2. the New Reporting template
3. Measuring Success: Evaluation & VfM

Monitoring & 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

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

Performance Framework, 2014-2020

Priority	Indicators	Milestones 2018	Targets 2023
ESF: P1	<ul style="list-style-type: none"> • Total (EU) Spend (€)* • Output - no. of trainees (by age group etc.) • Result - no. with jobs; no. active in labour market 	<ul style="list-style-type: none"> • Financial; • Output; • Result 	<ul style="list-style-type: none"> • Financial; • Output; • Result
P2	(NB: *Spend = total certified eligible expenditure)		

Priority	Indicators (and unit of measurement)	Milestones for 2018	Targets for 2023
ERDF: P1	<ul style="list-style-type: none"> ▪ Spend (€)* ▪ Output – eg. no. new companies assisted ▪ Stage of project / initiative 	<ul style="list-style-type: none"> ▪ Financial; ▪ Output; ▪ Key implementation step 	<ul style="list-style-type: none"> ▪ 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	

Monitoring and reporting, 2021-2027

- Annual Report (AIR) X GONE
 - Performance Reserve X GONE
 - Performance Review X GONE
 - Annual Review Meeting (MS-EC) becomes
 - **Annual Performance Review (MS-EC) →**
-
- **closer data monitoring approx every 2 months**
 - transmission of financial data, **PLUS...**
 - Performance Framework data - wider / more comprehensive / more common indicators (except for ESF)

Annual Performance Review, 2021-2027



MS to:

- Follow up issues agreed at review meeting
- inform EC of measures taken within 3 months

“Real Time Reporting”, 2021-2027



Transmission of data, 2021-2027 (Annex VII, draft CPR)

EC proposal: 6x per year: by Specific Objective..... Final CPR:

- 5x per year Financial information
 - 2x per year physical indicators
- Progress of Expenditure: planned expenditure (BY INTERVENTION TYPE)
- planned expenditure of approved operations
 - expenditure declared by beneficiaries in payment claims
- Financial Instruments eligible expenditure

Outputs – Milestone (2024), Target, Progress

Results – Baseline, Target (2029), Progress

-
- **Annex VIII: Annual Forecast (end Jan; end July)**
- forecasts of EU contribution in payment applications - current and subsequent financial years

PF and Indicators, 2021-2027

- ongoing Progress reporting is updating the Open Data Platform (linked to Transmission of Financial Data requirement) **PLUS** adds outputs and results
- Performance Framework in programme is modified:
 - level of SO (not Priority)
 - tables split into OUTPUTS table; and RESULTS table
 - SPEND is removed from PF.....
- *All indicators are part of new PF.....*
- *progress reporting... but targets more flexible, especially for results. A helpful, “living” document...*
 - *...no Performance Review process*

PF and Indicators, 2021-2027

- common indicators coverage wider for ERDF/CF:
 - 97 common output indicators (*by SO, but can be for multiple SOs*)
 - 66 common result indicators added for ERDF/CF
 - ie. direct results for beneficiary, rather than longer-term/wider impacts
- try to reduce number of programme-specific indicators
- fewer common indicators for ESF+
- ESF: use registers for ESF data; less reliance on questionnaires, which are a burden to get data
- PF provides one part of Mid-term Review (MS) – progress to milestones – allocation of flexibility amount

Performance Framework, 2021-2027: Split tables

e.g. ESF Priority 1 OUTPUTS	Indicators (and unit of measurement)	Milestones for end 2024	Targets for end 2029
SO1	▪ Output - no. of trainees (by age group etc.)	▪ Output;	▪ Output;
SO2			
SO3			

ESF Priority 1 RESULTS	Indicators (and unit of measurement)	Baseline or Reference Year	Targets 2029
SO1	▪ Result - no. with jobs; no. active in labour market	▪ Result;	▪ Result;
	❖ Finance (spend) missing in these tables!! ❖ No Key Implementation Steps for ERDF/CF	(Note: result milestones not required)	

