

STUDY

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# Performance Indicators for Convergence in Regional Development - How reliable are they to ensure Targeted and Result-Oriented spending?

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PRE-RELEASE

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DIRECTORATE GENERAL FOR INTERNAL POLICIES  
POLICY DEPARTMENT D: BUDGETARY AFFAIRS

# Performance Indicators for Convergence in Regional Development - How Reliable are they to Ensure Targeted and Result-Oriented Spending?

PRE-RELEASE  
STUDY

## Abstract

This study examines how reliable Cohesion Policy indicators are in helping to ensure targeted and result-oriented expenditure. Overall, substantial progress has been made in recent years in developing an effective system. However, the challenge remains to shift from a focus on financial absorption and outputs to assessing more meaningful results and impacts of interventions, and to improve data collection systems. The paper includes eleven recommendations to address these and other challenges ahead of the new 2020-2027 period.

This document was requested by the European Parliament's Committee on Budgetary Control. It designated Mrs Claudia Schmidt to follow the study.

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## EXECUTIVE SUMMARY

### Overview

**During the current 2014-2020 programming period, some EUR 352 billion has been allocated from the European Regional Development Fund (ERDF) and the European Social Fund (ESF) to the EU's Cohesion Policy.** It is clearly important that interventions are monitored and evaluated in the interests of accountability but also to help ensure the most efficient and effective deployment of EU funding.

**The specific objectives of this research paper for the EP was to investigate how reliable the key performance indicators for convergence in regional development are in helping to ensure targeted and result-oriented spending.** To this end, the Research Paper seeks to analyse the present system of common indicators within the EU's Cohesion Policy, including their strengths, weaknesses and other relevant factors. Looking ahead, the Research Paper makes suggestions on possible changes to the current policies in order to improve the overall results of the EU's Cohesion Policy. The assignment was carried out in early 2019 for the EP's Directorate D (Budgetary Affairs), Directorate-General for Internal Policies of the Union, by the Centre for Strategy & Evaluation Services (CSES)<sup>1</sup>.

**Overall, this Research Paper suggests that good progress has been made to develop an effective system of performance indicators to monitor the contribution of Cohesion Policy to convergence in regional development.** There is now a well-designed set of output indicators in place for both the ERDF and the ESF. However, the challenge remains to shift the focus more from measuring financial inputs and outputs to being able to assess the more meaningful results and impacts of interventions. There is also a lot still to be done to develop data collection systems that are capable of generating the type of information required to assess results and impacts without imposing an unreasonable administrative burden on national authorities and Cohesion Policy beneficiaries.

### Key Conclusions and Recommendations

We first summarise key features of the framework for performance measurement for the ERDF and ESF, and then assess how effective this has been in ensuring results-orientated interventions.

#### Framework for ERDF and ESF Performance Measurement

The Common Provisions Regulation 1303/2013 for Cohesion Policy in the 2014-2020 programming period introduced significant changes intended to increase focus on performance and promote a more result-orientated approach, consisting of these main elements:

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<sup>1</sup> Consortium Partner Blomeyer & Sanz ensured quality control.

### Key Features of the Results Orientation

- **Ex ante conditionalities** – these have been negotiated to help ensure that the necessary conditions are in place for a focus on key performance indicators and successful programme delivery;
- **Intervention rationale and logic frameworks** – ensuring the result orientation of programmes through linking the needs to be addressed to the results to be achieved and the inclusion of result indicators with definitions and measurable targets;
- **Performance Framework** – the establishment of clear and measurable milestones and targets to ensure progress is made as planned (performance framework) with a Performance Reserve used to reward achievement of results.

This Research Paper is primarily concerned with the Performance Framework, in particular the common and programme-specific indicators that are used to help ensure targeted and result-oriented interventions and measure the effect and results of the policy on the ground. **The research suggests that with some further refinement, the system that now exists is capable of ensuring a targeted and results-orientated approach to implementing ERDF and ESF programmes.**

In implementing the Performance Framework, the Commission and Member States should work together to define **baselines** (e.g. the situation in a region with regard to skills or in relation to business start-ups) and **targets** (e.g. how ERDF and ESF interventions might improve the situation) with movement against indicators then being used to assess progress in implementation.




The European Commission's '**Better Regulation**' guidelines (2015 and 2017) define three basic types of indicators: **output indicators** which measure the specific deliverables of the interventions (e.g. number of SMEs receiving ERDF grants, number of ESF training participants); **results indicators**, i.e. the immediate effects of an intervention with the reference to the beneficiaries (e.g. improved performance of SMEs, ESF participants' qualifications); and **impact indicators** which relate to the effects on the wider economy and society (e.g. job creation, improved competitiveness). Whereas outputs are physical in nature and relatively easy to measure, results and impacts are socio-economic and much more difficult to assess. Likewise, whereas the ESF interventions focus on individuals, the ERDF has a more diverse target group with less homogeneous units of measurement.

Importantly, an effective Performance Framework depends not only on appropriate indicators but also having the **data collection mechanisms** embedded in programme management systems that can generate the required information on interventions and their effects.

### Evolution of the Performance Framework

**There have been significant improvements to the ESIF monitoring and evaluation approach across each programming period.** The key developments in the ESIF regulatory framework that have taken place over the years are summarised below.

**Figure 1: Evolution of the ESIF Regulatory Framework (2000-2027)**

	2000-2006	2007-2013	2014-2020	2021-2027 proposal
<b>Strategic Context</b> 	The priorities are targeted to reflect the Lisbon Strategy's goals	Earmarking required a share of cohesion policy funds (60-75 %) to be spent on areas of investment related to the Lisbon Strategy.	Aligned with Europe 2020 Strategy Link with European Semester process and Country Specific Recommendations Thematic Concentration Ex ante conditionalities	List of 5 policy objectives Link to Country-Specific Recommendations Horizontal and thematic 'enabling conditions' replacing ex-ante conditionalities
<b>Indicators</b> 	INDICATIVE methodology and list of outputs, results and impact indicators 55 ERDF and ESF indicators Possible to include programme specific indicators	VOLUNTARY set of core output indicators by thematic field 41 ERDF and common minimum indicators for ESF (result and impact indicators have a decisive role but not prescribed)	COMMON indicators established in regulations 40 ERDF outputs (non-ETC) 23 ESF outputs and 9 results Possible to include programme-specific indicators	COMMON indicators established in regulatory proposals 74 outputs and 77 results for ERDF (non-ETC) and 17 output and 6 result for ESF Possible to include programme-specific indicators
<b>Performance Framework</b> 			Result-oriented approach Consisting of financial and output indicators milestones and key implementation steps.	Consisting of output and results indicators, milestones for 2024 and targets for 2029. Methodologies for establishment in regulatory proposal
<b>Performance Reserve</b> 	4% of original national appropriation withheld and allocated within each MS on basis of the Mid-Term Evaluation / Review	MS could decide to establish a National Performance Reserve (3%) or National Contingency Reserve (1-3%) to cover unforeseen local/sectoral crises	6 % Performance Reserve on the basis of Performance Review in 2019	ELIMINATION of the Performance Reserve Programme allocations set for 5+2 years on the basis of a Mid Term Review.
<b>Evaluations</b> 	EX-ANTE MID-TERM EX POST	EX-ANTE ONGOING EX POST	EX-ANTE INTERIM EX POST IMPACT EVALUATION	EX-ANTE MID-TERM EX POST IMPACT EVALUATION required by end 2029
<b>Monitoring and Data collection systems</b> 	Annual Implementation Reports and Annual Review Meetings	Annual Implementation Reports and Annual Examination Meetings	Annual Implementation Reports and Annual Review Meetings Requirement to establish a system of electronic data exchange	Removal of annual report requirement. Annual Performance Review meeting and Final Performance report. Transmission of data on a two-monthly basis.

In summary, before 2000, there was no common approach to defining indicators and targets with Member States able to choose their own, leading to a wide range of indicators being used across ERDF and ESF programmes with very limited harmonisation. Not only were different indicators used by different Member States and regions but even where the same indicators were used, definitions varied as did the methodologies used to implement them. As a consequence, it was difficult if not impossible to aggregate information at EU level on the results of the policy.

### **Use of Common and programme-specific indicators**

**The current 2014-2020 mainstream ERDF and ESF programmes are being monitored against a set of 72 common output and results indicators. At the same time, Managing Authorities are making use of a large number of programme-specific indicators.** This reflects the fact that whilst the common indicators should be mostly relevant to all Member States and regions, there may be a need for others that more closely reflect regional specificities (e.g. there are instances where indicators are not relevant - km of rail constructed is not relevant in Member States with no railway network such as Cyprus and Malta). A notable trend over the years has been the effort to promote simplification with the number of different indicators being progressively consolidated.

**The ESF currently has 32 common indicators (23 for outputs and 9 for results) that represent the minimum that should be included in each Operational Programme (OP).** The most frequently-selected indicators refer to the number of employed participants in ESF-funded programmes, followed by the number of unemployed, disadvantaged individuals and young people. Taken together, a total of 16,895 output and 3,556 result indicators are being used in the 180 ESF OPs during the current programming period (it should be noted that some programmes are multi-fund and are covered under both the ESF and ERDF figures). Whilst only some 15% of indicators used in ESF OPs are common indicators, programme-specific indicators for the most part reflect sub-categories or combinations of categories used within the common indicators. In addition to the output indicators, the ESF has defined common indicators for 'immediate' and 'longer-term' results.

**In the case of the mainstream ERDF programmes (i.e. excluding European Territorial Cooperation (ETC)), the OPs currently have a total of 40 common output indicators for the current 2014-2020 period.** These have been used 5,757 times in the 201 OPs and account for roughly 55% of all indicators used and cover roughly the same amount of the investment. The most frequently-used common indicators relate to the number of enterprises receiving support and the value of grants, the employment increase in supported enterprises, and the reduction of greenhouse gas emissions. In some cases, where OPs have not used common indicators they have been encouraged to use EU level indicators (e.g. those derived from the innovation scoreboard) in order to improve measurability and comparability. ERDF programme-specific indicators cannot usually be aggregated and have arguably been over-utilised within the OPs' performance frameworks. Unlike the ESF, the ERDF has not developed a common set of results indicators and those that exist are programme-specific.

**Overall, the use of obligatory common indicators for outputs (and also results for the ESF) based on standardised definitions has contributed to strengthening programme intervention logic** i.e. how the planned spending contributes to achieving change in the context of the identified development needs - and forms part of the programme negotiation process. The transparency, visibility and accountability of the policy have all improved. Furthermore, defining clear and measurable indicators and targets as part of the intervention logic at the outset of a programme encourages an improved focus by Managing Authorities and regional / national stakeholders on results and progress in performance.

**The current set of ERDF and ESF common indicators is generally well-designed and appropriately targeted in relation to the goals of the Cohesion policy but there are some deficiencies that need addressing.** Whilst ESF programme-specific indicators tend to reflect sub-categories or combinations of categories used within the common indicators, those utilised by ERDF programmes are extensive in number and cannot usually be aggregated. The system entails a considerable administrative burden and cost for sometimes low levels of quality and accuracy. However, simplification and harmonisation, whilst welcome in terms of reducing administrative burden and increasing accountability, should not lead to inflexibility in programming or a one-size-fits-all approach.

**Recommendation 1: To the extent possible, the process of simplifying the ESIF common indicator system should continue.** There is a need to reflect the principle of proportionality and ensure a more streamlined approach to the use of indicators and performance/monitoring data collection. Common and programme-specific indicators should only be used to monitor ESIF programmes if they produce useful information on performance. The current total of 72 common output and result indicators is probably about right and should not be increased unless absolutely necessary. More generally, feedback from the research suggests that there is still potential to improve the relevance, focus, coverage, measurability, accuracy, and usefulness of the indicators as well as the data collection systems.

**Recommendation 2: The current set of ERDF and ESF common indicators should be reviewed to ensure comprehensive coverage of Cohesion Policy objectives.** There are some gaps in terms of coverage. For example, the current set of common indicators do not fully cover the types of activity funded (e.g. ICT) as well as issues relating to *measurability* (e.g. GHG emissions and energy savings), *usefulness* (e.g. number of projects, number of visitors), *accuracy* (double-counting) as well as some *discrepancy or inconsistency in interpretation* (e.g. definitions of enterprises cooperating and brownfield sites) and *aggregation* (e.g. when to report data, reporting non-cumulative figures, reporting sensitive data).

**Recommendation 3: In relation to the specific indicators being used for ERDF and ESF programmes, the European Commission should work with national and regional authorities to examine the scope for greater harmonisation.** According to an estimate provided by the European Court of Auditors (ECA), there are some 8,000 to 9,000 programme-specific indicators being used in the current 2014-2020 programmes. Greater use of common rather than specific indicators would make it easier to identify the results and impacts being achieved at the programme and EU levels.

**A significant trend over the years has been a shift away in the ERDF and ESF monitoring and evaluation frameworks from a focus on the absorption of funding and outputs towards a results-oriented approach.** The ESF is arguably more advanced in developing common results indicators than the ERDF, but this difference is being addressed in the regulatory proposals for 2021-2027. In relation to impacts, neither the ERDF nor the ESF requires common impact indicators to be monitored in the current programming period. Whilst there is European Commission guidance on the development of indicators and methodologies that can be used to evaluate impacts, there is no requirement to use them. Instead, impacts are assessed through ex-post evaluations, which are normally the responsibility of the European Commission.

**Recommendation 4: Achieving a greater focus on measuring ERDF and ESF 'results' and 'impacts' should be prioritised in order to ensure closer alignment with the 'Better Regulation' principles.** Impact indicators have not been required in the current and previous programming periods and are again excluded from the post-2020 proposals for the ERDF and ESF. As noted in the report, the ESF already has common results indicators for 'immediate' and 'longer-term' effects. A similar set of common results indicators is needed for the ERDF and the fund proposal for 2021-2027 makes a welcome step in this direction. In both cases, there is a need to develop the capacity to assess impacts more effectively.

**Member States have made considerable progress in embedding the results-orientation approach in their project selection processes. However, as a 2018 ECA report indicated, the focus upon results has yet to become fully embedded in these procedures.** Relevant indicators that projects should utilise and contribute to are included in the call for proposals documentation and project selection criteria in a minority of Member States, but for the most part not formalised in grant contracts. There are increasing efforts to link payments to results and these should continue to be developed, although incorporating some flexibility to reflect programming complexity.

**Recommendation 5: The effort to ensure that the common ERDF and ESF common indicators focus more on 'results' and 'impacts' needs to be also reflected in project assessment and selection procedures.** The design of selection processes continues to emphasise outputs and absorption rather than results with quantified results indicators rarely included in grant agreements whilst project selection tends to be undertaken on a first-come first-served basis.

**Overall, there is strong evidence that the ESIF Performance Framework and the system of indicators have shifted the focus more towards performance, but mixed evidence of targets and milestones being defined in a way that strikes an appropriate balance between being realistic and challenging.** Indicators, targets and milestones are defined by Member States and regions on the basis of their previous and individual experiences of programming achievements and reflect historical reference data. They are then negotiated with the European Commission in the context of ‘shared management’ and partnership. Targets and milestones have tended to be set cautiously because of the risks of under-performing against Performance Reserve targets and consequently triggering financial penalties. At present, neither the ERDF and ESF guidance explains how appropriate milestones and targets should be set beyond taking into account regional needs and resources. The proposed Common Provisions Regulation for 2021-2027 sets out a requirement for the Performance Framework methodology to include the criteria applied, and data/evidence used in the selection of indicators and targets and assurance of quality as well as any additional factors that may influence the achievements of the programme and is a welcome improvement. Additionally, it has removed the requirement for the ex-ante evaluation which has always proved an important element in the process of establishing indicators/the performance framework and ensuring their relevance, suitability, realism and quantification.

**Recommendation 6: Further consideration should be given to the role of ex-ante evaluation in ensuring results-oriented ERDF and ESF programmes.**

The removal of the requirement for ex-ante evaluation in the 2020-2027 period is arguably a mistake. Previous experience suggests that ex-ante evaluations can be very helpful in ensuring that appropriate and consistent objectives, results and targets are set, and that planned interventions are likely to contribute in an effective and efficient way to Cohesion Policy objectives and ensure EU added value. Ex-ante evaluations can also be useful in assessing aspects such as what works in what circumstances, the net effect or impact of the policy and enabling an in-depth assessment of the quality of interventions.

**Recommendation 7: More should be done to help Member States and regions to define ERDF and ESF targets robustly with appropriate levels of ambition.**

The proposals for the 2020-2027 period develop methodological approaches further whilst also reflecting the ‘shared management’ approach and principle of subsidiarity. Further methodological guidance and support, as well as suitable capacity to deal with this requirement, should be ensured, especially in the proposed absence of an ex-ante evaluation.

### **ESIF Monitoring systems**

**Good progress has been made in developing efficient ESIF monitoring systems with most EU Member States providing centralised guidance and IT tools to ensure consistency, and built-in plausibility checks introduced at EU level.** In the current 2014-2020 period, there has been a greater focus on trying to ensure that the statistics required for the ERDF and ESF common indicators are comparable across EU Member States and regions. The introduction of 'Ex Ante Conditionality 7' has been important in this respect, to help ensure that the ESIF performance framework is supported by an appropriate statistical system and a common definition of indicators and the information needed for them.

**However, assessments undertaken by the European Commission and the European Court of Auditors suggest a mixed picture with deficiencies remaining in data collection.** A lot of the information that is required to measure results and impacts at the ERDF and ESF programme level comes from those involved in implementing projects. Feedback from the research in Member States indicates that beneficiaries are often contractually obliged to provide results information to Managing Authorities. However, this is not so universally. Additionally, the results of programmes do not always materialise at the required data collection point for the common indicators (e.g. six months after a beneficiary of ESF support ceases to participate in a programme), whilst there is a sensitivity with regard to some of the monitoring data required for the ESIF common indicators in certain Member States (this relates specifically to some categories of ESF beneficiaries in countries where there are strict privacy laws). Other deficiencies noted relate to aspects such as simple human error, incorrect units of measurement, double-counting and a lack of an audit trail. Similarly, there is a very mixed picture with regard to other methods of collecting data for the assessment of results and impacts with, for example, the practice of conducting surveys, quite common in some Member States but not in others.

**Recommendation 8: Further steps need to be taken to improve the timeliness, accuracy and feasibility of the data collection systems underpinning the Performance Framework for ERDF and ESF programmes.** The timeliness of ESIF performance data should be improved whilst ensuring that this does not place an unreasonable additional workload on national authorities. Performance data held by the European Commission can be two years out of date because of the timing of the annual implementation report cycle. The proposals for 2021-2027 envisage a near real-time data collection with monitoring data proposed for submission on a two-monthly basis. Whilst annual reporting is not frequent enough, a two-monthly cycle risks going to the opposite extreme and is likely to prove too frequent for Managing Authorities. As an alternative, 4 or 6 monthly submissions should be considered. The 2021-2027 regulatory proposal includes the possibility to use national data sources to collect ESF achievements. Use of existing national administrative registers / datasets should lead to an improvement in the quality of data (e.g. social security registers) as well as improving the linkage and alignment of ESF+ with national interventions.

**Through the 'shared management' of ESIF programmes, the European Commission and Member States have worked closely together to implement the 2014-2020 ERDF and ESF programmes.**

Feedback from the research suggests that partnership working has generally performed well. The development of improved IT tools has made it easier to transfer data to the Commission. There have been many other initiatives to promote more efficient and effective programme management and monitoring systems. Problems remain, partly because the legislative basis and other arrangements for monitoring systems in the 2014-2020 period were not put in place early enough.

**Recommendation 9: The supporting systems and rules for the 2020-2027 Performance Framework (PF) should be put in place as early as possible and before the ERDF and ESF programmes are adopted.** The current consultation by the European Commission (EC) with the Member State (MS) delegations around indicator sets and definitions through the Evaluation Network is welcome and should be continued, with observer roles considered (if not already in place) for the other relevant institutions such as the EP and ECA. The EP should schedule a research report for early in the programming period to determine the extent to which the PF for 2021-2027 is focusing more on results and impacts.

### **Performance Reserve and contribution to wider EU policy goals**

Whilst the improved results-orientation and indicator sets under ESIF programming means that the focus is increasingly shifting towards performance, the Performance Framework and Performance Reserve as programming instruments do not reward programme managers on the basis of policy results but on speed of implementation which is already influenced by the N+2/N+3 automatic de-commitment rule.<sup>2</sup>

**Looking ahead, and given experience in 2014-2020 with the Performance Reserve, the decision to discontinue it is correct and widely supported, according to our research.** Through the Performance Reserve, stronger incentives have been introduced to encourage the achievement of outputs. However, the Performance Reserve becomes practically irrelevant in the context of reprogramming possibilities and few Member States are likely to lose any of their allocation, which will simply be reallocated to better performing priorities or programmes. The process to date is seen to be highly political and administrative and lacking in any reflection of the complexity of programming on the ground. This was emphasised in another ECA special report that noted that the Performance Framework and Performance Reserve provide little incentive for a better result orientation of the OPs since they are mostly based on spending and outputs. Whilst the new 5+2 programming approach<sup>3</sup> could enable a more strategic approach, it is likely to still be overly bureaucratic and output-focused.

The introduction of a more qualitative review process is welcome but should be proportionate and appropriately responsive, i.e. able to reflect new development needs in a timely fashion not as part of a significant administrative exercise for all programmes at a specific point in time. Current re-programming possibilities would seem therefore to be mostly adequate and could be enhanced by the

<sup>2</sup> The N+2/N+3 decommitment rule provides that any EU funding commitment against which a payment application has not been received by the end of the second/ third year following the year of commitment will be decommitted. Under the 2014-2020 programming period the rule has been N+3; under the post-2020 regulatory proposals the rule will be N+2 for the years 2021-2026, returning to pre-2013 requirements, (for the EU-15).

<sup>3</sup> The 5+2 approach under the post-2020 regulatory proposals refers to the initial programming for five years, and the programming of the final 2 years only subsequent to a Mid Term Review.

possibility of an interim review enabling regions to approach the process according to their specific performance issues, domestic circumstances and timing requirements.<sup>4</sup> It could be possible for regions/Member States to determine flexibly a proportion of funding (up to a maximum specified percentage) that would remain unallocated<sup>5</sup> and could be then reprogrammed based on programme performance, new regional challenges or needs and relevant Country-Specific Recommendations. Member States with a small number of programmes or small financial allocations could decide not to implement a review and reprogramming process based upon the principle of proportionality.

**Recommendation 10: The decision to discontinue the Performance Reserve is widely supported and any future system that replaces it should be based on a more results-orientated approach.** Although programme outputs are of course important, it is results that provide a more meaningful indication of performance and the contribution of cohesion policy to EU objectives. According to our research, the majority of Managing Authorities considered the process a narrow partial view of what the programmes actually achieve, and particularly rigid and inflexible in relation to external factors and more innovative and experimental uses of the funds. Whilst its potential value in terms of acting as a tool for performance-orientation is recognised, it is considered an overly bureaucratic means by which to achieve this. These and other criticisms will also need to be addressed in any future performance-based system, which should be proportionate and appropriately responsive. The European Commission should reconsider other means by which programmes and regions can adapt quickly to crises and demonstrate flexibility and responsiveness. A balance equally needs to be struck with the need for stable strategic investment planning, which the 7-year programming period facilitates.<sup>6</sup> A minor variation on the current re-programming provisions/possibilities could enable an interim review that takes into account specific regional performance issues and progress, domestic circumstances and socio-economic situation, as well as timing requirements, and allow for significant reprogramming on that basis.

**Feedback from the research suggests that ESIF spending has been more targeted on Europe 2020 priorities than was the case in previous programming periods in relation to the then-prevailing EU objectives.** However, the ECA and others have argued that ex-ante conditionalities and the Performance Reserve were innovative but not yet effective instruments for ensuring good results in relation to these and other priorities.

**Recommendation 11: The focus on results-orientated performance measurement should be supported by a greater emphasis on establishing how ESIF programmes contribute to overall EU policy goals.** The Partnership Agreements being used as a basis for implementing ERDF and ESF programmes include wider EU policy goals. It would be unrealistic to expect the indicator system to be able to help determine the extent to which wider EU policy goals are being promoted through ERDF and ESF interventions. However, a link between such interventions and EU policy

<sup>4</sup> For example, in the current programming period, the Scottish government brought forward the Performance Review process to 2017 in a so-called 'early review' in response to programming uncertainty following Brexit.

<sup>5</sup> The 2007-2013 programming period allowed for a voluntary performance reserve at the discretion of the Member States.

<sup>6</sup> <http://data.consilium.europa.eu/doc/document/ST-14216-2018-INIT/en/pdf>

goals could be more clearly established and assessed in ex-ante and ex-post evaluations. A constraint on being able to do this in the 2021-2027 period could be the absence of a wider EU strategy and coherent set of overall EU policy goals.

### **Regulatory framework for 2021-2027**

The Common Provisions Regulation for Cohesion Policy in the 2021-2027 period addresses many of the issues examined in this Research Paper. On the following page we provide a summary.

#### **Issues Raised in the Research Paper that are addressed in the Common Provisions Regulation for 2021-2027**

- ESF+ indicators have not been significantly altered, allowing for **continuity**. This is in line with our view that unless absolutely necessary and where useful information on performance can be provided, the number of indicators used should not increase.
- The **ERDF common indicators** have doubled in number. However, the modification is a significant enhancement providing a more comprehensive set to cover the range of interventions funded gaps. The **inclusion of both output and result indicators** demonstrates a clear improvement on the previous programming periods with some long-used indicators appropriately re-categorised from outputs to results.
- Whilst **programme-specific indicators** are still possible, reflecting suitable flexibility in programming, the requirement for all indicators to form part of the performance framework could potentially reduce their number.
- The regulatory requirement for the **Performance Framework methodology** to include the criteria applied, and data/evidence used in the selection of indicators and targets and assurance of quality as well as any additional factors that may influence the achievements of the programme should improve target-setting and ensure appropriate ambition.
- A **more frequent data reporting** requirement will improve the timeliness of data. However, two-monthly reporting is likely to prove too frequent for Managing Authorities, and a 4 or 6 monthly submission could be considered.
- The possibility to use **national data sources to collect ESF achievements** should lead to an improvement in the quality of data, a reduction in administrative burden and improve the linkage and alignment of ESF+ with national interventions.
- Discontinuing the **Performance Reserve** is appropriate.

#### **Issues Raised in the Research Paper that are not fully addressed in the Common Provisions Regulation for 2021-2027**

- Whilst the **new 5+2 programming approach** could enable a more strategic approach to be adopted through a mid-term review, it is likely to still be overly bureaucratic and output-focused as well as somewhat inflexible and disproportionate in terms of the administrative burden. The proposals do not include the requirement for the use of **impact indicators** for either fund. This goes against the Better Regulations guidance, and according to the ECA, is equally in contradiction to the Financial Regulation.
- The **lack of requirement for an ex-ante evaluation** has removed an important element in the process of establishing indicators/the performance framework and ensuring their relevance, suitability, realism and quantification, as well as strategic assessment of the policy and intervention logic in relation to regional development needs.
- **Guidance and definitions** related to the new indicator sets must be available well in advance of 2021-2027 OP adoption.

## 1 INTRODUCTION

**This document contains the Research Paper ‘Performance Indicators for Convergence in Regional Development - How Reliable are they to Ensure Targeted and Result-Oriented Spending?’ The Research Paper was prepared for the European Parliament (Directorate D - Budgetary Affairs, Directorate-General for Internal Policies of the Union, European Parliament) by CSES (Centre for Strategy & Evaluation Services LLP).<sup>7</sup>**

### 1.1 RESUME – STUDY OBJECTIVES

The purpose of this study for the European Parliament (EP) was to prepare a Research Paper on how reliable the Performance Indicators for convergence in regional development are in helping to ensure targeted and result-oriented spending<sup>8</sup>. The specific objectives included in the Terms of Reference (ToR) are to prepare:

- An analysis of the present system of Performance Indicators within the European Union’s (EU) Cohesion Policy, including strengths, weaknesses and other relevant factors;
- Suggestions on how to learn from the findings in the form of changes to the current policies in order to improve the overall results of the EU’s Cohesion Policy.

The assignment involved analysing various issues relating to the Performance Framework, notably the common and programme-specific indicators being used in the current ESIF programming period. The (non-exhaustive) list of elements of interest that was included in the EP’s ToR is outlined below:

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<sup>7</sup> Consortium Partner Blomeyer & Sanz ensured quality control.

<sup>8</sup> The EP’s ToR refer to ‘Key Performance Indicators (KPIs) to measure ERDF and ESF performance. ‘KPIs’ are, in fact, used in the European Commission Annual Management Reports and Annual Activity Reports and represent a small selection of the common ERDF and ESF indicators. The full set of common indicators has been examined in this Research Paper. To avoid confusion, we only refer to ‘common’ and ‘specific’ indicators in the Research Paper rather than KPIs.

### Box 1.1: 'Elements of interest'

- Do the Performance Framework and the Key Performance Indicators within the Structural and Cohesion Policy have the right focus?
- What is the relationship between the KPI's and the programme indicators - are they consistent and relevant for all regions?
- Are the statistics comparable across regions and countries and are indicators and milestones defined with comparable levels of ambition given also the difference in who is defining these?
- Have the Performance Framework and the system of indicators managed to shift focus more towards performance?
- Do the results of Structural and Cohesion Funds Policies as measured by the Key Performance Indicators have any consequence for the spending priorities?
- Has the possible financial consequence of the Performance Reserve increased the focus on delivering good results?

It is envisaged that the Research Paper will contribute to the debate on the future design of the EU's Cohesion Policy post-2020 and help ensure an enhanced focus on result-oriented spending by identifying potential improvements to the legal and regulatory framework.

The research for this assignment involved desk research to examine existing material on the use of performance indicators and related issues (a bibliography is included in Appendix A),<sup>9</sup> and an interview programme with officials from the EP, European Commission (EC) DG EMPL, DG REGIO), the European Court of Auditors (ECA), and a sample of 10 Member States and regions in them (a list of interviews is provided in Appendix B). Following a kick-off meeting with the EP on 17 December 2018, an interim report was then submitted on 25 January 2019 with the remaining research being carried out in February 2019.

## 1.2 OVERVIEW OF THE RESEARCH PAPER

The Research Paper is structured as follows:

- **Section 2: ESIF Performance Monitoring** – explains how the European Structural and Investment Funds (ESIF) framework for performance monitoring has evolved over the years and examines the key components;
- **Section 3: Assessment of Key Issues** – examines key issues from the terms of reference with regard to the functioning of the ESIF framework for performance monitoring and its capacity to ensure targeted and result-oriented spending;

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<sup>9</sup> The literature review has involved an analysis of the following types of documentation: ESIF regulatory provisions and guidance documents at EU level in relation to the Performance Framework, Common Indicators and Monitoring and Evaluation; evaluations and studies of the effectiveness of EU Cohesion Policy, ESIF indicators and Performance Framework, including previous programming periods where relevant, i.e. the 2000-06 performance reserve experience, the core indicators under the 2007-13 period; regulatory and policy proposals and positions in relation to the 2021-2027 programming period in relation to result-orientation and performance; Partnership Agreements and relevant programming documents from the sample of Member States and regions as well as ex-ante evaluations and any additional methodological material provided by the relevant authorities.

- **Section 4: Conclusions and Recommendations** – sets out the overall conclusions of the research and how the ESIF framework for performance monitoring could be improved. We also assess the extent to which the Common Provisions Regulation for 2021-2027 addresses issues raised in the Research Paper.

The main sections of the Research Paper are supported by several appendices including a list of interviews and secondary sources, lists of European Regional Development Fund (ERDF) and European Social Fund (ESF) indicators being used in the current 2014-2020 programming period, and the indicators proposed for 2021-2027.

## 2 ESIF PERFORMANCE MONITORING

**In this section we examine the framework for ESIF performance monitoring, examining the key elements for the ERDF and ESF. We first provide a brief overview of the context.**

### 2.1 CONTEXT AND KEY ISSUES

#### 2.1.1 EU Cohesion Policy

The EU promotes balanced economic development across its territory through regional policy, also known as Cohesion Policy. **Articles 174 to 178 of the Treaty on the Functioning of the European Union** (TFEU) provide the legal basis for EU action aimed at promoting ‘harmonious development’, strengthening economic, social and territorial cohesion and reducing disparities in levels of regional development. The **Multiannual Financial Framework** (MFF) for 2014-2020 was implemented in the context of the financial and economic crisis and strained public finances and dropping investment levels in many EU Member States. Amongst other things this has emphasised the need to make the most effective and efficient use of resources.

Regulatory requirements for the implementation of the ESIF in this period introduced new provisions to improve their effectiveness and European added value. This was achieved by concentrating resources on key Europe 2020 objectives, establishing a **Performance Framework** based on measurable indicators and targets linked to the release of a **Performance Reserve**, introducing **ex-ante conditionalities** as well as creating closer linkages with the EU economic governance and the **European Semester** process.<sup>10</sup> These measures were complemented by the **Investment Plan for Europe** supported by the **European Fund for Strategic Investments** (EFSI), and the Commission’s **‘Budget Focused on Results’** (BFOR) initiative.<sup>11</sup>

Under Cohesion Policy a system of ‘shared management’ means that whilst the EC has overall responsibility for the EU budget, implementation of its three funds – **the ERDF**, the **ESF** and the

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<sup>10</sup> Mid-term review/revision of the multiannual financial framework 2014-2020: An EU budget focused on results (SWD(2016) 299 final). Communication from the European Commission to the European Parliament and Council.

<sup>11</sup> BFOR was designed to address four key questions: Where to spend EU money – how to achieve high EU added value? How to spend EU money – how to get more out of each Euro spent by the EU budget? How can the performance of the EU budget be adequately assessed? How to communicate about the EU budget – how to explain better to citizens what the EU budget achieves?

**Cohesion Fund** is delegated to the Member States.<sup>12</sup> Common provisions in management and control approaches have been established although specific fund rules also apply to each. Approximately 32.5 % of the EU's budget for 2014-2020 (equivalent to some EUR 351.8 billion over seven years at 2014 prices) is allocated to Cohesion Policy. A total of 11 **thematic objectives** have been identified for the current programming period.<sup>13</sup> Investment from the ERDF supports all 11 objectives, but objectives 1-4 are the main priorities for investment. The main priorities for the ESF are 8-11, though the Fund also supports 1-4 while the Cohesion Fund supports objectives 4-7 and 11.

### 2.1.2 Performance Framework

**The backdrop to this study is the move in the current 2014-20 programming period away from a focus on the absorption of funding towards a results-oriented policy with indicators to measure outcomes in terms of people's well-being and progress.** (The evolution of ESIF performance monitoring and evaluation since 2000 is described in Section 2.2 below.) Within Cohesion Policy, a greater focus on results in the 2014-2020 period is being encouraged through three main components:<sup>14</sup>

#### Box 2.1: Key Features of the Results Orientation

- **Ex ante conditionalities** – these have been negotiated to help ensure that the necessary conditions are in place for a focus on key performance indicators and successful programme delivery;
- **Intervention rationale and logic frameworks** – ensuring the result orientation of programmes through linking the needs to be addressed to the results to be achieved and the inclusion of result indicators with definitions and measurable targets;
- **Performance Framework** – the establishment of clear and measurable milestones and targets to ensure progress is made as planned (performance framework) with a Performance Reserve used to reward achievement of results.

In implementing the Performance Framework, the EC and Member States are required to work together to define *baselines* (e.g. the situation in a region with regard to skills or in relation to business start-ups) and *targets* (e.g. how ERDF and ESF interventions might improve the situation) with performance indicators then being used to assess progress from the baseline towards the target. The EC's '**Better Regulation**' guidelines (2015 and 2017) define three basic types of performance indicators:

<sup>12</sup> The ESIF include also the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

<sup>13</sup> 1. Strengthening research, technological development and innovation; 2. Enhancing access to, and use and quality of, information and communication technologies; 3. Enhancing the competitiveness of SMEs; 4. Supporting the shift towards a low-carbon economy; 5. Promoting climate change adaptation, risk prevention and management; 6. Preserving and protecting the environment and promoting resource efficiency; 7. Promoting sustainable transport and improving network infrastructures; 8. Promoting sustainable and quality employment and supporting labour mobility; 9. Promoting social inclusion, combating poverty and any discrimination; 10. Investing in education, training and lifelong learning; and 11. Improving the efficiency of public administration.

<sup>14</sup> Adapted from EPRC, 'The monitoring and evaluation of the 2014-2020 EU Cohesion Policy Programmes', IQ-Net Thematic Papers 36(2), May 2016.

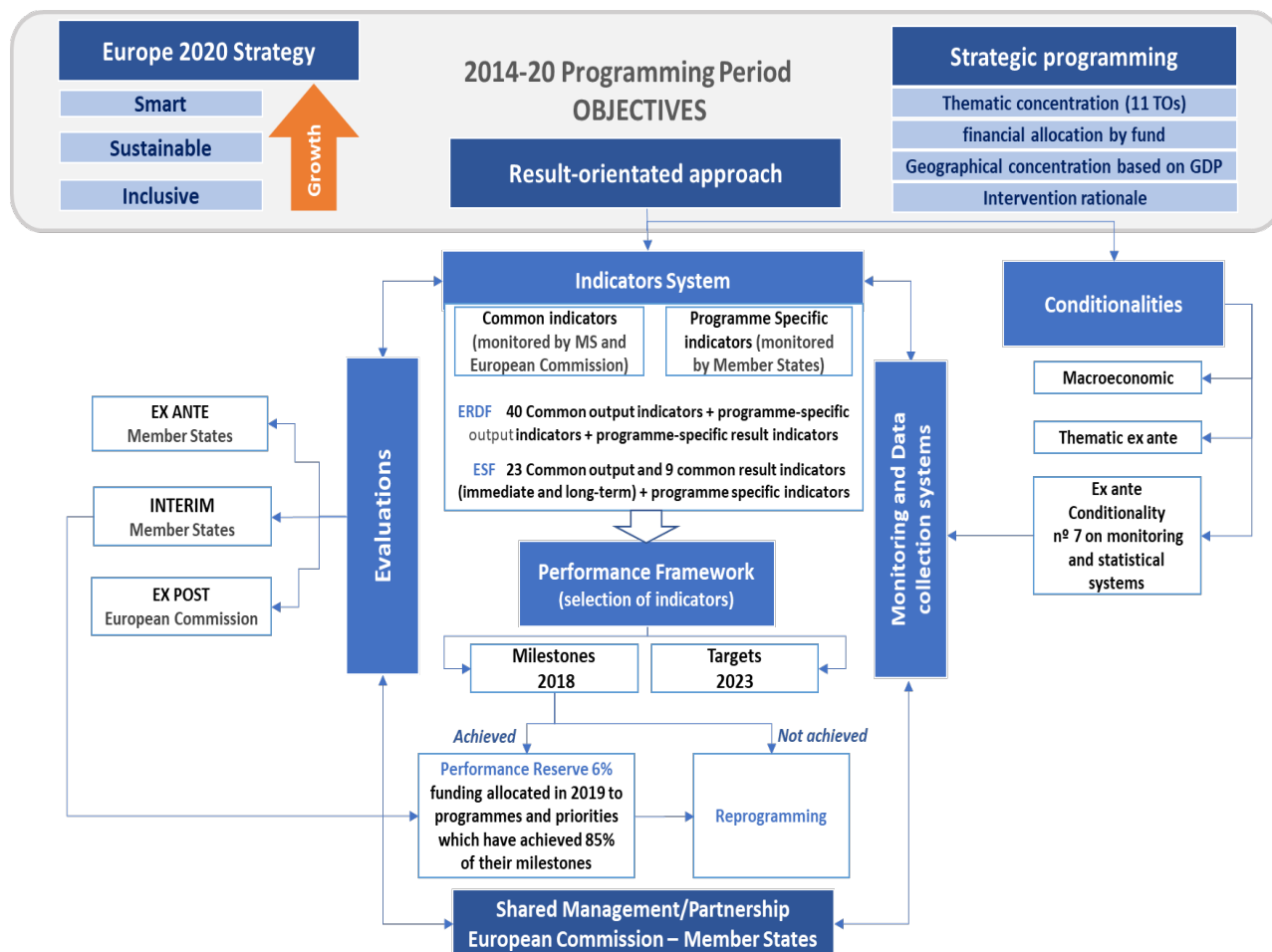
**Box 2.2: Performance Indicators**

- **Outputs** - the specific deliverables of the interventions – in the case of ESIF, they refer to direct products of spending programme resources on implementing projects (e.g. number of persons receiving training, number of SMEs assisted);
- **Results** - the benefits arising directly from the intervention, they capture a change in the situation: under ERDF, in relation to the change in wider society / economy and under ESF related to the situation of a supported entities or participants upon leaving a project (e.g. new qualifications);
- **Impacts** - the intended outcome of the intervention on the wider economy and society beyond those directly affected by the intervention (e.g. reduced unemployment rates in a region, increased GDP).

The 'Better Regulation' guidelines define good indicators as those corresponding to the RACER acronym – R – relevant (appropriate thematic coverage and a direct and close link with the objective it is measuring), A - accepted (understood by those in charge of data monitoring), C – credible (unambiguous and easy to interpret), E - easy to monitor (data collections is feasible in terms of costs and time) and R – robust (clearly defined).