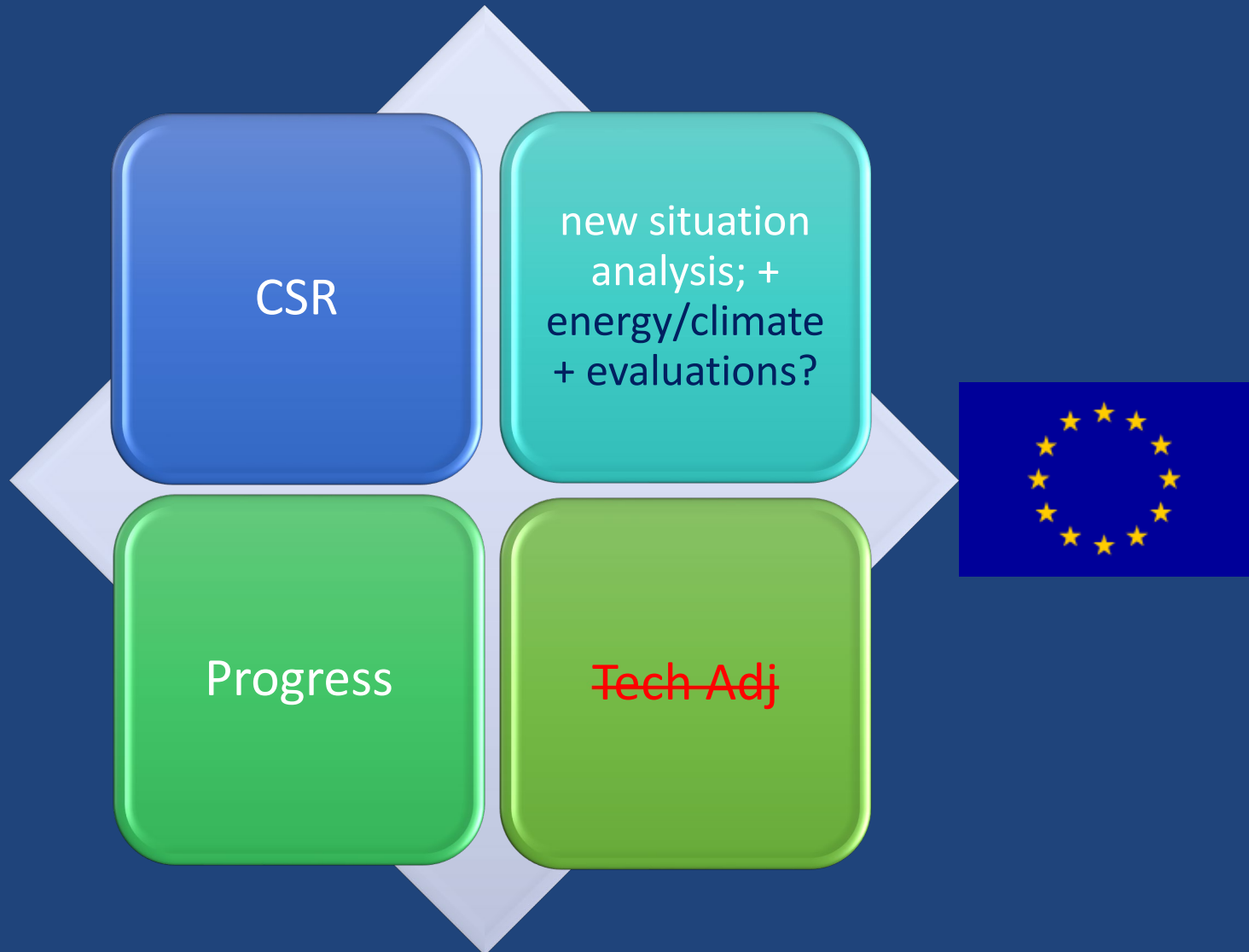
Setting Milestones and Targets

- PF indicators to cover much more expenditure than before (ESF+ should cover 100%)
- criteria for selecting indicators; calculation method
- milestones and targets – other factors of influence? (*Use unit cost benchmarks?*)

revision of targets... in line with financial allocation revision /MTR

- *account for forecast profile of expenditure of priority / SO*
- *account for MINIMUM expenditure in order to avoid n+3/n+2 automatic de-commitment*

Mid-term Review, 2024-2025



Role of the Monitoring Committee



- ❖ within 3 months of Programme decision
- ❖ approves project selection method & criteria
- ❖ ~~approves AIR~~
- ❖ approves amendments to Prog.
- ❖ ~~approves Communication strategy (for OP or multiple OPs)~~
- ❖ approves Evaluation Plan
- ❖ meet at least once a year
- ❖ *Commission participates in an advisory capacity*

Role of the Monitoring Committee

- ❖ review and examine issues affecting progress towards Programme objectives
- ❖ examines:
 - ❖ implementation progress and
 - ❖ progress to milestones and targets
 - ❖ measures taken to address issues
 - ❖ progress of evaluations and follow-up actions
 - ❖ Prog. contribution to CSRs
 - ❖ implementation of communications and visibility actions
 - ❖ progress implementing FIs and OSIs
 - ❖ ongoing fulfilment of ENCs



Final Performance Report, 2021-2027

- MA to send Final Performance Report to EC by 15 Feb 2031
- Reaching **programme objectives** ...incl milestones and targets
- Issues affecting performance
- Contribution to CSRs?
- Findings of evaluations
- OSI progress
- EC has 5 months – observations – MS has 3 months to provide any further info, before acceptance