There are potentially many complications in applying and using indicators for the ESIF. Whereas outputs are physical in nature and relatively easy to measure, results and impacts are socio-economic and much more difficult to identify and assess. Likewise, whereas the ESF interventions focus on individuals, the ERDF has a more diverse target group with less homogeneous units of measurement. The overall framework is outlined below:







**Figure 2: Overview – ESIF Results Orientation**



**2.2 EVOLUTION OF ESIF MONITORING AND EVALUATION REQUIREMENTS**

In this section we provide an overview of the evolution of the regulatory provisions for monitoring and evaluation of ESI Funding from 2000 onwards. The following chart provides an overall summary:

**Figure 3: Evolution of the ESIF Regulatory Framework (2000-2027)**

	2000-2006	2007-2013	2014-2020	2021-2027 proposal
<b>Strategic Context</b> 	The priorities are targeted to reflect the Lisbon Strategy's goals	Earmarking required a share of cohesion policy funds (60-75 %) to be spent on areas of investment related to the Lisbon Strategy.	Aligned with Europe 2020 Strategy Link with European Semester process and Country Specific Recommendations Thematic Concentration Ex ante conditionalities	List of 5 policy objectives Link to Country-Specific Recommendations Horizontal and thematic 'enabling conditions' replacing ex-ante conditionalities
<b>Indicators</b> 	INDICATIVE methodology and list of outputs, results and impact indicators 55 ERDF and ESF indicators Possible to include programme specific indicators	VOLUNTARY set of core output indicators by thematic field 41 ERDF and common minimum indicators for ESF (result and impact indicators have a decisive role but not prescribed)	COMMON indicators established in regulations 40 ERDF outputs (non-ETC) 23 ESF outputs and 9 results Possible to include programme-specific indicators	COMMON indicators established in regulatory proposals 74 outputs and 77 results for ERDF (non-ETC) and 17 output and 6 result for ESF Possible to include programme-specific indicators
<b>Performance Framework</b> 			Result-oriented approach Consisting of financial and output indicators milestones and key implementation steps.	Consisting of output and results indicators, milestones for 2024 and targets for 2029. Methodologies for establishment in regulatory proposal
<b>Performance Reserve</b> 	4% of original national appropriation withheld and allocated within each MS on basis of the Mid-Term Evaluation / Review	MS could decide to establish a National Performance Reserve (3%) or National Contingency Reserve (1-3%) to cover unforeseen local/sectoral crises	6 % Performance Reserve on the basis of Performance Review in 2019	ELIMINATION of the Performance Reserve Programme allocations set for 5+2 years on the basis of a Mid Term Review.
<b>Evaluations</b> 	EX-ANTE MID-TERM EX POST	EX-ANTE ONGOING EX POST	EX-ANTE INTERIM EX POST IMPACT EVALUATION	EX-ANTE MID-TERM EX POST IMPACT EVALUATION required by end 2029
<b>Monitoring and Data collection systems</b> 	Annual Implementation Reports and Annual Review Meetings	Annual Implementation Reports and Annual Examination Meetings	Annual Implementation Reports and Annual Review Meetings Requirement to establish a system of electronic data exchange	Removal of annual report requirement. Annual Performance Review meeting and Final Performance report. Transmission of data on a two-monthly basis.

## 2.2.1 2000-2006 programming period

**The Structural Funds' regulations for the 2000-2006 programming period were the first to envisage a move away from purely financial monitoring to include monitoring of physical performance.** Supporting this, there was a clearer definition of monitoring and evaluation responsibilities at the EU, national and regional levels<sup>15</sup>. While the N+2 automatic de-commitment rule<sup>16</sup> introduced an incentive to ensure that programmes advanced to schedule, it was complemented by initiatives which aimed to ensure that resources were spent as effectively as possible, with monitoring and evaluation arrangements to reflect the nature and content of the assistance. The EC supported a gradual, 'pragmatic and flexible' approach that took account of specific circumstances and needs as well as resources available to undertake the activity.

Shortly before the programming period started, the EC published an indicative **methodological guidance for 2000-2006** setting out indicator terminology and frame of reference. The guidance proposed a list of indicators to promote consistency and enable comparisons across programmes and measures as well as aggregation at a higher level in 'priority areas of Community-wide interest'.<sup>17</sup> Programmes were expected to use a small number of these core indicators, with target values, to ensure appropriateness and manageability. It was envisaged they would be applied from the lowest operational level (project) upwards and reported in Annual Implementation Reports (AIRs).

The indicators were subject to **ex-ante, mid-term and ex-post evaluation**, with the evaluators expected to play an active role in improving the quality of the indicator system and assessing the quality and relevance of the indicators. Whilst **impact indicators** were included, the complexity of measuring impacts that occur after a certain lapse of time and without clear causal relationships was recognised, as well as the fact that programmes could produce unexpected results that the indicators were unable to detect. In recognition that none of the requirements around **core indicators** was obligatory, the EC guidance also provided wider examples of monitoring and evaluation indicators. **Programme-specific indicators** were used to allocate the 4% **Performance Reserve** at the mid-term 'in close consultation with the Commission'<sup>18</sup> to programmes or priorities 'considered to be successful'<sup>19</sup>.

The ERDF ex-post evaluation for the 2000-2006 programming period found that Cohesion Policy **management and implementation systems** were efficient but not significantly focussed on delivering strategic objectives and performance. Whilst more attention was paid to monitoring than in

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<sup>15</sup> Article 36 of Council Regulation 1260/1999 laying down general provisions on the Structural Funds

<sup>16</sup> The N+2/N+3 decommitment rule provides that any EU funding commitment against which a payment application has not been received by the end of the second/ third year following the year of commitment will be decommitted. Under the 2014-20 programming period the rule has been N+3; under the post-2020 regulatory proposals the rule will be N+2 for the years 2021-2026, returning to pre-2013 requirements, (for the EU-15).

<sup>17</sup> DG REGIO, Working paper 3, Indicators for Monitoring and Evaluation: An indicative methodology, available at: [https://ec.europa.eu/regional\\_policy/sources/docoffic/working/doc/indic\\_en.pdf](https://ec.europa.eu/regional_policy/sources/docoffic/working/doc/indic_en.pdf)

<sup>18</sup> The performance reserve was set at 4% of the commitment appropriations included in the indicative breakdowns *per Member State*. Articles 7 and 44 of Council Regulation 1260/1999 laying down general provisions on the Structural Funds; DG REGIO, Working Paper 4, Implementation of the performance reserve available at: [https://ec.europa.eu/regional\\_policy/sources/docoffic/working/doc/reserve\\_en.pdf](https://ec.europa.eu/regional_policy/sources/docoffic/working/doc/reserve_en.pdf)

previous programming periods, including through the development of integrated monitoring systems and the inclusion of physical indicators, the utility of the systems and information provided was considered as being sometimes questionable. Regulatory compliance and maintaining the pace of spending tended to dominate programme management activity. A reassessment of the application of the de-commitment rule and financial control and audit requirements, alongside a stronger focus on policy outcomes, was recommended<sup>20</sup>. In the case of the ESF, the main challenge was the diversity and lack of comparability of the data across Member States which meant there was only limited scope for aggregation at the EU level. Key recommendations for 2007-2013 included ensuring more comparable data as well embedding the evaluation process from the beginning within ESIF programming<sup>21</sup>.

### 2.2.2 2007-2013 programming period

In the 2007-13 programming period, **core indicators** were proposed by the EC for the ERDF, the ESF and the Cohesion Fund (CF)<sup>22</sup>. The indicators were seen as particularly important in demonstrating accountability at the EU level, enabling the aggregation of information to show what Cohesion Policy resources were being spent on and what they were achieving. However, the core indicators were not mandatory and were developed after the adoption of many programmes and hence retro-fitted in many cases. Unless core indicators were used and additionally reported on through the electronic system for the transfer of information on indicators, aggregation of Cohesion Policy achievements remained elusive.

Core indicators (the predecessor to common indicators) were used to varying degrees in the 2007-2013 ERDF programmes with those with a Lisbon focus used most. Convergence OPs tended to use core indicators more frequently in Transport, Environment and Risk Prevention whilst Regional Competitiveness and Employment (RCE) OPs<sup>23</sup> used core indicators for Climate Change, Renewable Energy and R&TD more frequently. The focus on basic infrastructure investments in Convergence programmes and R&TD, entrepreneurship and renewable energy in RCE regions reflects eligible activities and the priority focus of the two categories of region. The most frequently used core indicators are shown below.

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<sup>20</sup> EPRC, 2009, EX POST EVALUATION OF COHESION POLICY PROGRAMMES 2000-2006 CO-FINANCED BY THE ERDF (OBJECTIVE 1 AND 2) WORK PACKAGE 11: MANAGEMENT AND IMPLEMENTATION SYSTEMS FOR COHESION POLICY available at: [https://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/expost2006/wp11\\_en.htm](https://ec.europa.eu/regional_policy/sources/docgener/evaluation/expost2006/wp11_en.htm)

<sup>21</sup> <https://slideplayer.com/slide/6589159/>

<sup>22</sup> EUROPEAN COMMISSION, DG REGIO, The New Programming Period 2007-2013 INDICATIVE GUIDELINES ON EVALUATION METHODS: EVALUATION DURING THE PROGRAMMING PERIOD Working Document No.5

<sup>23</sup> Under the 2007-13 regulations regions were categorised as Convergence, Competitiveness or phasing in/out. The regions targeted by the Convergence objective were those whose per capita gross domestic product (GDP) measured in purchasing power parities was less than 75 % of the Community average. The Regional Competitiveness and Employment category covered all other regions of the EU with the exception of those eligible for transitional aid as phasing in / phasing out regions.

### Box 2.3: Use of ERDF Indicators 2007-2013

- “Number of gross direct jobs created” (in 64.3% (74) of the Competitiveness programmes and 44.3% (58) of the Convergence programmes)
- “Investment induced [in €] to SMEs” (in 34.8% (40) of the Competitiveness programmes and of the 25.2% (33) Convergence programmes)
- “Number of research jobs created” (in 30.4% (35) of Competitiveness programmes and 22.1% (29) of Convergence programmes)
- “Reduction of greenhouse emissions in CO<sub>2</sub> or CO<sub>2</sub> equivalents” (in 30.4% (35) of Competitiveness programmes and 14.5% (19) of Convergence programmes)
- “Number of cooperation projects between enterprises and research institutions” (in 53% (61) of the Competitiveness programmes and 26,7% (35) of the Convergence programmes).

**Source:** The Potential for regional Policy Instruments, 2007-2013, to contribute to the Lisbon and Göteborg objectives for growth, jobs and sustainable development, 2009

The average number of core indicators used in the EU27 programmes was 10, ranging from an average of seven indicators per Competitiveness OP to an average of 12 core indicators per Convergence programme. Poland was the Member State that made the most extensive use of the core indicator set, using an average of 29 core indicators per programme (and using each core indicator at least once in every programme). However, in general the largest EU15 Member States with both Convergence and Competitiveness objectives (France, Germany, Greece, Italy, Spain, and the UK) made the most significant use of the core indicator set, largely since they were eligible for many different priority themes. Sweden, Denmark, Luxembourg and Belgium had the lowest use of the core indicator set with only 3-4 per programme.

In 2007-13 all of the programmes used result indicators, with half (132 in total) of the programmes using the result indicator “number of gross jobs created”. Meanwhile, 23 of the 27 Member States defined impact indicators despite the fact that impact indicators were not a legal requirement; the exceptions were Austria, Finland, Greece and Ireland<sup>24</sup>. However, many of the programmes did not clarify how they would collect measurable data against their impact indicators.

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<sup>24</sup> The Potential for regional Policy Instruments, 2007-2013, to contribute to the Lisbon and Göteborg objectives for growth, jobs and sustainable development, 2009, Final Report to the European Commission, Directorate- General for Regional Policy, Evaluation Unit No 2007.CE.16.0.AT.041

**Box 2.4: Examples of impact indicators 2007-2013**

- The average rate of ICT usage in Danish businesses is at least 75% by 2013 (Baseline: 56% in 2005) (Denmark)
- Target for 2013 employment rate (15-64 year cohort) in the OP region 55% (2005 baseline: 53.8%) (Hungary)
- Targets for employment in creative sector industries; 2003 baseline 3%, 2010 target 3.7%, 2015 target 4.2% (Estonia)

**Source:** The Potential for regional Policy Instruments, 2007-2013, to contribute to the Lisbon and Göteborg objectives for growth, jobs and sustainable development, 2009

The evaluations of ERDF data collection practices in the 2007-2013 programming period<sup>25</sup> noted that whilst reporting against core indicators was not a legal obligation, both the Member States and the EC undertook to report against them, albeit without compulsory requirements as to how they were defined and the likelihood of undercounting. **The use of core indicators meant it was the first programming period that indicator data could be aggregated and analysed across the programmes.** The most frequently used indicator was 'Jobs created' which was used in 178 programmes, followed by 'Number of cooperation projects enterprise-research institutes' and 'Number of start-ups supported'. Highest achievements against targets were reported under the 'Number of start-ups supported' (105%) and the lowest under 'additional capacity of renewable energy production' (1%). Most Managing Authorities (MA) had put in place measures to ensure data quality such as guidance documents, standardised quality control procedures and manual checks.

**Some weaknesses in the quality and reliability of the ERDF data were however reported.** Of the total of more than 1,700 core indicators used across the EU-27, 7% were not consistent with EU definitions, with the worst offending Member States (MS) being France, Germany and Poland. Other minor issues related to inconsistent units being used for indicators. The use of other indicators tended to reflect the lack of a relevant core indicator and none of these could be aggregated at EU level to establish reliable information. Further findings under the ex-post evaluations for the 2007-2013 programming period included:

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<sup>25</sup> EC, DG REGIO, 2015, Ex-post evaluation of Cohesion Policy programmes 2007-2013 Work Package 0 – Data collection and assessment, submitted by t33, OIR and Spatial Foresight, and Work Package 12 Delivery System, KPMG and Prognos.

**Box 2.5: Weaknesses in the Quality and Reliability of the ERDF data 2007-2013**

- Monitoring systems for the most part performed adequately in collecting information relating to implementation and a sufficient aggregation of data on financial progress and outputs at EU level was possible. These improvements mostly resulted from improved IT systems.
- Improved monitoring led to improved programme decision-making and responsiveness to socio-economic circumstances and enabled strategic adjustments and OPs revisions. They did not however lead to improved strategic follow-up that improved implementation / solved implementation problems or consideration of the contribution of the use of the funds to overall strategy. The role of Monitoring committees was weak in this regard.
- Indicators were overly focused on financial achievements and absorption. A tendency to set low targets prevailed. A number of the indicators used were unsuitable for measuring the results of implementation.
- MS that had low financial allocations under ERDF/CF tended to monitor achievements parallel to national or regional monitoring systems and as an exercise purely to meet regulatory requirements. Real added value was perceived to occur where monitoring of EU funding was fully integrated with or integrated into national and regional monitoring processes (one example is the ESF monitoring system in North Rhine-Westphalia).
- Despite improvements, a clear picture of the overall achievements of Cohesion Policy at MS and EU level could not be produced. The high number of indicators (over 8,000 over the OPs) led to difficulties in relation to validity, consistency and comparability of the indicators.
- Very few programmes had a “focus on results” setting clear goals and selecting projects accordingly and a cultural shift would be required in most cases.
- Cohesion Policy achievements tend to be understated as final achievements are only reported after formal programme closure (3 years after the programme end date). Programme-end date achievements tend to only represent achievements at the point on average of 77% of the programme financial allocation having been spent.
- Weaknesses in the ERDF indicator set include over-counting around jobs created, including those that were only temporary and also jobs safeguarded rather than created.

In 2007-2013, the EC additionally placed emphasis on the **measurement of results** throughout the programming period. **Regulation 1083/2006** identified three types of evaluation according to their timing: before (ex-ante), during, and after (ex-post) the programming period (Article 47[2]). The Regulations promoted a shift from a concept of mid-term evaluation driven by regulatory imperatives (i.e. that meant evaluations in the previous programming period were launched too early where interventions were delayed), towards a more flexible, demand-driven approach to evaluation during the programming period. The introduction of **on-going evaluation** enabled this type of assessment to be adapted to address the specific needs of the MS and to be driven by national and regional decision-makers.

A priority of the new approach to evaluation was also to assess the contribution of Cohesion Policy to the achievement of the Lisbon goals and to make that contribution more visible. In the 2007-2013 programming period, MS had to ensure a **minimum allocation of expenditure to Lisbon-related**

**categories**, and to report the achievements of Cohesion Policy in relation to a set of earmarking codes<sup>26</sup>. The EU15 were obliged to achieve a set of targets in relation to 'earmarking' at the level of the Convergence and the Regional Competitiveness and Employment objectives of Cohesion Policy in the entire programming period (i.e. by category of region).<sup>27</sup> Targets for each MS were established based on data from the 2000-2006 period. Twice during the programming period (in 2009 and in 2012), MS were required to provide a **strategic report** on the contribution of the programmes towards the Lisbon earmarking targets. These were then incorporated into a synthesis report by the EC in 2010 and 2013 for the Council.

The ex-post evaluation of the ERDF, ESF and Cohesion Fund Delivery Systems for the 2007-2013 programming period<sup>28</sup> concluded that a sufficient **aggregation of data** had been possible, partly as a result of the significant improvement in national IT systems and the quality of data in nearly all Funds and all countries. However, there were numerous examples of incorrect use of measurement units and **inconsistencies between EU and national/regional indicator definitions**. Evaluators also noted a tendency for under-ambitious target-setting, albeit in the case of new MS and often resulting from a lack of information about similar interventions on which to base their targets. Monitoring and reporting systems continued to have an **excessive focus upon financial indicators** and absorption, and projects were often selected for their ability to absorb funds as much as their contribution to programme objectives. Programme evaluations tended to focus upon programme implementation in relation to process rather than impact, whilst strategic reporting tended to be treated as a compliance exercise with little strategic or policy learning application.

### 2.2.3 2014-2020 Programming Period

The legislative package for Cohesion Policy in the 2014-2020 programming period introduced significant changes intended to increase the **focus on performance and promote a more result-orientated approach**. According to the EC:

*"In the context of tighter budgets and more public attention to the effectiveness of EU policy instruments in general, the demand for demonstrating the performance, impact and added value of ESF-supported initiatives has grown. In this respect, monitoring and evaluation play a key role in providing the necessary evidence."<sup>29</sup>*

To ensure programmes delivered, i.e. that priorities were implemented as planned and programmes were on course to achieve their objectives, OPs were required to set out the:

- **'Expected results'** for the specific objectives and corresponding results indicators, with a baseline

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<sup>26</sup> "Earmarking" is governed by the provisions of the General Regulation, see Annex IV of the General Regulation which lists the earmarked categories by Objective, as well as by the Fund-specific regulations (Regulation (EC) No 1080/2006 and Regulation (EC) No 1081/2006. See: EUROPEAN COMMISSION, DG REGIO, Information Note no 1, available at: [https://ec.europa.eu/regional\\_policy/sources/docoffic/cocof/2007/cocof\\_07\\_0012\\_00\\_en.pdf](https://ec.europa.eu/regional_policy/sources/docoffic/cocof/2007/cocof_07_0012_00_en.pdf)

<sup>27</sup> Member States that acceded to the European Union on or after 1 May 2004 were only invited to apply these provisions, not obliged to.

<sup>28</sup> Ex-post evaluation of Cohesion Policy 2007-13, Work package 12 Delivery Systems

<sup>29</sup> 'Programming period 2014-2020: Monitoring and Evaluation of European Cohesion Policy and European Social Fund Guidance document' (September 2014 and August 2018).

value and target value, 'where appropriate quantified',

- **Output indicators**, including quantified values which should contribute to the results,
- **Implementation steps and financial and output indicators** and where appropriate result indicators to be used as milestones and targets for the performance reserve.<sup>30</sup>

Guidance on the performance indicators for ERDF and ESF programmes has been provided by national authorities in many if not most MS. An example is outlined below.

**Box 2.6: Case study (Spanish ERDF 2014-2020 Output Indicators Manual)**

- Spain defined output indicators at national level in collaboration with the EC and the Spanish Autonomous Communities with the purpose of having a **harmonised system** that makes it possible to measure the achievements obtained with ERDF support for each of the investment priorities set in the 2014-20 Spanish Partnership Agreement.<sup>31</sup>
- This **manual includes an individual descriptive sheet for each common and specific output indicator** (in total 44 common indicators and 83 specific indicators including technical assistance indicators) with a detailed definition of the indicator, explanation about how to calculate the indicator, when to load the data into the system, and other user information.
- The **list of indicators** is grouped by thematic objectives, investment priorities, specific objectives and fields of actions.
- The Spanish output indicator system is flexible. With the progress on the different actions it has been necessary to better adapt the definition of some specific indicators to a concrete action and some definitions have been extended or even some new specific indicators have been defined, although this as the last option.

**2.2.4 Performance Framework and Performance Reserve**

The Performance Framework consists of a set of milestones and targets defined for each priority in a programme<sup>32</sup>. The output indicators included in the Framework should represent the majority of the allocation to a Priority and are appraised in terms of their relevance, suitability, realism and quantification as part of the ex-ante evaluation. Progress against the **Performance Framework** is reviewed formally twice during the programming period: milestones are intermediate targets to be achieved by 31 December 2018 and assessed in 2019. The Performance Reserve (representing 6% of the resources allocated to the ERDF and ESF expenditure) will, following assessment in 2019, be

<sup>30</sup> Article 96.2b. Regulation 1303/2013, the Common Provisions Regulation

<sup>31</sup> A Partnership Agreement (PA) is a reference document for ESIF programming interventions linking them to the Europe 2020 growth strategy. It defines the strategy and investment priorities chosen by the relevant Member State and presents a list of national and regional operational programmes (OPs) which it is seeking to implement, as well as an indicative annual financial allocation for each OP.

<sup>32</sup> The performance framework is established at the level of priority, with the exception of priorities concerning technical assistance or financial instruments in favour of SMEs or complex priorities including the Youth Employment Initiative (the YEI); priorities covering more than one Fund or more than one category of region

definitively allocated to priorities which achieve their milestones based on a **Performance Review** in 2019 (and hence following the end of this research project)<sup>33</sup>.

The targets themselves are set to be achieved by 31 December 2023 and assessed at programme closure in 2025. Baselines for common and programme-specific output indicators are set at zero, and each OP should also set cumulative quantified targets for output and result indicators.

**Milestones and targets** have to be realistic and achievable (i.e. neither too high nor too low, based on evidence of past experience); relevant and reflect the objectives and operations of the priority; consistent with the nature and character of the specific objectives of the priority (i.e. in line with the intervention logic of the priority and resources allocated); transparent, with objectively verifiable values, source data identified and publicly available; verifiable without imposing a disproportionate administrative burden; and consistent across programmes (i.e. no significant, unjustified difference in methods applied for comparable priorities in the same MS).<sup>34</sup>

### 2.2.5 ERDF and ESF Indicators 2014-2020

**Whilst OPs may include programme-specific indicators, a set of common indicators is provided in the fund-specific rules:**

- Regulation 1304/2013 establishes **23 ESF common output and 9 common result indicators**. (see Appendix C)
- Annex I of the ERDF regulation 1301/2013 establishes a set of **40 ERDF (excluding ETC) common output indicators** that correspond to the Fund's investment priorities (see Appendix D).

### European Regional Development Fund

The 40 common output indicators for mainstream ERDF programmes (six are specific to ETC programmes) are outlined in summary form in the table below (see also Appendix D).

Common indicators for the ERDF only cover outputs. The ERDF Regulation establishes that **programme-specific output and result indicators** may be used<sup>35</sup>. Impact indicators are policy result indicators specific to the individual programme. In the 2014-2020 period, they are very diverse and, as with programme-specific result indicators, cannot be aggregated. They will be assessed through evaluation which was an aspect of the policy that has been strengthened for 2014-2020, with the requirement for MS to submit evaluation plans.

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<sup>33</sup> Within two months from the receipt of the annual implementation report for 2018, the European Commission will adopt a decision to determine for each Member State and ESI Fund, the programmes and priorities which have attained their milestones

<sup>34</sup> Annex II Common Provisions Regulation.

<sup>35</sup> Where used, ERDF programme-specific result indicators should be: responsive to policy; closely linked to the policy interventions supported; normative, i.e. having a clear and accepted normative interpretation (i.e. there must be agreement that a movement in a particular direction is a favourable or an unfavourable result); robust: reliable, statistically validated; and suitable for timely collection: data is available when needed.

**Table 1: Summary – ERDF Key performance indicators**

Theme	Indicators
<b>Productive investment</b>	<ul style="list-style-type: none"> <li>• Number of enterprises receiving support (subsets: receiving grants, receiving financial support other than grants, receiving non-financial support, new enterprises supported);</li> <li>• Private investment in enterprises,</li> <li>• Employment increase</li> <li>• Increase in expected number of visits to supported sites of cultural or natural heritage and attractions</li> </ul>
<b>ICT</b>	<ul style="list-style-type: none"> <li>• Additional households with broadband access of at least 30 Mbps</li> </ul>
<b>Transport</b>	<ul style="list-style-type: none"> <li>• Total length of new railway line, of which: TEN-T Total length of reconstructed or upgraded railway line, of which: TEN-T</li> <li>• Total length of newly built roads, of which: TEN-T Total length of reconstructed or upgraded roads, of which: TEN-T</li> <li>• Total length of new or improved tram and metro lines</li> <li>• Total length of new or improved inland waterway</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Additional waste recycling capacity,</li> <li>• Additional population served by improved water supply,</li> <li>• Additional population served by improved wastewater treatment,</li> <li>• Population benefiting from flood protection measures,</li> <li>• Population benefiting from forest fire protection measures,</li> <li>• Total surface area of rehabilitated land,</li> <li>• Surface area of habitats supported in order to attain a better conservation status</li> </ul>
<b>Research and Innovation</b>	<ul style="list-style-type: none"> <li>• Number of new researchers in supported entities</li> <li>• Number of researchers working in improved research infrastructure facilities</li> <li>• Number of enterprises cooperating with research institutions</li> <li>• Private investment matching public support in innovation or R&amp;D projects</li> <li>• Number of enterprises supported to introduce new to the market products</li> <li>• Number of enterprises supported to introduce new to the firm products</li> </ul>
<b>Energy and Climate change</b>	<ul style="list-style-type: none"> <li>• Additional capacity of renewable energy production</li> <li>• Number of households with improved energy consumption classification</li> <li>• Decrease of annual primary energy consumption of public buildings</li> <li>• Number of additional energy users connected to smart grids</li> <li>• Estimated annual decrease of GHG</li> </ul>
<b>Social infrastructure</b>	<ul style="list-style-type: none"> <li>• Capacity of supported childcare or education infrastructure</li> <li>• Population covered by improved health services</li> </ul>
<b>Urban Development</b>	<ul style="list-style-type: none"> <li>• Population living in areas with integrated urban development strategies</li> <li>• Open space created or rehabilitated in urban areas</li> <li>• Public or commercial buildings newly built or renovated in urban areas</li> <li>• Rehabilitated housing in urban areas</li> </ul>

## European Social Fund

Common ESF indicators are listed in Annex I and II of the ESF Regulation and represent the minimum set of indicators for each OP. In total, there are **32 ESF common indicators (23 outputs and 9 results indicators)**. Table 2.2 provides a summary and a full list is provided in Appendix B). EC guidance for the ESF requires that common 'outputs' and 'immediate' and 'intermediate' 'results' indicators are used and reported on for each ESF investment priority for subsequent aggregation at the EU level<sup>36</sup>.

Common **result indicators** relate only to persons, not to entities, and are reported annually. The definitions of each common ESF and Youth Employment Initiative (YEI) indicators are mostly based upon common international definitions<sup>37</sup>. A distinction is made in the EC's guidance between 'immediate' and 'longer-term' ESF result indicators. The **immediate results indicators** are designed to capture the effects that occur when the participants or entities finish participating in a project and should be captured four weeks after leaving the ESF-supported programme and reported annually in the AIR.<sup>38</sup> **Longer-term result indicators** seek to capture similar data on participants but six months after the exit date and are only reported twice throughout the programming period: in the 2019 AIR and in the final report in 2025 on the basis of a representative sample under each investment priority. The ESF Regulations do not require the use of **impact indicators** in the sense of results on broader groups of society beyond the participants or entities directly benefiting from the support. However, impact should be assessed through periodic evaluations according to the guidance.

**Table 2: Summary – ESF Common Indicators**

Effects	Common indicators
<b>Outputs</b>	(i) Number of ESF training 'participants' broken down by: employment status, age (5 indicators); age (3); educational attainment (3); disadvantaged participants (4).  (ii) For 'entities': number of projects fully or partially implemented by social partners or non-governmental organisations; number of projects dedicated to sustainable participation and progress of women in employment; number of projects targeting public administrations or public services at national, regional or local level; and number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy)
<b>Intermediate results</b>	Inactive participants engaged in job searching upon leaving; participants in education/training upon leaving; participants gaining a qualification upon leaving; participants in employment, including self-employment, upon leaving; and

<sup>36</sup> An EU synthesis report is produced every year on the basis of the results reported in the OP's AIRs; the latest available is for 2017. European Commission, 'Synthesis Report of ESF Annual Implementation Reports, Final report' (Fondazione G.Brodolini, November 2017).

<sup>37</sup> In some cases, there is no EU-wide definition e.g. migrants, minorities, participants with disabilities and other disadvantaged groups such as the homeless. Common international definitions are therefore used such as those from the Labour Market Policy database and the Labour Force Survey at Eurostat.

Effects	Common indicators
	disadvantaged participants engaged in job searching, education/training, gaining a qualification, or in employment, including self-employment, upon leaving.
<b>Longer terms results</b>	Participants in employment, including self-employment, six months after leaving; participants with an improved labour market situation six months after leaving; participants above 54 years of age in employment, including self-employment, six months after leaving; and disadvantaged participants in employment, including self-employment, six months after leaving.

Some of the feedback on the use of the common and specific indicators from the MS used as a sample for this Research Paper is provided below.

**Box 2.7: Use of Common and Specific Indicators**

- BG** Bulgaria has limited experience in EU programme indicators design and implementation, although its capacity has improved significantly since the previous programming period. All Cohesion Policy OPs in Bulgaria use a mix of common and specific indicators. Common indicators are used where possible. However, as in other countries, the specific needs of each OP can require specific indicators and BG has had the flexibility to create these when necessary as long as they are justified. Reflecting this, the OP Innovation and Competitiveness uses mostly common indicators but the OP Environment and OP Regions in Growth have high numbers of specific objectives as they are tailor-made to the Bulgarian context. Under the OP Science and Education for Smart Growth, many indicators are based on the European Innovation Scoreboard rather than the common indicators.
- DE:** The Germany ESF and ERDF programmes rely mostly on the common indicators with less use of programme-specific indicators than in many other Member States. This is largely due to the fact that there is a quite standardised approach across the 16 German regions in their approach to ERDF and ESF indicators with a working group helping to ensure that common indicators and methodologies are used.
- EE:** Estonia has only one OP funded by the ESF, ERDF and CF combined, and some 70% of the indicators are common indicators. Because these do not cover all the areas that warrant support, Estonia has implemented specific indicators to supplement these gaps.
- ES (Andalucía):** Andalucía ERDF programmes are very large and consist of many different projects and the list of common indicators is not sufficiently complete or well defined. Deficiencies in the indicator definitions and doubts about possible interpretations and way of measuring them has led to the definition and use of specific indicators. These specific indicators were harmonised at national level. In the case of the ESF, only three specific indicators have been defined.

- **IT:** Italy has 12 national and 39 regional programmes and wanted to avoid the use of excessively high numbers of indicators. MAs were encouraged by the central evaluation and analysis unit (*Nucleo di valutazione e analisi per la programmazione, Dipartimento per le politiche di coesione*) to use common indicators as much as possible and then choose from a standardised list of national common indicators based upon a unique national classification of types of investment outlined in a national guidance document. This approach reduced the number of indicators utilised, but the Italian programmes still use significant numbers of indicators and additionally propose programme or project-specific indicators. Sometimes there are only subtle differences from the common indicators and so they are undertaking a process to further streamline them.
- **HR:** has used almost all of the ERDF common indicators in its OP, and these account for about a third of the total number of indicators, with the other two-thirds being programme-specific and reflecting areas where interventions were not adequately covered by the common set. A 'Project Indicator Sheet' has been developed for each indicator alongside the development of the OP and through an extensive consultation process with stakeholders, and strong input from the EC. These indicator sheets are regularly updated as the MA gains an increasing understanding of the requirements and their appropriate interpretation on the ground in Croatia.

In all MS, the development of results indicators has proved challenging. Some further feedback on this issue from the MS used as a sample for this Research Paper is provided below.

#### **Box 2.8: Results Indicators**

- **ES (Andalucía):** The national harmonisation of ERDF result indicators was not approved by the EC, and although Andalucía and the other Spanish regions have developed their own lists, many of them are quite similar. The MA, together with the intermediate bodies, has produced a set of descriptive sheets with the definition of result indicators and these files are published via a forum that all the intermediary bodies have access to. Although it is not obligatory to use these indicators, most of the Autonomous Communities have done so. In general, result indicators seem to be of poor quality. One reason is that there are too many requirements and not much flexibility for setting result indicators (such as the need that the information comes from public sources).
- **FR:** there was a general problem with ERDF result indicators during 2014-2020. The definitions given by the EC were not clear. It was argued that result indicators were in fact impact indicators. This created confusion at national level. Given that in France there is a relatively centralised mechanism for debating the indicators' design, this was subject to several discussions among the French Regions.
- **IT** Italian programmes have used context indicators for result indicators based upon official statistical data at the relevant territorial level. These are expected to define the ambition of programmes at the outset and then drive discussion during implementation and are the result of considerable investment by the Italian government in improving the system for timely provision of statistical data.

## 2.3 CONDITIONALITIES AND THE PERFORMANCE RESERVE

There are two further instruments to make ERDF and ESF spending more results-oriented that are relevant to this research – the Conditionalities and the Performance Reserve.

Conditionality in the Cohesion Policy context means that MS are obligated to comply with certain requirements or lose the entitlement to financial assistance.

### 2.3.1 Ex ante conditionality

In 2007-2013 period, there were positive incentives to develop specific programmes focussing on key European priorities, such as employment, social inclusion, innovation and energy efficiency. As noted in a recent study, Cohesion Policy was reoriented from focussing only on the goal of achieving economic and social cohesion but also to promote the objectives of the Lisbon agenda. The conditionalities evolved from the EC proposals that called for "new conditionality provisions [...] to ensure that EU funding is focused on results and creates strong incentives for Member States to ensure the effective delivery of Europe 2020 objectives and targets through Cohesion policy".

In the 2014-2020 period all five ESIF instruments became conditional in light of economic governance objectives and procedures. The Common Strategic Framework (CSF) implemented conditionality through three instruments: ex-ante conditionality, thematic ex ante conditionality and macroeconomic conditionality.

#### Box 2.9: Cohesion Policy Conditionalities

- **Ex-ante conditionalities** (7) linked to horizontal aspects of programme implementation, applicable to all ESIF (public procurement, state aid, anti-discrimination, gender equality, disability, environmental legislation and statistical systems).
- **Thematic ex ante conditionalities** (29) setting out sector-specific conditions for investment under Cohesion Policy. They cover, for instance, sectoral bottlenecks in the areas of transport, digital economy, energy, SME support, labour market institutions, education, etc.
- **Macroeconomic conditionalities** envisage partial or total suspension of ESIF in case of failure by a MS to comply with one of the EU's economic governance procedures because the existence of fiscal or macroeconomic imbalances.

Performance measurement in relation to the various conditionalities occurs at the outset when the Partnership Agreements are being prepared and then later during the programme implementation period (by the end of 2016).

Of particular relevance to this Research Paper are the **ex-ante conditionalities**<sup>39</sup>. The ex-ante conditionalities are defined in Regulation 1303/2013 and help **strengthen the contribution of ESIF interventions to Europe 2020 objectives, in line with national and regional development needs**.

<sup>39</sup> Macroeconomic conditionality has always existed in Cohesion Policy. The gross (regional) domestic product per capita is presently the only criterion for eligibility among the less developed or intermediate regions in the framework of the ESI Funds. According to Article 121 of the TFEU, Member States have the obligation to regard their economic policies as a matter of common concern and to coordinate them within the Council, with a view to contributing to the achievement of the objectives of the EU.

Ex-ante conditionalities are conditions which have to be in place before funds are disbursed in order to facilitate successful performance. They aim at better targeted public investment and regulatory, strategic and administrative weaknesses that can hinder the effectiveness of public investments thanks to improved and more strategic policy frameworks, prioritisation of projects, and complementarities with other sources of funding. In 2014, ex-ante conditionality was especially important for the establishment of the institutional framework that was required to be in place in order to pursue the specific priorities defined for the period 2014-2020 and as a system for assessing progress in meeting targets. In addition, ex-ante conditionalities help set baselines for the KPIs that can subsequently be used to help assess the results achieved by ESIF interventions and to quantify the extent to which such an improvement has come about.

**General ex-ante conditionalities** apply to all programmes and consist of requirements on procurement or the use of **reliable statistics, especially set out in Ex-ante Conditionalities No. 7.**<sup>40</sup> Through a process of self-assessment by MS and subsequent assessment and approval by the EC, ex-ante conditionalities that are deemed applicable are selected and included in every OP. They enable the EC to condition the *disbursement of ESIF funds* i.e. to re-programme or suspend the disbursement of ESIF Funds when certain pre-conditions are not met.

### 2.3.2 Performance Reserve

Ex-post' conditionality lies in the conditions which focus on policy outcomes and have already been in place for several programming periods. 'Ex-post' conditions linked to the Performance Reserve. A Performance Reserve to reward prompt implementation of programmes and linking achievement of results to additional funding was previously introduced in the 2000-06 programming period.

The 2014-2020 Performance Reserve (representing 6% of the resources allocated to the ERDF and ESF) will be allocated to the MS and regions whose programmes have met the objectives related to Europe 2020 following a **Performance Review in 2019** to determine the extent to which Priorities achieve their milestones. The timing of this Research Paper will potentially not allow for lessons from the current programming period to be drawn on the usefulness of a Performance Reserve.

Some of the feedback on the Performance Reserve from the MS used as a sample for this Research Paper is provided below.

#### **Box 2.10: Performance Reserve**

- **BG:** Funds have been transferred from Bulgaria's OP Science and Education for Smart Growth to another OP and as a result, one of the main indicators included in the former OP has been discarded from the Performance framework which means that currently the OP consists of only one output and one financial indicator for the purposes of the Performance Reserve. There was a notable improvement under one OP priority axis as a direct result of the Performance Reserve where implementation was accelerated to ensure the target was met, but these were straightforward interventions aimed at SMEs.

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<sup>40</sup> General ex-ante conditionality 7 concerns the existence of a statistical basis necessary to undertake evaluations to assess the effectiveness and impact of the programmes. See page 28 for further information.

- **DE:** The approach adopted in Berlin to the Performance Reserve has been to simplify the approach as far as possible by focusing on the smallest number of (output) indicators possible, i.e. one financial indicator and one output indicator for each Priority Axis. This approach still complied with the Performance Reserve rules which do not specify how many indicators should be used but rather focus on ensuring more than 50% coverage of programme measures.
- **EE:** Estonia and the other Baltic States see the Performance Reserve as being too ‘mechanical’ and not corresponding to the needs and activities on the ground. Social measures, which are high priority at the national level, are not considered “winners” of the Performance Reserve simply because their implementation was delayed.
- **ES (Andalucía):** the Performance Reserve is not seen as having provided an incentive or led to better results. It is suggested that ESIF outcomes may be better measured but this does not mean that there is improvement in getting the best results. In addition, it is argued that when an axis is penalised, all the implementing partners within the axis are penalised regardless of whether they have reached their targets or not.
- **HR:** Croatia has been fairly cautious about setting targets and milestones in relation to the Performance Framework and Reserve, except where there has been political pressure domestically. Performance issues in relation to meeting targets reflect significant complexity in terms of delivering large infrastructure projects on the ground, issues upon which the financial implication of a Performance Reserve has little effect. A number of targets and methodologies had to be revised when it became clear there were misunderstandings or inconsistencies across government departments when the targets were originally set. Croatia had an extra year to implement its 2007-2013 programme on account of their 2013 EU accession and hence this also delayed the implementation of programmes in 2014-2020.
- **IT:** The Performance Reserve has increased awareness and interest around performance due to the potential financial consequences. However, the focus has shifted on to indicators and performance monitoring, not on to results. The Performance Reserve is generally not perceived to be a fair, easy or clear process.
- **MT:** In general, the financial consequence of the Performance Reserve has helped Malta take a more holistic approach to its OPs. Instead of focusing too much on certain areas, MAs work to ensure all projects are progressing well towards achieving their 2020 targets.

## 2.4 DATA COLLECTION AND MONITORING

The regulatory framework for the 2014-2020 programming period has introduced several changes concerning data collection and monitoring arrangements to ensure that performance information is reliable, complete and timely and can produce meaningful aggregated results-oriented data.