Monitoring & Reporting

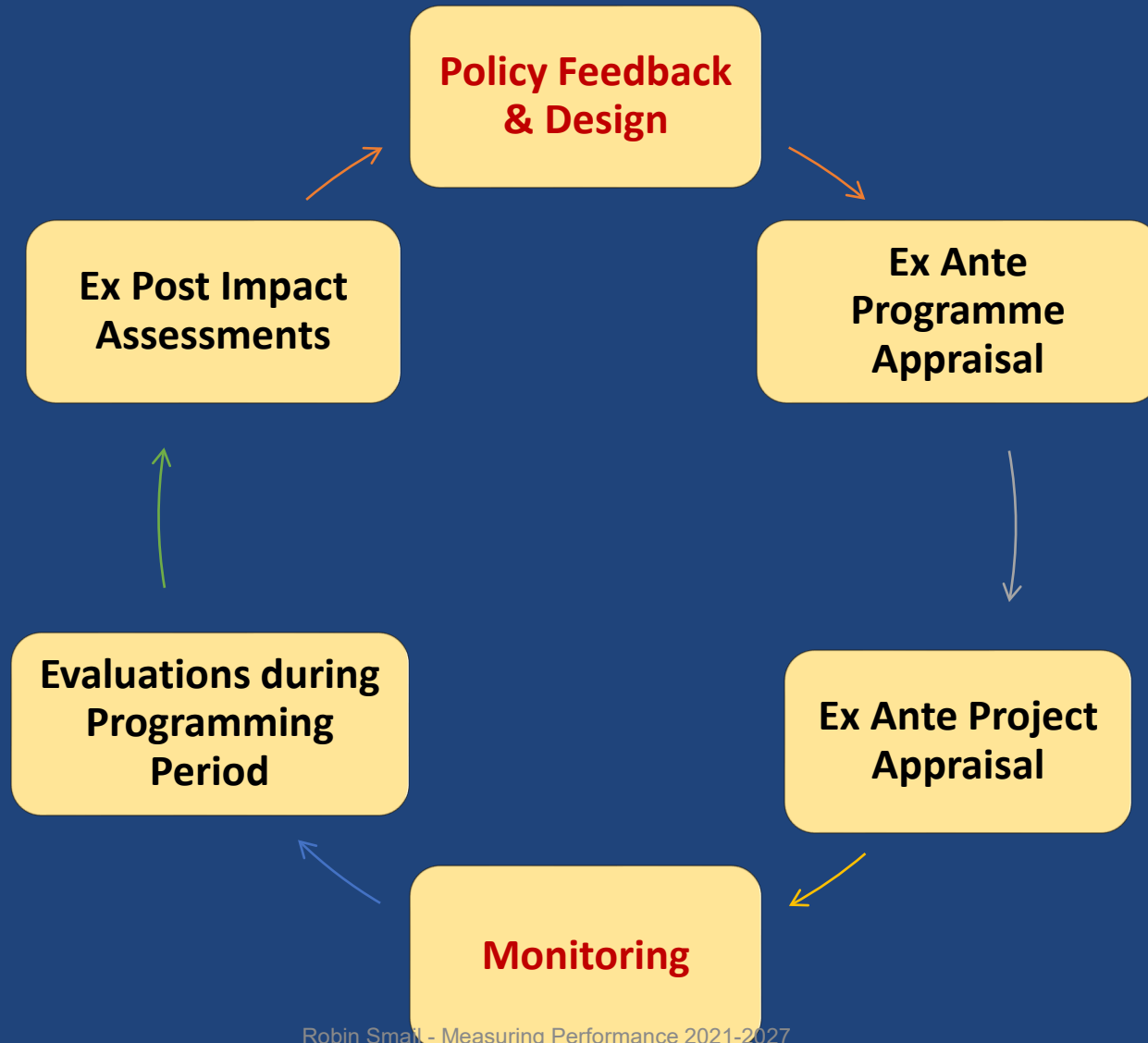
New OP Template:
Performance Framework

Monitoring & Reporting

New Reporting Template
(ESF+ in separate tables)

Evaluation & VfM

Timing of Evaluations – The Evaluation-Policy Cycle



Evaluation, 2021-2027

- **Evaluation Plan →**
- evaluation required at different times
 - ex ante programme evaluation..... ? (no longer compulsory X)
 - ongoing evaluations continue..... ✓ (see criteria below)
 - ex post IMPACT evaluation compulsory..... ✓ NEW
- MA will evaluate Programme using criteria:
 - effectiveness, efficiency, relevance, coherence, EU added value (** see below: ADD horizontal requirements)
- MA Evaluation of Prog. IMPACT by 30 June 2029 (** or MS)

Evaluation for 2021-2027

Criteria:

- Effectiveness
- Efficiency
- Relevance
- Coherence (with other EU priorities and policies)
- EU - added value

**** EC/EP/Council negotiations: to use ONE OR MORE of the criteria; and can ADD other criteria eg. inclusiveness, non-discrimination, etc.**

AUDIT:

- Compliance Audit
- Performance Audit

3 x E : Effectiveness, Efficiency, Economy

UK Treasury: for economic development

- VfM = value of “output” / cost of “input”

Effectiveness x Efficiency x Economy

Value for Money

Effectiveness	Efficiency	Economy
Value of output/ Physical output	Physical output/ Physical input	Physical input/ Cost of input

- UK Treasury: $ExE = VfM$
- $VfM = \text{value of output} / \text{cost of input}$

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