The requirements included the establishment of a **management and control system (MCS)** covering adequate systems for reporting and monitoring, a computerised system to record all the data, and an electronic system for exchange of information between beneficiaries and the MA, Certifying Authority (CA), Audit Authorities (AA) and Intermediate Bodies (IB). Under Ex-ante conditionality (**EAC**) 7 (see section on ex-ante conditionalities), “a system of result indicators necessary to select actions which

most effectively contribute to desired results, to monitor progress towards [those] results" should be in place by 31 December 2016. These systems must be assessed against a common methodology and an assurance on the quality of the monitoring data and adequacy of the system given. This data is incorporated into AIRs sent to the EC with the 2018 report providing the basis for the performance review and the allocation of the performance reserve. Performance monitoring is additionally subject to audit and covered under the annual management and control assurance, whilst evaluation requirements are strengthened through obligatory OP evaluation plans and impact evaluations.

Further measures were introduced for the 2014-2020 programme period to ensure results-orientation is embedded throughout programme implementation. OPs must set out "**guiding principles**" for the **selection** of projects for each priority axis and design selection procedures and criteria "that ensure the contribution of operations to the achievement of the specific objectives and results of the relevant priority".

Feedback on ERDF and ESF data collection systems from the MS used as a sample for this Research Paper is provided below.

#### **Box 2.11: Data Collection Systems**

- **BG:** In order to improve the indicators' reporting, the National Institute of Statistics is currently developing a new system specifically for the purposes of the ESIF. The name of the project is "Building a statistical basis and an information system for monitoring of European and national strategies and regional policy". The project is funded by the OP "Good Governance" 2014-2020, co-funded by the ESF. The main objective is to develop a statistical framework and procedures for collecting and disseminating information in order to optimise the processes of data exchange and accessibility of the information for monitoring and evaluation purposes.
- **EE:** Estonia and the other Baltic States have very good information systems for ESIF programmes with an estimated 98% of the monitoring data being considered reliable. This reflects the fact that it is easier to develop good information systems for smaller countries and programmes than for larger ones.
- **FR:** In France, there is an issue with the discrepancy between the project reporting cycles at the national and EU levels. The statistical data, which is necessary for most of the result indicators, is usually published after the deadline for indicators' reporting. For instance, in 2018, the latest data on some result indicators was from 2016-2017.
- **ES (Andalucía):** Taking into account the complex management structure in Spain, the existence of a centralised management tool at the national level to monitor and control ERDF and ESF operations is especially important in providing information on the situation in different regions in terms of physical and financial realisation of the OPs.
- **HR:** The most significant lesson learnt in Croatia has been to ensure that stakeholders and beneficiaries understand the monitoring and evaluation system and that the methodology, assumptions, definitions and evidence required are clear when setting targets and choosing indicators. Without early clarity in the programming period issues emerge later in the reporting processes. The most difficult ERDF common indicators to report against are those that measure

the number of enterprises (e.g. SMEs receiving support, collaborating with research institutions) and avoiding double counting of enterprises that receive support under multiple measures of the OP. It is difficult to apply some of the indicators to specific projects and apply an appropriate methodology.

## 2.5 PROPOSALS FOR THE 2021-2027 PERIOD

**Regulatory proposals for 2021-2027 continue the trend of adopting common rules for the ESIF shared management funds<sup>41</sup> with the aim of enhancing coherence and synergies across the funds.** The allocation method for the funds is still largely based on GDP per capita, although new criteria are added (youth unemployment, low education level, climate change, and the reception and integration of migrants). This is in line with the European Parliament resolution of 13 June 2017<sup>42</sup> which supported the development of an additional set of indicators to complement the use of GDP in allocating funding such as, for example, a Social Progress Index or a demographic indicator that could better respond to the new types of inequalities between EU regions.<sup>43</sup>

Regulatory proposals include **measures that aim to increase the results-orientation of the ERDF and ESF** within the wider context of simplification.

### Box 2.12: Performance Framework and Monitoring and Evaluation in the Common Provisions Regulation for 2021-2027

- All indicators used in programmes will be part of the Performance Framework, with a **higher proportion of common output and result indicators** rather than programme-specific indicators.
- Outputs and direct results indicators are included but linked to the specific objectives level only (set in the Fund-specific regulations) with **milestones** to be achieved by the end of 2024 for outputs and 2029 for outputs and results. Common output and result indicators are contained in the annexes of the fund-specific regulations.
- For the ERDF and the CF the output and result indicators are explicitly linked to the five **policy objectives** and substantially increased in number. Neither makes reference to the use of impact indicators.<sup>44</sup>
- In terms of **monitoring data**, it is envisaged that results will be transmitted electronically and

<sup>41</sup> with the exception of EAFRD

<sup>42</sup> <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2017-0254&language=EN&ring=A8-2017-0202>

<sup>43</sup> An EP Research Report Indicators in Cohesion Policy [also](http://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL_STU(2017)601976) suggested the replacement of the use of Gross (Regional) Domestic Product in allocating funding by total Final Consumption Expenses (FCE) to include four main dimensions: physical wellness; social vulnerability; educational and technological development; and regional attractiveness: [http://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL\\_STU\(2017\)601976](http://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL_STU(2017)601976)

<sup>44</sup> 1. A smarter Europe by promoting innovative and smart economic transformation; 2. A greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management; 3. A more connected Europe by enhancing mobility and regional ICT connectivity; 4. A more social Europe implementing the European Pillar of Social Rights; 5. A Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives

every two months to the EC, meaning that the open data platform will be updated almost in real time.<sup>45</sup> This could be too onerous on MAs (as we suggest later, a more optimal timeframe would be 4-6 monthly updates).

- **Payments** will be conditional on the achievement of pre-agreed results/outputs or completion of policy actions or processes.<sup>46</sup>
- Post 2020 performance monitoring will also make greater use of **national administrative registers and datasets** to improve the quality of data (e.g. in the case of the ESF, social security registers).
- The **Performance Reserve** is not being continued. Instead, only the first five years will be programmed initially, with the last two years' allocations made on the basis of an in-depth mid-term review and reprogramming process in 2025 based on progress in achieving objectives, the socio-economic situation and new challenges identified in the country specific recommendations, hence reinforcing the performance focus of the programming process.
- **Ex-ante conditionalities** are replaced by "enabling conditions", which will be fewer in number and more focused on the Fund-specific goals as well as subject to application and monitoring through the programming period. The conditions will also be strengthened with MS unable to declare expenditure until the relevant enabling condition is fulfilled, as well as simplified in relation to the European Semester and Country-Specific Recommendations (CSRs). Suspensions will be linked to commitments only, not payments.
- The proposal offers a range of **simplification measures**, such as simplified cost options, and financing not linked to costs, which have the potential to shift focus from spending to results.

All indicators used in programmes will be part of the **Performance Framework**, with a higher coverage of interventions with common output and result indicators rather than programme-specific indicators. Outputs and direct results indicators are included linked to the specific objectives level only (set in the Fund specific regulations) with milestones to be achieved by the end of 2024 for outputs and 2029 for outputs and results.

Common **output and result indicators** are set out in the annexes of the fund-specific regulations. For the ERDF and the CF the output and result indicators are explicitly linked to the 5 policy objectives<sup>47</sup> established and substantially increased in number. For the **ERDF** the number of indicators has more than doubled, with the aim of covering about 80% of all investments made (see Appendix F for the full ERDF list), whilst for the **ESF** there has been marginal change in the form of some minor streamlining. New indicators for the ESF were not encouraged unless there were new categories of activity e.g.

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<sup>45</sup> Proposal for a regulation of the EP and of the Council laying down common provisions on the ERDF, ESF+, the Cohesion Fund, the EMFF, Strasbourg 29.5.2018 COM(2018)375, 2018/0196 (COD)

<sup>46</sup> This option is the continuation of the «payments based on conditions» introduced in the Omnibus.

<sup>47</sup> 1. A smarter Europe by promoting innovative and smart economic transformation; 2. A greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management; 3. A more connected Europe by enhancing mobility and regional ICT connectivity; 4. A more social Europe implementing the European Pillar of Social Rights; 5. A Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives

migrants as a target group, and there is significant stability between the current and future programming period which should enable targets to be set more easily. The ECA considers that indicators can be too generic, and their relevance to policy objectives is not always evident. It therefore proposes a restriction on the use of programme-specific output and result indicators in order to reduce administrative burden.<sup>48</sup>

However, post 2020 proposals do not include **impact indicators** for either the ERDF or the ESF, despite having originally been considered. The **requirements for ex-ante evaluations and impact evaluations** – which are significant steps in determining development needs, the change that a programme wants to achieve and its contribution to socio-economic development as well as enabling synthesis at EU level - have equally been removed. The evaluation of what works in what circumstances and the net effect or impact of the policy is relevant not only for ESIF investment but wider policy and national funding schemes and would be a better investment than expensive monitoring of micro-level data that is impossible to extrapolate. **Simplification** leads to an increased emphasis on performance management and reporting but not on results and the strategic contribution of the policy. Embedding greater levels of evaluation in the policy design would enable in-depth assessment of the quality of interventions. The ECA are equally critical:

*“The proposed removal of some current procedures, such as ex ante assessments of programmes, appraisals of major projects, strategic reporting and the performance reserve, may offer simplification but, in our view, their removal weakens the mechanisms in place to deliver results.”*

The increased timeframe for submitting **monitoring data (every two-months)** is likely to be too onerous on MAs; a more optimal timeframe would be 4-6 month updates. Post 2020 performance monitoring should make greater use of existing national administrative registers/datasets in order to improve the quality of data under ESF e.g. social security registers, as well as the linkage and alignment with national interventions.

Feedback from the sample of MS we used for this Research Paper on the development of the ESIF for the 2020-2027 period is summarised below.

#### **Box 2.13: Vision Post-2020**

- **BG:** The common indicators are considered to be a very helpful tool in Bulgaria, and a priority is to further develop them in the post-2020 period. Bulgaria also supports the development of a joint cross-fund monitoring system that covers both the ERDF and the ESF. This will facilitate the aggregation of indicator information during the next programming period. There is also a need for further data collection deadlines harmonisation during 2021-2027.
- **EE:** Estonia is currently carrying out a mid-term review and is in the process of developing indicators for the 2021-2027 programming period. A priority is to have everything in place before the new programming period starts. Estonia needed to amend its 2014-2020 OP twice which was highly time-consuming and had adverse consequences for the Performance Reserve targets.

<sup>48</sup> [https://www.eca.europa.eu/Lists/ECADocuments/OP18\\_06/OP18\\_06\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/OP18_06/OP18_06_EN.pdf)

- **ES (Andalucía):** The common indicators should be better defined in order to enhance their use, to avoid different interpretations and to make it easier to aggregate data. It is also seen as important to include an obligation for the beneficiaries to provide information for the result indicators. Likewise, the use of representative samples for the immediate result indicators for programmes with many participants is desirable.
- **FR:** The list of indicators suggested for post-2020 is seen as being too long with concerns that it will create too much of an administrative burden. At the same time, the suggested list does not capture all the project outputs and results, and some of the indicators are regarded as being repetitive while others are seen as too restricted.
- **HR:** It is acknowledged that the EC has supported a substantial exercise to improve the ERDF indicators for 2021-2027 and to address issues regarding clarity and methodology. MS have been able to put forward suggestions and participate in the process. Croatia would like to see the removal of indicators based on percentages rather than absolute values as they struggle to translate this into project level data.
- **IT:** the new list of indicators is very long but still not considered comprehensive by the Italian authorities who will continue to also use programme-specific indicators to better reflect the programmes and to fill in the gaps. Definitions need to be less broad and more legally precise as beneficiaries and organisations implementing programmes on the ground are not experts in data collection. The measurement of policy results rather than programme performance against indicators should be the focus.

The incorporation of a **“5+2” programming approach<sup>49</sup> based on a mid-term review** arguably enables a more strategic qualitative approach to programme performance and greater flexibility to respond to changing circumstances. However, the ECA considers that this represents an administrative burden and a complication rather than a simplification, whilst the proposed timing of the review means it will “mostly be limited to the reported values of output indicators, and not result indicators in any form, as there will be no milestones available for the result indicators in the performance framework.” The ECA also judges that the methodology for the Mid-Term Review lacks clarity. The timing of the mid-term review and reprogramming is also likely to coincide with post-2027 MFF negotiations and hence be a significant administrative burden on both the EC and MS authorities, especially as **all** programmes will be seeking to re-programme and allocate the additional funding at the same point in time. In terms of simplification the proposal does not demonstrate proportionality or reduced complexity.

A key criticism of the ECA concerns the **lack of EU-wide strategy or targets** used to support the CPR and with which to align funding and hence performance. Whilst the CPR does propose five high-level policy objectives these are not translated into measurable, quantified results at the EU level. The criticism builds on the commentary by the ECA that whilst the EC applies the concept of EU value added

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<sup>49</sup> The 5+2 approach under the post-2020 regulatory proposals refers to the initial programming for five years, and the programming of the final 2 years only subsequent to a Mid Term Review.

as a guiding principle of its spending review and the allocation of resources there is no robust concept or definition which is necessary also for the design and evaluation of spending programmes.<sup>50</sup>

The EP has suggested amending Recital 18: “Member States should establish a performance framework for each programme covering all indicators, milestones and targets to monitor, report on and evaluate programme performance” adds that “This should allow project selection and evaluation to be result-driven.”<sup>51</sup>

### 3 ASSESSMENT OF KEY ISSUES

**Having described the ESIF Performance orientation in the previous section, we now consider the key issues set out in the EP’s terms of reference on how well the Performance Framework and system of indicators are working and the extent to which they lead to targeted and result-oriented spending.**

#### 3.1 USE OF COMMON ERDF AND ESF INDICATORS IN 2014-20

Table 3.1 below provides a summary of the data available from the European Commission on the extent to which the various ERDF and ESF indicators are being used in the 2014-2020 programming period (a more detailed breakdown of this information is provided in Appendix E).

**Table 3: Use of ERDF and ESF common indicators in the 2014-2020 Programming Period**

ERDF Indicator theme (Common indicator numbers)	Number of times indicators used across EU-28 ERDF programmes	Number of times indicators used across EU-15 CF programmes
Productive investment (CO1-CO9)	2729	-
ICT (CO10)	48	-
Transport (CO11-CO16)	199	72
Environment (CO17-CO23)	310	63
Research and Innovation (CO24-CO29)	816	-
Energy and Climate change (CO30 - CO34)	697	45
Social infrastructure (CO35-36)	150	-
Urban development (CO37-CO40)	252	-
<b>Total</b>	<b>5201</b>	<b>180</b>

<sup>50</sup> [https://www.eca.europa.eu/Lists/ECADocuments/BRP\\_MFF2/BRP\\_MFF2\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/BRP_MFF2/BRP_MFF2_EN.pdf)

<sup>51</sup> Amendments adopted by the European Parliament on 13 February 2019 on the proposal for a regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2018)0375 – C8-0230/2018 – 2018/0196(COD))<sup>1</sup> (Ordinary legislative procedure: first reading)

ESF indicator dimension (Common indicator numbers)	Number of times indicators used across EU-28 ESF programmes
<b>Output indicators – Participants (CO01-CO19)</b>	
– Employment status (CO1-CO5)	3,654
– Age (CO6-CO8)	3,089
– Educational Attainment (CO09-CO11)	3,135
– Disadvantaged Participants (CO12-19)	5,778
<b>Output indicators – Entities (CO20-23)</b>	1,239
<b>Immediate result indicators on participants (CR01-CR05)</b>	2,838
<b>Long Term Result Indicators (CR06-CR09)</b>	718
<b>Total</b>	<b>20,451</b>

**Source:** Own elaborations based on EC Common indicator guidance and data from the ESIF open data portal at: <https://cohesiondata.ec.europa.eu/countries>

Common indicators are not explicitly linked to different thematic objectives and their thematic coverage varies, hence an analysis of indicator use in relation to available financial allocation per thematic objective and without consideration of programme specific indicators (that may be used where there is a gap or lower coverage in the indicator set) is problematic. Generally, the larger MS with the largest national allocations and number of programmes demonstrate greater usage of each of the common indicators (e.g. Italy uses common indicators 788 times within its programmes, Poland 734 times, and France 693 times).

The overview of common indicator usage across the EU-28 Member States shows the **highest usage under ERDF for indicators related to productive investment**.<sup>52</sup> These represent more than half of the common indicator usage and relate to support to enterprises that can relate to multiple thematic objectives and investment priorities and hence appear more than once in individual operational programmes. Other thematic categories of indicators are more straightforward or demonstrate clearer linkages to thematic objectives (e.g. transport indicators). The one **ICT indicator**<sup>53</sup> is used the least, with only France, Spain and Italy showing any significant usage nationally. **Transport indicators** (e.g. new or improved rail, road, metro/tram and inland waterway) are also only significant in Spain, Greece, Italy, Poland and to a lesser extent Romania under ERDF, although use of transport indicators is more even under the CF EU-15 Member States. **Environmental indicators**, relating to waste, water, land rehabilitation and habitats as well as risk prevention, appear more frequently under the OPs in Spain,

<sup>52</sup> See Table 2.1 for a summary overview and Appendix D.

<sup>53</sup> Additional households with broadband access of at least 30 Mbps

France, Greece, Italy, and Poland. **Urban development** indicators are most significant in France, Portugal and Germany.

Common **ESF output indicators** are used far more frequently than common result indicators. **Indicators related to age (under 25) and employment status (unemployed)** are by far the most utilised indicators in line with the target groups of much ESF activity. The **disadvantaged participants** dimension contains the most utilised indicators (although they are greater in number; each one is used on average 722 times). Immediate result indicators are more popular than the long-term result indicators, with specifically the last three indicators<sup>54</sup> the least used of the entire set of common indicators (used on average 137 times). The Polish and Spanish programmes have by far the most extensive usage of ESF common indicators, followed by the Italian and German programmes. This data analysis has limitations and could benefit from further exploration in relation to financial allocations to the different themes, i.e. ICT and transport infrastructure may not be relevant in significant numbers of programmes either due to their reduced funding allocations, regional development needs, eligibility criteria of different categories of region as well as number of programmes per Member State. This is problematic considering the lack of explicit link between thematic objectives and common indicators.

**Table 4: Average number of core/common indicators per OP (2007-2013 are those with target values included only)**

EU Member States								
	ERDF 2007-13	ERDF 2014-20	ESF 2014-20			ERDF 2007-13	ERDF 2014-20	ESF 2014-20
<b>Austria</b>	15	24	196		<b>Italy</b>	6	28	185
<b>Belgium</b>	4	26	120		<b>Luxembourg</b>	4	8	81
<b>Bulgaria</b>	5	9	91		<b>Latvia</b>	4	33	131
<b>Croatia</b>	n/a	30	149		<b>Lithuania</b>	17	48	191
<b>Cyprus</b>	8	24	52		<b>Malta</b>	11	33	125
<b>Czech Republic</b>	10	13	126		<b>Netherlands</b>	6	17	54
<b>Denmark</b>	4	17	104		<b>Poland</b>	29	37	240
<b>Estonia</b>	8	23	182		<b>Portugal</b>	5	35	55
<b>Finland</b>	7	14	107		<b>Romania</b>	5	15	16
<b>France</b>	7	21	63		<b>Slovakia</b>	10	25	88
<b>Germany</b>	13	23	136		<b>Slovenia</b>	24	26	139
<b>Greece</b>	22	34	70		<b>Spain</b>	6	24	165
<b>Hungary</b>	5	22	87		<b>Sweden</b>	3	17	54
<b>Ireland</b>	14	15	137		<b>UK</b>	6	32	80

**Source:** 2007-2013 data from The Potential for regional Policy Instruments, 2007-2013, to contribute to the Lisbon and Göteborg objectives for growth, jobs and sustainable development, 2009; 2014-2020 data: own elaboration from Open Data Platform

<sup>54</sup> The indicators relate to participants over 54 years of age or disadvantaged that are in employment after 6 months or participants with an improved labour market situation after 6 months of leaving.

The following boxes provide an analysis of the common indicators for ERDF and ESF interventions that have been most frequently used during the 2014-2020 programming period.

### Box 3.1: Most Used ERDF Common Indicators 2014-2020

- **Number of enterprises receiving support** – used 749 times across mainstream ERDF programmes in EU-28, in 90.5% of OPs and on average 4 times per OP.
- **Employment increase in supported enterprises** – used 324 times across mainstream ERDF programmes in EU-28, in 72.6% of OPs and used on average 2 times per OP.
- **Estimated annual decrease of greenhouse gases** – used 327 times, in 73.6% of OPs and an average of 2 times per OP.

**Source:** own elaboration from Open Data Platform

### Box 3.2: Most Used ESF Common Indicators 2014-2020

#### *Outputs*

- **Employment status** - used 2,390 times, in 98.3% of OPs, used on average 13.5 times per OP
- **Age** – used 2513 times, average of 13.5 times per OP, in 97.2% of OPs, used on average 14 times per OP.
- **Educational attainment** – used 3135 times, average of 18 times per OP. In 96.6% of OPS.

#### *Results*

- **Participants in employment**, including self-employment, upon leaving - used 607 times, in 82.7% of OPs, used on average 4 times per OP.
- **Disadvantaged participants** engaged in job searching, education/ training, gaining a qualification, or in employment, including self-employment, upon leaving – used 637 times, on average 4 times per OP. In 86.6% of OPs.

## 3.2 ERDF COMMON INDICATORS

The **ECA special report number 2/2017** calculates that on average each ERDF OP used 13.2 different programme specific output indicators and 14.8 common output indicators, and stressed the benefits of a more streamlined, simplified and harmonised framework. A **2018 study on post- 2020 ERDF and CF indicators**<sup>55</sup> produced a number of relevant findings:

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<sup>55</sup> T33 and SWECO, 2018, Development of a system of common indicators for ERDF and CF interventions after 2020

**Box 3.3: Summary of Key Points - 2018 study on post-2020 ERDF and CF indicators**

- The 2014-20 indicators are not explicitly linked to the **Thematic Objectives** (TO) but can be used with more than one TO;
- **Thematic coverage** varies - some TOs lack sufficient coverage of common indicators (TO1 and TO3 have the greatest number or coverage of relevant indicators and TO11 the lowest).
- **Programme-specific output indicators** can be introduced where common indicators are not considered representative or relevant to programme activity.
- Only 59% of ERDF and 40% of CF output indicators (from a sample of programmes) are **common output indicators**. The use of common output indicators is uneven across TOs, Investment Priorities (IPs), funds and MS. Programme specific indicators have been introduced in 70% of cases. Under the CF, 4 countries use more common than programme-specific indicators.
- In the case of the **ERDF**, Croatia, Czechia, Estonia and Slovakia use more programme-specific than common output indicators. Additional common indicators are needed to cover gaps in the current indicator set.
- **Result indicators** measure changes in the programme area but are programme specific. Whilst other ESI funds have direct result indicators, the lack of ERDF / CF common direct result indicators is an obstacle to further harmonisation and simplification;
- Clearer **definition of indicators** is also required to reduce the need for programme specific indicators that are of potentially limited use and have lower levels of accountability and visibility for EU funding;
- In terms of **reporting against the indicators**, those that relied on reporting directly from projects and were based on previous similar monitoring experiences were considered to have the highest level of feasibility. Indicators that rely on input from external sources and of which there is limited previous experience in measurement and reporting and challenging definitions have lower levels of feasibility;
- Introducing a **common methodology for indicators** which have previously proved challenging should be a pre-condition for their inclusion in the post-2020 regulatory package, e.g. those relating to estimated greenhouse gas (GHG) emissions;
- **Improved monitoring** needs to be accompanied by evaluation to determine whether changes can be attributed to project and programme implementation.

**Box 3.4: Spain - Examples of use of programme specific indicators instead of common indicators**

- The MA had doubts over whether Clean Points could be included under the definition of indicator **C017 – Additional waste recycling capacity**: “Annual capacity in tonnes of newly built waste recycling facilities, including extension of existing facilities”, and there was no clarification from the EC. Fearful that in a subsequent audit Clean Points would be deemed unacceptable, the MA created a programme-specific indicator with a suitably broad definition. Indicator **E022 – Additional capacity for collection and transport of urban solid waste** covers: “Additional capacity for collecting and transporting urban Solid Waste, which is the co-financed operation. This Indicator will cover the realization of all types of operations that produce an additional capacity to collect and transport urban Solid Waste, such as: realisation and implementation of Plans and Management improvement studies, Plans and studies of organizational improvements, creation of new facilities, acquisition of equipment, expansion of facilities, etc”.
- Another example where a specific indicator was created because none of the common indicators were considered appropriate is the indicator **E050** that was chosen to measure the **number of contractors in the context of the creation or renovation of big R&D infrastructures**. Whilst common Indicators CO01-05, CO26, CO28 and CO29 are close they do not specifically enable measurement of enterprises being hired as contractors (only enterprises as beneficiaries of grants, advisory support or financial instruments).

The Regulations allow for financial sanction in the case where there are issues in the monitoring systems. A recent DG REGIO audit found serious issues in only 8 out of 26 programmes audited and the EC has initiated a procedure where necessary that ultimately could result in payment suspension.<sup>56</sup> The annual control reports due in February of each year also contain a requirement to report on data reliability.

### 3.3 ESF COMMON INDICATORS

**The 2017 synthesis of the ESF Annual Implementation Reports (AIRs)** reported on the findings from an analysis of 61 accepted and 97 Managing Authority (MA) admissible reports, as well as another 10 AIRs that were deemed non-admissible.

It highlighted the strengths and weaknesses of the ESF common indicators - **missing values, 'zero' values, extreme values, coherence between output and result values, unit costs, identification of measurement of units**<sup>57</sup>. The report made a useful distinction between: (i) the detection of trivial

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<sup>56</sup> Information about this audit is not publicly available but an overview of issues can be found here: [https://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/doc/20062018/reliabilityindicators\\_june2018.pdf](https://ec.europa.eu/regional_policy/sources/docgener/evaluation/doc/20062018/reliabilityindicators_june2018.pdf)

<sup>57</sup> European Commission, 'Synthesis Report of ESF Annual Implementation Reports, Final report' (Fondazione G.Brodolini, November 2017).

errors (gaps, inconsistencies and format errors); and (ii) the detection of performance peculiarities (under- or over performance, etc.) and concluded that considerable efforts had been undertaken to improve the use and operation of the indicators, especially in the previous year:

- Monitoring data from AIR 2015 showed that 89% of the ex-ante conditionality No. 7<sup>58</sup> criteria still needed to be fulfilled, up from 15% the year before;
- 1,373 targets had been added to result indicators, meaning that 88.7% of programme-specific results indicators had a target as at the end of 2017.
- However, some countries (DE, FR, GR, HU and UK) still did not fulfil certain ex-ante conditionality No. 7 criteria.

**The successful use of the ESF common indicators depends on having systems in place in the MS to collect the necessary data and to analyse it.** Ex-ante Conditionality No. 7 sets a number of detailed sub-criteria for ESIF data collection and result indicators for the 2014-20 period (e.g. arrangements for timely collection and aggregation of data, and an effective system of results indicators). A report produced by the EC is, overall, **quite positive about the reporting by Member States.**<sup>59</sup> Based on an analysis of the 2015 AIRs, the report established that most Member States had ensured that appropriate ESF statistical systems were in place. It highlighted a small number of Member States as lagging in this respect (FR, GR, HU, and IT). **However, it noted that the largest number of actions had been taken to ensure that each ESF programme had specific result indicators,** albeit that in some cases not much remained to be done (e.g. a final assessment to confirm that the objectives and indicators are in line with the guidance).

A more recent assessment in May 2018<sup>60</sup> based on information extracted in November 2017 from the AIRs for 2016, concluded that there were 15 ESF OPs in five Member States (DE, GR, FR, HU and the UK) in which at least one of the six criteria had not been fulfilled. **Criterion 7.4, dealing with ESF results indicators and targets, remained the most problematic, remaining unfulfilled for all but one of the OPs.**

Based on a survey of MA, this report identifies a number of the difficulties faced by national authorities. The first of these related to the **complexity of the requirements:** two-thirds of the MAs surveyed reported some/significant difficulties in setting up monitoring systems for the 2014-2020 programming period due to difficulties understanding the reporting requirements (67%) and/or coordinating with beneficiaries to establish compliant procedures (65%). It was argued that the Regulations were too detailed, and that the reporting requirements for the AIRs are too complicated and time-consuming.

The second factor related to the **complexity of some common indicators.** According to the MAs surveyed, the use of complex common indicators places excessive demands on data collection and

<sup>58</sup> General ex-ante conditionality 7 concerns the existence of a statistical basis necessary to undertake evaluations to assess the effectiveness and impact of the programmes. See page 28 for further information.

<sup>59</sup> European Commission, Directorate-General for Employment Social Affairs and Inclusion, Synthesis Report of ESF 2016 Annual Implementation Reports (December 2016)

<sup>60</sup> European Commission, Directorate-General for Employment, Social Affairs and Inclusion, Study on the Monitoring and Evaluation Systems of the ESF (May 2016), prepared by Applica, WIIW and Tarki.

data processing, adding to the already high administrative burden<sup>61</sup>. In fact in response to the requests from MS, three indicators relating to households were removed during a revision of the regulations in 2018 as data collection against them was too complex and onerous<sup>62</sup>. Data on participants should include personal non-sensitive data on gender, employment status, age and education attainment levels. Where this cannot be recorded, no data at all on that particular participant should be reported. This can lead to under-reporting of the actual number of participants under a programme<sup>63</sup>.

Moreover, the EC's May 2018 report argued that **some common ESF indicators are not particularly relevant**. Some of the current output indicators on participants are not necessarily a reflection of disadvantage, which could lead to misleading interpretation and some common result indicators focusing on labour market status and transitions are not always relevant to the objectives of all operations. This, it was argued, is particularly true in regard to measuring the progress towards social inclusion (TO 9) and reflecting the objectives and expected results of interventions targeting entities (e.g. SMEs) and institutions (TO 11). Additionally, **results do not always materialise at the required data collection point for the common ESF indicators** (on exit for immediate results and 6 months after exit for longer-term results). Finally, the fact that **common indicators are not always suitable for target setting limited their use and created a need to establish many programme-specific indicators** which cannot be aggregated at the EU level and adds further complexity to data collection processes. Other shortcomings identified were:

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<sup>61</sup> Examples cited in the report include combining different variables such as the common output indicator "above 54 years of age who are unemployed, including long-term unemployed, or inactive not in education or training" or the common longer-term result indicator "disadvantaged participants in employment, including self-employment, six months after leaving").

<sup>62</sup> These were: participants who live in jobless households, participants who live in jobless households with dependent children and participants who live in a single adult household with dependent children. See: <http://data.consilium.europa.eu/doc/document/PE-13-2018-INIT/en/pdf>, Article 273.

<sup>63</sup> Under-reporting, the difference between the grand total and the total of participants, enables the number of eligible participants for whom not all non-sensitive data has been collected to be identified. DG EMPL's audit methodology uses 10% as a benchmark for under-reporting, above which an in-depth analysis about its causes, as well as additional efforts by MAs to reduce it, are necessary. A similar approach is applied in case of a gap between totals of participants by employment status and educational attainment levels.

**Box 3.5: Analysis of ESF Annual Implementation Reports' Shortcomings**

- **The lack of common definitions** for certain common output indicators referring to “sensitive data” (e.g. those related to disability, and to migrant or minority status).
- Problems with the **'single participation record' requirement**<sup>64</sup>;
- **Confusion over the unit of measurement** (notably the use of absolute values vs percentages);
- Difficulty in following the EC's guidance on **drawing-up of representative samples** (this option was introduced as an alternative to 100% target group coverage as a way of making it easier to satisfy reporting requirements).
- A lack of resources (53% of MAs) and/or relevant expertise or technical capacity (51% of MAs) to support the establishment of ESF monitoring systems for the 2014-2020 programming period.

Under the **Youth Employment Initiative (YEI)**<sup>65</sup>, a small number of output indicators tend to be used: seven OPs specify one output indicator (BE-BXL, CY, FR, IE, SE, SK, RO), while 13 OPs specify a small number of output indicators (BE-WL, CZ, EL, ES, HR, HU, IT, LT, LV, PL, PT, SI, UK-SC). The focus on one or a small number of output indicators in most MS reflects the limited focus on specific sub-groups, e.g. the low skilled, those with disabilities, in the OPs. More detailed output indicators for specific sub-groups can ensure that those – often more disadvantaged – sub-groups are targeted specifically.

In the same DG EMPL 2016 report, it was noted that **anticipated results varied significantly across OPs. While** the result targets followed the indicators set in Annex II of the ESF Regulation across Member States, there was significant variation in how ambitious targets are, varying between relatively low numbers or proportions (>20%) to high (<80%) in respect of proportions gaining employment, qualifications etc. Of all participants who joined a YEI measure, it was expected that approximately 75% would complete; of those who completed the intervention, typical expected proportions for those who will achieve qualification, training or employment outcomes range between 25 and 50%.

An additional issue with regard to monitoring and reporting is the **availability of up-to-date output data** which is collected and submitted to the European Commission on an annual basis. In the absence of real time monitoring systems at MA level, data cannot be extracted readily<sup>66</sup>. Data held by the EC on performance is not timely but can date from up to 2 years previously due to the timing of the annual implementation report cycle and may also be limited in scope / marginal in nature.

<sup>64</sup> For example, individuals entering more than once in the same operation will have only one result (situation after the final participation), however, in reality, they will have had multiple spells of participation, each of them potentially with different outcomes.

<sup>65</sup> European Commission, First results of the Youth Employment Initiative, pp 11-12 (Ecorys and PPMI, June 2016).

<sup>66</sup> Spain, as one of the major recipients of YEI funding for example, delivered the YEI through regional and local authorities and was – at the end of 2015 - yet to finalise a comprehensive monitoring system which would bundle the information from all its implementing partners and enable it to distinguish participants of YEI-funded activities from those young people who had registered in the national Youth Guarantee scheme. The conclusion of the study was that this could lead to future challenges on the feasibility of such an undertaking, where data will have to be gathered and entered into the consolidated system retrospectively

The results of our research backed up these findings. Where there is no specific unit of measure provided in the regulations or the guidance, a percentage can be used instead of an absolute number which means aggregation is not possible. So for example under ESF, only 62% of result indicators for which a target was set can be aggregated. MAs reported difficulties in applying indicators with percentages at project level also and hence these should be avoided in future programming provisions.

**Box 3.6: Key Research Findings on ESF**

- **ES** – Spain has chosen not to fund certain activity under ESF due to the onerous or non-proportionate nature of reporting and instead funds certain activities only through national funds. A key difficulty is in aggregating the data across the wide number of interventions, structures and lengths of intervention.
- **MT** – The final implementation report for 2007-2013 concluded that the indicators and results were unclear, programme implementation had been delayed, and the evaluation culture and capacity was weak. In 2014-2020 Malta have strengthened their capacity / expertise through working on long term indicators with the national statistical agency. The MA also provides comprehensive training for all applicants around data reporting requirements and performance indicators.
- **PL** – is the only example under ESF where payments to projects are linked to achieving results i.e. that the MA can reduce the amount of funding awarded if certain thresholds and results are not achieved. This requirement is established in the grant contract with the applicant, although the application is flexible in light of changing circumstances and applied in light of the principle of proportionality.
- **A “creaming effect” is a significant risk under ESF:** in trying to meet targets, interventions can be directed to the easiest and least disadvantaged participants and beneficiaries i.e. those that are already closest to the labour market rather than harder to reach groups that display the greatest need.

### 3.4 COHESION POLICY CONDITIONALITIES

A recent study for the EC (2016) provides a useful initial assessment of the ex-ante conditionalities. The research findings highlight **the value of ex-ante conditionalities, in encouraging the fulfilment of EU regulatory requirements faster than might have been the case in their absence and reinforcing effectiveness** through associated strategies in the policy areas supported by the ERDF and ESF. According to the study, around 75% of the applicable general ex-ante conditionalities and 58% of the thematic ones were considered to be fulfilled at the time the ESIF programmes were adopted.

The EC has identified several **ways in which ex-ante conditionalities help to improve the effectiveness of public investment and stimulate structural changes in EU MS.**

### **Box 3.7: European Commission findings – Role of Ex ante Conditionalities in Promoting Results Orientated Interventions**

- Of particular relevance to this Research Paper is the argument that is the ex-ante conditionalities encourage the **more effective targeting** of ERDF and ESF interventions.
- Moreover, many ex-ante conditionalities require that support from the ESIF forms part of policy or **strategic frameworks** which meet certain quality criteria. Some of them require prioritisation of investments based on a needs analysis, including national and regional public investments. For instance, transport-related ex ante conditionalities require comprehensive national or regional transport plans to be in place, accompanied by a well-developed project pipeline.
- It is also argued that the ex-ante conditionalities have encouraged the **development of effective institutional structures and implementation mechanisms** for ESIF funding. This is important because insufficient capacity and efficiency of public administrations in some MS and regions have a negative impact on the implementation of the ESIF and the competitiveness of EU regions.

Overall, the EC study concludes that **the ex-ante conditionalities have proved to be an important incentive for Member States and regions to improve their investment frameworks. Looking ahead, it identifies several challenges:** firstly, the complexity of the ex-ante conditionalities process which requires an additional workload and costs, particularly for those MS with a large number of IPs and TOs in relation to the allocated EU funds.

Secondly, the scope of the system is seen as involving **too many ex- ante conditionalities**, and there are also some inconsistencies related to the fact that the conditionalities do not apply to the EU funds outside the ESIF. Thirdly, the fact that the rules do not foresee **monitoring of the ex-ante conditionalities** by the Commission once they are considered to be fulfilled; and last but not least, there is a criticism that under the current rules, Member States were expected to fulfil the conditionalities by the end of 2016 but ESIF programmes could have been launched and payment claims submitted to the Commission before the fulfilment of the conditionalities. A further assessment has been undertaken by Swedish Institute for European Policy Studies (SIEPS). According to this:

*“Most ex-ante conditionality criteria have been relevant for all Member States’ specific objectives and the fulfilment rate is very high. Ex-ante conditionality resulted in a more effective and structured deployment of ESI Funds; and provided incentives for Member States to implement policy reforms. Nevertheless, there are also important difficulties. The main critiques on ex-ante conditionality have been in the complexity of the process and the administrative burden”.*

SIEPs also questions whether the very broad spectrum of criteria (e.g. from waste water management to reforms in the pension system) could be undermining the trend toward more transparency and simplification. “A clear link between the ex-ante conditions and financial support could overcome this situation”, it is argued. As an alternative to reducing ESI funding if ex-ante conditionalities are not met, the SIEPS paper argues in favour of ‘positive’ conditionality, i.e. the **strengthening of the link between**

**incentives and fulfilment of specific ex-ante conditionality** (e.g. in line with the YEI, which may concentrate on the specific budgetary burden related to migration)<sup>67</sup>.

Overall, the SIEPS paper concludes that **conditionality is still a controversial mechanism with legal and political implications that have yet to be clarified**. It argues that, looking ahead, new criteria could be added, for instance criteria linked to the European challenges relating to demographics, education, social inclusion and migration. In addition, there could be a stronger focus on results through specific payment based on outputs and results. More flexibility to re-adjust the budgetary allocation could help to react to unforeseen challenges and to create positive incentives. It is also argued that the macroeconomic conditionalities should be more closely linked to specific goals. Last but not least, there should be a thematic concentration in Cohesion Policy programmes on a small number of priorities so there is greater coherence among EU instruments and they all support common EU objectives. It is argued that an increased conditionality would require the EP to have a stronger say to address the criticism that conditionality has no 'democratic' basis.

### 3.5 PERFORMANCE FRAMEWORK

**The European Court of Auditors (ECA)** has welcomed improvements implemented by the EC in the 2014-20 programming period to improve the focus of Cohesion Policy upon results. **The ECA Special Report No 2/2017 concluded that the EC and MS had been successful in developing OPs with a more robust intervention logic i.e. with a clear link between development needs, specific objectives and result indicators**. Nevertheless, they highlighted weaknesses in the effectiveness of the measures and the quality of the monitoring information available.

A 2016 evaluation<sup>68</sup> of the implementation of Performance Frameworks under ESIF found that the development of the performance framework, selection of indicators and definition of milestones and targets was largely based upon past experience and documents such as AIRs, previous programming documents and internal monitoring and evaluation reports. Processes were generally robust and established to ensure consistency and coordination at the national level, through the creation of national guidelines and harmonised procedures. Key findings included:

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<sup>67</sup> With the macroeconomic conditionalities, experience with the implementation of the new provisions is limited so far. According to the EC's assessment, there has so far been only one case, namely the decision of the Council to suspend the CF in 2012 in Hungary because of its failure to take effective action to address its excessive deficit (this suspension was nevertheless lifted before having an actual impact because Hungary adopted the required effective action).

<sup>68</sup> EC, DG REGIO, 2016, The implementation of the performance frameworks in 2014-2020 ESI Funds, evaluation by SWECO, OIR and Spatial Foresight

**Box 3.8: Key evaluation findings on Performance Frameworks (2016)**

- Nearly 70% of MS apply **harmonised procedures**, 57% have national guidelines, 54% held seminars and workshops and c. a third introduced regulations to ensure consistency.
- **Financial and output indicators** are most frequently used in performance frameworks (88% of the total). Approximately 50% of all output indicators are common ones with high numbers found in AT, DK, LU, and SE. Furthermore, in BG, ES, EL, HR, IE, NL, SE and the UK, more than 60% of PF output indicators are common.
- The advantage of **programme-specific indicators** is their relevance to the specific programme context and the reflection of individual characteristics of each region and programme.
- More than 65% of **Partnership Agreements** have identified more than two indicators for their performance framework and the remaining 35% have only two indicators.
- Key **implementation steps** are used to a lesser extent and mostly where no measurable output is expected by the end of 2018. 75% of all PAs do not contain implementation steps. The highest numbers of key implementation steps are used in EL and BG, and under TO7 (Promoting sustainable transport and removing bottlenecks in key network infrastructure).
- The quality of indicator **milestones and targets** is assessed as high overall, however consistency across programmes was determined difficult to assess.
- **MA and stakeholders** generally had a positive opinion on the performance framework and felt them to be beneficial in relation to enhanced result orientation, thematic focus and the definition of realistic targets and expectations. A few concerns related to targets being set too low.

While the evaluation found that the performance reserve had acted as an incentive for a more effective and efficient use of funds, ECA special report 15/2017 notes that the performance framework and reserve provide little incentive for a better result orientation of the OPs since they are mostly based on spending and outputs<sup>69</sup>.

**Ex-ante conditionalities** were considered an innovation in Cohesion policy and provide a consistent framework for assessing the MS' readiness to implement EU funds at the start of the 2014-2020 programme period. Nevertheless, it is unclear to what extent this has effectively led to changes on the ground, with the EC not making use of the possibility to suspend payments on the basis of unfulfilled ex-ante conditionalities. Around half of the more than 700 action plans adopted by MS to fulfil all ex-ante conditionalities were not reported as completed by the end of 2016, covering c. 27 % of the ERDF, CF, and ESF spending.

**A 2018 report determined that the focus on results has yet to become embedded in the project selection process despite the fact that a results-oriented approach must be followed through during implementation (project selection, monitoring and reporting).** The design of selection processes continues to emphasise outputs and absorption rather than results and be undertaken on a first-come first-served basis with results indicators rarely included in grant agreements.

<sup>69</sup> ECA special report 15/2017 Ex-ante conditionalities and performance reserve in cohesion: innovative but not yet effective instruments. Available at: <http://publications.europa.eu/webpub/eca/special-reports/partnership-agreements-15-2017/en/>

**Whilst selection procedures are at the discretion of the MS (with PMC approval), some comparison between project applications should take place to ensure that the most results-oriented projects are selected.** The ECA found that only 20% of selection procedures examined included criteria requiring the quantification of result indicators at project level and in 75% of cases, these result indicators did not correspond directly to those defined at OP level. In terms of approved projects only 41% of those reviewed had quantitative information on expected result indicators in their application and grant agreement, and in more than 40% of cases, the result indicators did not correspond directly to the OP indicators.

**Box 3.9: Project Selection Procedures and Monitoring Data**

- From our research **Bulgaria** and **Croatia** are examples of where calls for proposals outline the programme indicators that projects must contribute towards.
- Further work is being undertaken in **Croatia** to link payments more directly to project achievements and hence ensure their result-orientation.
- In **Estonia** and the other Baltic States, SMEs and other beneficiaries are contractually obliged to provide the authorities with the data required for the common ERDF indicators.

**Shortcomings in monitoring systems mean that assessing the actual contribution of EU funding to EU and MS objectives is problematic.** The late approval at EU level, in December 2013, of the legislative framework for the period 2014-2020 delayed the development of Member States' IT monitoring systems. For the ESF indicators, added complexity concerning the sensitivity of the data and the definition of the indicators meant that discussions went into 2014 and further delay. At the end of 2016, 50 action plans in relation to the level of implementation of a system of results indicators under EAC 7 were incomplete, i.e. around 11% of all OPs still did not fulfil their regulatory requirement<sup>70</sup>. The ECA found that in the first half of 2017, the fourth year of the programming period, some IT systems were still not fully functional, posing risks to the completeness and accuracy of the data collected. At the end of 2017, 26 AIRs had still not been accepted by the Commission due to missing data for the indicators used in the performance framework, inconsistencies in the data reported with the information provided on the implementation of the OP, or a lack of explanation for some of the data reported.

**Approximately 40% of ERDF OPs did not report any values for their performance framework indicators in 2017.** The 2018 AIRs of course form the basis for the allocation of the Performance Reserve and it is unclear to what extent the systems in place at MA level have fulfilled the criteria relating to monitoring. The ECA noted that "shortcomings are particularly susceptible to being identified late and there may not be sufficient time to apply the necessary adjustments, (which) jeopardises the implementation of the performance review in 2019, which will be based on data reported by Member States in the 2018 AIRs by 30 June 2019". The EC's strategic report for 2017 mainly presents progress in implementation and achievements against the main output indicators by the end of 2016, but not on the achievement of results with the exception of: the number of participants that

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<sup>70</sup> It should be noted that all action plans related to EAC 7 were completed by the end of February 2018.

found a job immediately after the training, and the number of participants that gained a qualification immediately after training. For the ERDF, this reflects the fact that there are no common result indicators and hence it is not possible to aggregate those used at MS level. In the case of the ESF, as the measurement of the values for the common result indicators is still taking place these are anyway captured in the MA's IT systems.

The ECA recommended that the EC define common result indicators for the ERDF. **Issues also occur around ERDF result indicators at OP level not being directly related to the funded interventions but being 'national indicators' which take into account the influence of external factors and are unable to isolate the immediate results or impact attributable to the ERDF interventions.** These indicators tend to rely on national statistics bodies rather than project beneficiaries. Under ESF it is difficult to verify the completeness and correctness of the data concerning participants (migrants, foreign background, minorities) as the data is classified as sensitive in national legislation and at the discretion of the participants to decide whether to declare it.

### **Box 3.10: Issues reported in relation to the 2014-2020 Performance Framework**

- Misunderstanding regarding the **definition of common indicators** by either the MA or beneficiaries.
- Inadequate or incorrect collection of data against the indicators e.g. beneficiaries providing data to MAs late, using different definitions, double counting achievements.
- The high number of different performance indicators poses a real challenge to the collection and reporting of performance information.
- OPs reporting having achieved the targets set for 2023 even as early as in the 2015 AIRs, without requests for amendments to more realistic target values or milestones for the performance framework having been submitted to the EC (only at the MS initiative) in a timely manner.
- The vast majority of the indicators used in the performance framework are related to output (57%), key implementation steps (9%) and financial indicators (33%). As the use of result indicators is marginal, the release of the performance reserve will to a large extent remain input- and outputs-oriented, and not focused on results.

The 2018 ESIF Summary Report<sup>71</sup> notes that the **intervention rationale focus** of the 2014-2020 programmes with the emphasis on the wider use of common indicators is leading to more robust and coherent performance reporting. Reporting inconsistencies detected in the annual reports during the quality check process are queried with the MA. The large majority of the audits carried out to date by the EC have arrived at an overall positive assessment of the reliability of the systems, with only a few programmes identified as having system deficiencies or serious data inaccuracies.

<sup>71</sup> EC, ESIF 2014-2020, 2018 Summary Report of the programme annual implementation reports covering implementation 2014-2017

### 3.6 PERFORMANCE RESERVE

A Performance Reserve as a means of rewarding prompt implementation and linking achievement of results to additional funding was previously employed in the 2000-2006 programming period. The European Commission allocated 4% of the Structural Funds' budget in 2004 to programmes, on the basis of efficiency, management and financial implementation indicators.

A DG REGIO report on the performance reserve in 2004 noted that one of the strengths of the approach was the incentive it provided in terms of good programme management practices to ensure timely and adequate expenditure monitoring and evaluation, control processes and project selection. This was seen as particularly important in the context of the enlarged EU and the need for capacity building in management and administrative capacity in new MS. Whilst **the N+2 rule was the main impetus for improved levels of expenditure**, the performance reserve process encouraged capacity building around identifying appropriate indicators and setting targets, and improved transparency.

**Effectiveness indicators were more complex and the majority of the weaknesses in the system occurred here.** The EC's proposal was that they should comprise a subset of the output and result indicators of the programme, representing at least 50% of expenditure. All MS chose both output and result indicators, except for Greece, Italy Objective 2 and Denmark, which used only outputs, and Sweden, which used only results. It was recommended that more guidance and appropriate benchmarks should be proposed by the EC for any future process<sup>72</sup>.

#### **Box 3.11: Italy – Assessing Performance**

Italy demonstrates good practice in appointing a group of experts in an advisory role to assess performance under Objectives 1 and 2 in relation to the 2004 Performance Reserve award. The working groups were chaired by and included representatives from the Italian Evaluation Unit alongside regional evaluation units and two independent experts nominated by the EC and produced in-depth reports on the performance of each programme against the agreed criteria<sup>73</sup>.

In the 2007-2013 programming period a voluntary PR was included in the regulations and its use at the discretion of the MS. Either 3% could be set aside as a national PR, or 1-3% as a National Contingency Reserve to cover unforeseen local/sectoral crises. The reserve was not widely taken up.

In the current programming period, the Performance Reserve is considered conceptually very good but practically irrelevant in the context of reprogramming possibilities and a constraint on performance, encouraging resources to be directed towards areas where easier results can be obtained rather than to harder to reach groups for example and adding administrative burden to the programming process. Few MSs will lose Performance Reserve funds allocated as a result of underperformance, as they will be simply reallocated to other priority axes or programmes (and could theoretically be reallocated back in a subsequent reprogramming).

<sup>72</sup> [https://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/performance\\_midterm\\_2004.pdf](https://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/performance_midterm_2004.pdf)

<sup>73</sup> Ibid

In most cases **underperformance** has reflected real change, external factors or difficulty in implementing on the ground e.g. the complexity of delivering large infrastructure projects, delay in OP approval, outmigration leaving reduced target groups for specific interventions. These are issues which the PR cannot mitigate against and which the EC considers justified reasons for reprogramming, including target reduction, and a number of programmes sought modifications in 2018 in advance of the 2019 review. Only two examples were provided of a specific push to implementation as a result of Performance Reserve milestones, in Bulgaria and Malta, and in specific cases where acceleration was possible e.g. non-infrastructure related. As the Performance Reserve measures progress in and speed of implementation it is not appropriate that the methodology is consistent across all sectors, as this encourages allocations to be moved away from areas and sectors where delivery is more problematic or complex such as research. Its focus is still on absorption: the financial targets reflect n+3 targets and hence are largely insignificant. There is significant political pressure around the award of the Performance Reserve, it is not a neutral mechanism nor an additional incentive.

### 3.7 DATA COLLECTION

MS have embedded the results-orientation approach to varying degrees in their project selection processes. Relevant indicators that projects should utilise and contribute to are included in the call for proposals documentation and project selection criteria in a number of MS. Performance milestones and targets need to be embedded in grant contract conditions.

Whilst there are increasing efforts to link payments to results and these should continue to be developed, drawing broader conclusions that link costs and outputs should be avoided. Few MS directly link project results to payments, although the Polish ESF programme explicitly requires achievements against project results in order for full payment as part of the grant contract. There is flexibility built into the process however in line with the conclusions of the ESF ex-post for 2007-2013, and so projects are able to justify not meeting them at times. Programming instruments such as simplified cost options enable this approach and pilots are currently being undertaken by DG EMPL in order to demonstrate their usage.

## 4 CONCLUSIONS & RECOMMENDATIONS







**Overall, this Research Paper suggests that good progress has been made to develop an effective system of performance indicators to monitor the contribution of Cohesion Policy to convergence in regional development.**

There is now a well-designed set of output indicators in place for both the ERDF and the ESF. However, the challenge remains to shift the focus more from measuring financial inputs and outputs to being able to assess the more meaningful results and impacts of interventions. There is also a lot still to be done to develop data collection systems that are capable of generating the type of information required to assess results and impacts without imposing an unreasonable administrative burden on national authorities and Cohesion Policy beneficiaries.

#### **4.1 EVOLUTION OF THE ESIF PERFORMANCE MONITORING APPROACH**

**There have been significant improvements to the ESIF monitoring and evaluation approach across each programming period.** The key developments in the ESIF regulatory framework that have taken place over the years are summarised below.

**Figure 4: Evolution of the ESIF Regulatory Framework (2000-2027)**

	2000-2006	2007-2013	2014-2020	2021-2027 proposal
<b>Strategic Context</b> 	The priorities are targeted to reflect the Lisbon Strategy's goals	Earmarking required a share of cohesion policy funds (60-75 %) to be spent on areas of investment related to the Lisbon Strategy.	Aligned with Europe 2020 Strategy Link with European Semester process and Country Specific Recommendations Thematic Concentration Ex ante conditionalities	List of 5 policy objectives Link to Country-Specific Recommendations Horizontal and thematic 'enabling conditions' replacing ex-ante conditionalities
<b>Indicators</b> 	INDICATIVE methodology and list of outputs, results and impact indicators 55 ERDF and ESF indicators Possible to include programme specific indicators	VOLUNTARY set of core output indicators by thematic field 41 ERDF and common minimum indicators for ESF (result and impact indicators have a decisive role but not prescribed)	COMMON indicators established in regulations 40 ERDF outputs (non-ETC) 23 ESF outputs and 9 results Possible to include programme-specific indicators	COMMON indicators established in regulatory proposals 74 outputs and 77 results for ERDF (non-ETC) and 17 output and 6 result for ESF Possible to include programme-specific indicators
<b>Performance Framework</b> 			Result-oriented approach Consisting of financial and output indicators milestones and key implementation steps.	Consisting of output and results indicators, milestones for 2024 and targets for 2029. Methodologies for establishment in regulatory proposal
<b>Performance Reserve</b> 	4% of original national appropriation withheld and allocated within each MS on basis of the Mid-Term Evaluation / Review	MS could decide to establish a National Performance Reserve (3%) or National Contingency Reserve (1-3%) to cover unforeseen local/sectoral crises	6 % Performance Reserve on the basis of Performance Review in 2019	ELIMINATION of the Performance Reserve Programme allocations set for 5+2 years on the basis of a Mid Term Review.
<b>Evaluations</b> 	EX-ANTE MID-TERM EX POST	EX-ANTE ONGOING EX POST	EX-ANTE INTERIM EX POST IMPACT EVALUATION	EX-ANTE MID-TERM EX POST IMPACT EVALUATION required by end 2029
<b>Monitoring and Data collection systems</b> 	Annual Implementation Reports and Annual Review Meetings	Annual Implementation Reports and Annual Examination Meetings	Annual Implementation Reports and Annual Review Meetings Requirement to establish a system of electronic data exchange	Removal of annual report requirement. Annual Performance Review meeting and Final Performance report. Transmission of data on a two-monthly basis.

**In summary, before 2000, there was no common approach to defining indicators and targets with MS able to choose their own, leading to a wide range of indicators being used across ERDF and ESF programmes with very limited harmonisation.** Not only were different indicators used by different MS and regions but even where the same indicators were used, definitions varied as did the methodologies used to implement them. As a consequence, it was difficult if not impossible to aggregate information at EU level on the results of the policy<sup>74</sup>.

## **4.2 USE OF COMMON AND PROGRAMME-SPECIFIC INDICATORS**

**The current 2014-2020 mainstream ERDF and ESF programmes are being monitored against a set of 72 common output and results indicators. At the same time, MAs are making use of a large number of programme-specific indicators.** This reflects the fact that whilst the common indicators should be mostly relevant to all MS and regions, there may be a need for others that more closely reflect regional specificities (e.g. there are instances where indicators are not relevant - km of rail constructed is not relevant in MS with no railway network). A notable trend over the years has been the effort to promote simplification with the number of different indicators being progressively consolidated.

**The ESF currently has 32 common indicators (23 for outputs and 9 for results) that represent the minimum that should be included in each OP.** The most frequently-selected indicators refer to the number of employed participants in ESF-funded programmes, followed by the number of unemployed, disadvantaged individuals and young people. Taken together, a total of 16,895 output and 3,556 result indicators are being used in the 180 ESF OPs during the current programming period (it should be noted that some programmes are multi-fund and are covered under both the ESF and ERDF figures). Whilst only some 15% of indicators used in ESF OPs are common indicators, programme-specific indicators for the most part reflect sub-categories or combinations of categories used within the common indicators. In addition to the output indicators, the ESF has defined common indicators for 'immediate' and 'longer-term' results.

**In the case of the mainstream ERDF programmes (i.e. excluding ETC), the OPs currently have a total of 40 common output indicators for the current 2014-2020 period.** These have been used 5,757 times in the 276 OPs and account for roughly 55% of all indicators used and cover roughly the same amount of the investment. The most frequently-used common indicators relate to the number of enterprises receiving support and the value of grants, the employment increase in supported enterprises, and the reduction of greenhouse gas emissions. In some cases, where OPs have not used common indicators they have been encouraged to use EU level indicators (e.g. those derived from the innovation scoreboard) in order to improve measurability and comparability. ERDF programme-specific indicators cannot usually be aggregated and have arguably been over-utilised within the OPs' performance frameworks. Unlike the ESF, the ERDF has not developed a common set of results indicators and those that exist are programme-specific.

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<sup>74</sup> Overall, it is estimated that there are some 10,000 users across EU Member States of the data generated from the common indicators.

**Overall, the use of obligatory common indicators for outputs (and also results for the ESF) based on standardised definitions has contributed to strengthening programme intervention logic** i.e. how the planned spending contributes to achieving change in the context of the identified development needs - and forms part of the programme negotiation process. The transparency, visibility and accountability of the policy have all improved. Furthermore, defining clear and measurable indicators and targets as part of the intervention logic at the outset of a programme encourages an improved focus by MAs and regional/national stakeholders on results and progress in performance.

**The current set of ERDF and ESF common indicators is generally well-designed and appropriately targeted in relation to the goals of Cohesion Policy but there are some deficiencies that need addressing.** Whilst ESF programme specific indicators tend to reflect sub-categories or combinations of categories used within the common indicators, those utilised by ERDF programmes are extensive in number and cannot usually be aggregated. The system entails a considerable administrative burden and cost for sometimes low levels of quality and accuracy. However, simplification and harmonisation, whilst welcome in terms of reducing administrative burden and increasing accountability, should not lead to inflexibility in programming or a one-size-fits-all approach.

**Recommendation 1: To the extent possible, the process of simplifying the ESIF common indicator system should continue.** There is a need to reflect the principle of proportionality and ensure a more streamlined approach to the use of indicators and performance/monitoring data collection. Common and programme-specific indicators should only be used to monitor ESIF programmes if they produce useful information on performance. The current total of 72 common output and result indicators is probably about right and should not be increased unless absolutely necessary. More generally, feedback from the research suggests that there is still potential to improve the relevance, focus, coverage, measurability, accuracy, and usefulness of the indicators as well as the data collection systems.

**Recommendation 2: The current set of ERDF and ESF common indicators should be reviewed to ensure comprehensive coverage of Cohesion Policy objectives.** There are some gaps in terms of coverage. **For example,** the current set of common indicators do not fully cover the types of activity funded (e.g. ICT) as well as issues relating to *measurability* (e.g. GHG emissions and energy savings), *usefulness* (e.g. number of projects, number of visitors), *accuracy* (double-counting) as well as some *discrepancy or inconsistency in interpretation* (e.g. definitions of enterprises cooperating and brownfield sites) and *aggregation* (e.g. when to report data, reporting non-cumulative figures, reporting sensitive data).

**Recommendation 3:** In relation to the specific indicators being used for ERDF and ESF programmes, the EC should work with national and regional authorities to examine the scope for greater harmonisation. According to an estimate provided by the ECA, there are some 8,000 to 9,000 programme specific indicators being used in the current 2014-2020 programmes. Greater use of common indicators would make it easier to identify the results and impacts being achieved at the programme and EU levels.

**A significant trend over the years has been a shift away in the ERDF and ESF monitoring and evaluation frameworks from a focus on the absorption of funding and outputs towards a results-oriented approach.** The ESF is arguably more advanced in developing common results indicators than the ERDF but this difference is being addressed in the regulatory proposals for 2021-2027. In relation to impacts, neither the ERDF nor the ESF requires common impact indicators to be monitored in the current programming period. Whilst there is EC guidance on the development of indicators and methodologies that can be used to evaluate impacts, there is no requirement to use them. Instead, impacts are assessed through ex-post evaluations, which are normally the responsibility of the EC.

**Recommendation 4:** Achieving a greater focus on measuring ERDF and ESF 'results' and 'impacts' should be prioritised in order to ensure closer alignment with the 'Better Regulation' principles. Impact indicators have not been required in the current and previous programming periods and are again excluded from the post-2020 proposals for the ERDF and ESF. As noted in the report, the ESF already has common results indicators for 'immediate' and 'longer-term' effects. A similar set of common results indicators is needed for the ERDF and the fund proposal for 2021-2027 makes a welcome step in this direction. In both cases, there is a need to develop the capacity to assess impacts more effectively.

**MS have made considerable progress in embedding the results-orientation approach in their project selection processes. However, as a 2018 ECA report indicated, the focus upon results has yet to become fully embedded in these procedures.** Relevant indicators that projects should utilise and contribute to are included in the call for proposals documentation and project selection criteria in some MS, but for the most part these requirements are not formalised in grant contracts. There are increasing efforts to link payments to results and these should continue to be developed, although incorporating some flexibility to reflect programming complexity.

**Recommendation 5:** The effort to ensure that the common ERDF and ESF common indicators focus more on 'results' and 'impacts' needs to be also reflected in project assessment and selection procedures. The design of selection processes continues to emphasise outputs and absorption rather than results and be undertaken on a first-come first-served basis with quantified results indicators rarely included in grant agreements.

**Overall, there is strong evidence that the ESIF Performance Framework and the system of indicators have shifted the focus more towards performance but mixed evidence of targets and milestones being defined in a way that strikes an appropriate balance between being realistic**

**and challenging.** Indicators, targets and milestones are defined by MS and regions on the basis of their previous and individual experiences of programming achievements and reflect historical reference data. They are then negotiated with the EC in the context of ‘shared management’ and partnership. Targets and milestones have tended to be set cautiously because of the risks of under-performing against Performance Reserve targets and consequently triggering financial penalties.

At present, neither the ERDF and ESF guidance explains how appropriate milestones and targets should be set beyond taking into account regional needs and resources. The proposed Common Provision Regulation for 2021-2027 sets out a requirement for the Performance Framework methodology to include the criteria applied, and data/evidence used in the selection of indicators and targets and assurance of quality as well as any additional factors that may influence the achievements of the programme and is a welcome improvement. Additionally, it has removed the requirement for the ex-ante evaluation which has always proved an important element in the process of establishing indicators/the performance framework and ensuring their relevance, suitability, realism and quantification.

**Recommendation 6: Further consideration should be given to the role of ex-ante evaluation in ensuring results-oriented ERDF and ESF programmes.**

The removal of the requirement for ex-ante evaluation in the 2021-2027 period is arguably a mistake. Previous experience suggests that ex-ante evaluations can be very helpful in ensuring that appropriate and consistent objectives, results and targets are set, and that planned interventions are likely to contribute in an effective and efficient way to Cohesion Policy objectives and ensure EU added value. Ex-ante evaluations can also be useful in assessing aspects such as what works in what circumstances, the net effect or impact of the policy and enabling an in-depth assessment of the quality of interventions.

**Recommendation 7: More should be done to help MS and regions to define ERDF and ESF targets robustly with appropriate levels of ambition.**

The proposals for the 2021-2027 period develop methodological approaches further whilst also reflecting the ‘shared management’ approach and principle of subsidiarity. Further methodological guidance and support, as well as suitable capacity to deal with this requirement, should be ensured, especially in the proposed absence of an ex-ante evaluation.

### **4.3 ESIF MONITORING SYSTEMS**

**Good progress has been made in developing efficient ESIF monitoring systems with most EU MS providing centralised guidance and IT tools to ensure consistency and built in plausibility checks introduced at EU level.** In the current 2014-2020 period, there has been a greater focus on trying to ensure that the statistics required for the ERDF and ESF common indicators are comparable across EU

MS and regions. The introduction of 'Ex Ante Conditionality 7'<sup>75</sup> has been important in this respect, to help ensure that the ESIF performance framework is supported by an appropriate statistical system and a common definition of indicators and the information needed for them.

**However, assessments undertaken by the EC and the ECA suggest a mixed picture with deficiencies remaining in data collection.** A lot of the information that is required to measure results and impacts at the ERDF and ESF programme level comes from those involved in implementing projects. Feedback from the research in MS indicates that beneficiaries are often contractually obliged to provide results information to MA.

However, this is not so universally. Additionally, the results of programmes do not always materialise at the required data collection point for the common indicators (e.g. six months after a beneficiary of ESF support ceases to participate in a programme), whilst there is a sensitivity with regard to some of the monitoring data required for the ESIF common indicators in certain MS (this relates specifically to some categories of ESF beneficiaries in countries where there are strict privacy laws). Other deficiencies noted relate to aspects such as simple human error, incorrect units of measurement, double-counting and a lack of an audit trail. Similarly, there is a very mixed picture with regard to other methods of collecting data for the assessment of results and impacts with, for example, the practice of conducting surveys quite common in some MS but not in others.

**Recommendation 8: Further steps need to be taken to improve the timeliness, accuracy and feasibility of the data collection systems underpinning the Performance Framework for ERDF and ESF programmes.**

The timeliness of ESIF performance data should be improved whilst ensuring that this does not place an unreasonable additional workload on national authorities. Performance data held by the EC can be two years out of date because of the timing of the annual implementation report cycle. The proposals for 2021-2027 envisage a near real-time data collection with monitoring data proposed for submission on a two-monthly basis. Whilst annual reporting is not frequent enough, a two-monthly cycle risks going to the opposite extreme and is likely to prove too frequent for MA. As an alternative, 4 or 6 monthly submissions should be considered. The 2021-2027 regulatory proposal includes the possibility to use national data sources to collect ESF achievements. Use of existing national administrative registers / datasets should lead to an improvement in the quality of data (e.g. social security registers) as well as improving the linkage and alignment of ESF+ with national interventions.

**Through the 'shared management' of ESIF programmes, the EC and MS have worked closely together to implement the 2014-2020 ERDF and ESF programmes.** Feedback from the research suggests that partnership working has generally worked well. The development of improved IT tools has made it easier to transfer data to the EC. There have been many other initiatives to promote more efficient and effective programme management and monitoring systems. Problems remain, partly

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<sup>75</sup> General ex-ante conditionality 7 concerns the existence of a statistical basis necessary to undertake evaluations to assess the effectiveness and impact of the programmes.

because the legislative basis and other arrangements for monitoring systems in the 2014-2020 period were not put in place early enough.

**Recommendation 9: The supporting systems and rules for the 2021-2027 Performance Framework should be put in place as early as possible and before the ERDF and ESF programmes are adopted.** The current consultation by the EC with the MS delegations around indicator sets and definitions through the Evaluation Network is welcome and should be continued, with observer roles considered (if not already in place) for the other relevant institutions such as the EP and ECA. The EP should schedule a research report for early in the programming period to determine the extent to which the performance framework for 2021-27 is focusing more on results and impacts.

#### 4.4 PERFORMANCE RESERVE AND CONTRIBUTION TO WIDER EU POLICY GOALS

Whilst the improved results-orientation and indicator sets under ESIF programming means that the focus is increasingly shifting towards performance, the Performance Framework and Performance Reserve as programming instruments do not reward programme managers on the basis of policy results but on speed of implementation which is already influenced by the N+2/N+3 automatic de-commitment rule.

**Looking ahead, and given experience in 2014-2020 with the Performance Reserve, the decision to discontinue it is correct and widely supported, according to our research.** Through the Performance Reserve, stronger incentives have been introduced to encourage the achievement of outputs. However, the Performance Reserve becomes practically irrelevant in the context of reprogramming possibilities and few MS are likely to lose any of their allocation, which will simply be reallocated to better performing priorities or programmes. The process to date is seen to be highly political and administrative and lacking in any reflection of the complexity of programming on the ground. This was emphasised in another ECA special report that noted that the Performance Framework and Performance Reserve provide little incentive for a better result orientation of the OPs since they are mostly based on spending and outputs. Whilst the new 5+2 programming approach could enable a more strategic approach, it is likely to still be overly bureaucratic and output-focused.

The introduction of a more qualitative review process is welcome but should be proportionate and appropriately responsive i.e. able to reflect new development needs in a timely fashion not as part of a significant administrative exercise for all programmes at a specific point in time. Current re-programming possibilities would seem therefore to be mostly adequate and could be enhanced by the possibility of an interim review enabling regions to approach the process according to their specific performance issues, domestic circumstances and timing requirements<sup>76</sup>. It could be possible for regions/MS to determine flexibly a proportion of funding (up to a maximum specified percentage) that

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<sup>76</sup> For example, in the current programming period, the Scottish government bought forward the Performance Review process to 2017 in a so-called 'early review' in response to programming uncertainty following Brexit.

would remain unallocated<sup>77</sup> and could be then reprogrammed based on programme performance, new regional challenges or needs and relevant Country-Specific Recommendations. MS with a small number of programmes or small financial allocations could decide not to implement a review and reprogramming process based upon the principle of proportionality.

**Recommendation 10: The decision to discontinue the Performance Reserve is widely supported and any future system that replaces it should be based on a more results-orientated approach.** Although programme outputs are of course important, it is results that provide a more meaningful indication of performance and the contribution of cohesion policy to EU objectives. According to our research, the majority of MA considered the process a narrow partial view of what the programmes actually achieve, and particularly rigid and inflexible in relation to external factors and more innovative and experimental uses of the funds. Whilst its potential value in terms of acting as a tool for performance-orientation is recognised, it is considered an overly bureaucratic means by which to achieve this. These and other criticisms will also need to be addressed in any future performance-based system which should be proportionate and appropriately responsive. The EC should reconsider other means by which the programmes and regions of the EU can adapt quickly to crises and demonstrate flexibility and responsiveness. A balance equally needs to be struck with the need for stable strategic investment planning, which the 7-year programming period facilitates<sup>78</sup>. A minor variation on the current re-programming provisions/possibilities could enable an interim review that takes into account specific regional performance issues and progress, domestic circumstances and socio-economic situation, as well as timing requirements, and allow for significant reprogramming on that basis.

**Feedback from the research suggests that ESIF spending has been more targeted on Europe 2020 priorities than was the case in previous programming periods in relation to the then-prevailing EU objectives.** However, the ECA and others have argued that ex-ante conditionalities and the Performance Reserve were innovative but not yet effective instruments for ensuring good results in relation to these and other priorities.

**Recommendation 11: The focus on results-orientated performance measurement should be supported by a greater emphasis on establishing how ESIF programmes contribute to overall EU policy goals.** The Partnership Agreements being used as a basis for implementing ERDF and ESF programmes include wider EU policy goals. It would be unrealistic to expect the indicator system to be able to help determine the extent to which wider EU policy goals are being promoted through ERDF and ESF interventions. However, a link between such interventions and EU policy goals could be more clearly established and assessed in ex-ante and ex-post evaluations. A constraint on being able to do this in the 2021-2027 period could be the absence of a wider EU strategy and coherent set of overall EU policy goals.

<sup>77</sup> NB the 2007-2013 programming period allowed for a voluntary performance reserve at the discretion of the MS.

<sup>78</sup> <http://data.consilium.europa.eu/doc/document/ST-14216-2018-INIT/en/pdf>

#### 4.5 REGULATORY FRAMEWORK FOR 2021-2027

The Common Provisions Regulation for Cohesion Policy in the 2021-2027 period addresses many of the issues examined in this Research Paper. On the following page we provide a summary.

##### **Box 4.1: Issues Raised in the Research Paper that are addressed in the Common Provisions Regulation for 2021-2027**

- ESF+ indicators have not been significantly altered, allowing for **continuity**. This is in line with our view that unless absolutely necessary and where useful information on performance can be provided, the number of indicators used should not increase.
- The **ERDF common indicators** have doubled in number. However, the modification is a significant enhancement providing a more comprehensive set to cover the range of interventions funded gaps. The **inclusion of both output and result indicators** demonstrates a clear improvement on the previous programming periods with some long-used indicators appropriately re-categorised from outputs to results.
- Whilst **programme-specific indicators** are still possible, reflecting suitable flexibility in programming, the requirement for all indicators to form part of the performance framework could potentially reduce their number.
- The regulatory requirement for the **Performance Framework methodology** to include the criteria applied, and data/evidence used in the selection of indicators and targets and assurance of quality as well as any additional factors that may influence the achievements of the programme should improve target-setting and ensure appropriate ambition.
- A **more frequent data reporting** requirement will improve the timeliness of data. However, two-monthly reporting is likely to prove too frequent for Managing Authorities, and a 4 or 6 monthly submission could be considered.
- The possibility to use **national data sources to collect ESF achievements** should lead to an improvement in the quality of data, a reduction in administrative burden and improve the linkage and alignment of ESF+ with national interventions.
- Discontinuing the **Performance Reserve** is appropriate.

**Box 4.2: Issues Raised in the Research Paper that are not fully addressed in the Common Provisions Regulation for 2021-2027**

- Whilst the **new 5+2 programming approach** could enable a more strategic approach through a mid-term review, it is likely to still be overly bureaucratic and output-focused as well as somewhat inflexible and unproportionate. The proposals do not include the requirement for the use of **impact indicators** for either fund. This goes against the Better Regulations guidance, and according to the ECA, is equally in contradiction to the Financial Regulation.
- The **lack of requirement for an ex-ante evaluation** has removed an important element in the process of establishing indicators/the performance framework and ensuring their relevance, suitability, realism and quantification, as well as strategic assessment of the policy and intervention logic in relation to regional development needs.
- **Guidance and definitions** related to the new indicator sets must be available well in advance of 2021-2027 OP adoption.

## APPENDIX A: LIST OF SOURCES

### EU LEVEL

- ECA Critical Review of the Proposed ERDF/CF Post-2020 Approach: [https://www.eca.europa.eu/Lists/ECADocuments/OP18\\_06/OP18\\_06\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/OP18_06/OP18_06_EN.pdf)
- European Commission, DG REGIO, Common indicator guidance and data from the ESIF open data portal at: <https://cohesiondata.ec.europa.eu/countries>
- European Commission, DG EMPL, Programming period 2014-2020: Monitoring and Evaluation of European Cohesion Policy and European Social Fund Guidance document' (September 2014 and August 2018).
- European Commission, DG REGIO, Working paper 3, Indicators for Monitoring and Evaluation: An indicative methodology, available at: [https://ec.europa.eu/regional\\_policy/sources/docoffic/working/doc/indic\\_en.pdf](https://ec.europa.eu/regional_policy/sources/docoffic/working/doc/indic_en.pdf)
- European Commission, DG XVI, The New Programming Period 2000-2006: methodological working papers, Working Paper 3: Indicators for Monitoring and Evaluation, An indicative methodology
- European Commission, Internal Guidance on Ex Ante Conditionalities for the European Structural and Investment Funds PART I.
- European Commission, DG REGIO, Working Paper 4, Implementation of the performance reserve available at: [https://ec.europa.eu/regional\\_policy/sources/docoffic/working/doc/reserve\\_en.pdf](https://ec.europa.eu/regional_policy/sources/docoffic/working/doc/reserve_en.pdf)
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- European Commission, ESIF 2014-2020, 2018 Summary Report of the programme annual implementation reports covering implementation 2014-2017
- European Commission, 'Synthesis Report of ESF Annual Implementation Reports, Final report' (Fondazione G.Brodolini, November 2017).
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- European Commission, Directorate-General for Employment, Social Affairs and Inclusion, Study on the Monitoring and Evaluation Systems of the ESF (May 2016), prepared by Applica, WIIW and Tarki.
- European Commission, First results of the Youth Employment Initiative, pp 11-12 (Ecorys and PPMI, June 2016).
- Mid-term review/revision of the multiannual financial framework 2014-2020: An EU budget focused on results (SWD(2016) 299 final. Communication from the Commission to the European

Parliament and the Council.

- European Court of Auditors, Special Report 15/2017 Ex-ante conditionalities and performance reserve in cohesion: innovative but not yet effective instruments. Available at: <http://publications.europa.eu/webpub/eca/special-reports/partnership-agreements-15-2017/en/>
- European Commission, 'Synthesis Report of ESF Annual Implementation Reports, Final report' (Fondazione G.Brodolini, November 2017).
- EPRC, 'The monitoring and evaluation of the 2014-2020 EU Cohesion Policy Programmes', IQ-Net Thematic Papers 36(2), May 2016.
- EPRC, 2009, Ex post evaluation of Cohesion Policy programmes 2000-06 co-financed by the ERDF (Objective 1 and 2), work package 11, available at: [https://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/expost2006/wp11\\_en.htm](https://ec.europa.eu/regional_policy/sources/docgener/evaluation/expost2006/wp11_en.htm)
- Mario Kölling, Swedish Institute for European Policy Studies, "Policy conditionality – a new instrument in the EU budget post-2020?", 2017
- Peter Berkowitz, The European Union's experiences with policy conditionalities, EC-OECD Seminar Series, April 2017.
- Proposal for a regulation of the EP and of the Council laying down common provisions on the ERDF, ESF+, the Cohesion Fund, the EMFF, Strasbourg 29.5.2018 COM(2018)375, 2018/0196 (COD)
- Metis GmbH (2016) The Implementation of the Provisions in Relation to the Ex Ante Conditionalities during the Programming Phase of the European Structural and Investment (ESI) Funds (July 2016).
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- T33 and SWECO, 2018, Development of a system of common indicators for ERDF and CF interventions after 2020
- Research for REGI Committee – Future links between structural reforms and EU cohesion policy, 2018
- Research for REGI Committee – Conditionalities in Cohesion Policy, 2018
- Research for REGI Committee -Indicators in Cohesion Policy, 2017
- Research for REGI Committee - Integrated use of ESI funds to address social challenges, 2017
- Research for REGI Committee - Building Blocks for a Future Cohesion Policy – First Reflections, 2018
- Research for REGI Committee – Review of the Adopted Partnership Agreements, 2015

## **NATIONAL LEVEL**

- Programa Operativo FEDER de Andalucía 2014-2020" July 2015
- Evaluación Exante del Programa Operativo FEDER de Andalucía 2014-2020" Regio Plus Consulting

- Plan Específico de Evaluación FEDER 2014-2020 de Andalucía", Dirección General de Fondos Europeos. Junta de Andalucía. July 2016
- Informe de Evaluación del Programa Operativo FEDER de Andalucía 2014-2020. 2017
- Acuerdo de Asociación de España 2014-2020
- Evaluación ex ante del Acuerdo de Asociación de España 2014-2020", May 2014
- Informe de Evolución del Acuerdo de Asociación de España 2014-2020, August 2017
- Annual Implementation Reports 2017 ESF Performance Reports and Thematic Reports Country Summary Tables — Estonia, 2017
- Summary of the Partnership Agreement for Estonia, 2014-2020, 2014
- Ninvestu fir-rizorsi umani sabiex noħolqu aktar opportunitajiet filwaqt li nipromwovu t-tishih tas-soċjetà, 2018
- Annual Implementation Reports 2017 ESF Performance Reports and Thematic Reports - VC20160064 Country Summary Tables – Malta, 2017
- Partnership Agreement of Malta, 2014-2020, 2014

## APPENDIX B: LIST OF INTERVIEWEES

<b>EU Level</b>	
John Walsh	DG REGIO, Evaluation Unit
Egbert Holthius	DG Employment, Head of Unit, Germany
Filippa Azevedo	European Parliament Regi Committee, Administrator
Kai Stryczynski	DG REGIO, Head of Unit, Germany
Przemyslaw Kalinka	DG REGIO, Poland
Andreas von Busch	DG REGIO, Head of Unit, Czech Republic
Jeannette Monier	DG Employment, Deputy Head of Evaluation Unit
Gábor Toth	DG Employment, Evaluation Officer
Linda Sproge	DG REGIO, Deputy Head of Unit, Estonia
Gerhard Ross	ECA
Olivia Jordan	DG REGIO, Head of Unit, Audit
Isabelle Maquet	Deputy Head of Unit
Ana Carraro	DG Employment, MS Coordinator
Constantin-Viorel Mihai	DG Employment, MS Coordinator
Nevena Bisevac	DG REGIO, Desk officer, Croatia & Bulgaria
Simeon Shener	DG REGIO, Desk officer, Croatia & Bulgaria
Cornelia Grosser	DG Employment, Deputy Head of Unit, France
Paola Bertolissi	DG Employment, Desk officer, France
Mario Gerhartl	DG Employment, Desk officer, France
Carole Mancel-Blanchard	DG REGIO, Head of Unit, Spain
Enrico Marescotti	DG REGIO, Desk officer, Spain
<b>Member States</b>	
María Luisa Asensio Pardo	Directorate General of European Funds, Ministry of Economy, Finance and Public Administration of the Junta de Andalucía; Spain
María Muñoz Martínez	Directorate General of European Funds, Ministry of Finance. Subdirector General for Programming and Evaluation; Spain

Yolanda Alcalá García	Directorate General of European Funds, Ministry of Finance. Subdirector General for Programming and Evaluation; Spain
Esther M <sup>a</sup> Pérez Quintana	Ministry of Labour, Migrations and Social Security. Subdirector General for Programming and Evaluation of ESF; Spain
Kairi Nisamedtinov	Ministry of Finance, Estonia
Galina Vassileva	Ministry of Transport; Bulgaria
Velina Popova	OP Innovation; Bulgaria
Laurent Caillaud	Nouvelle Aquitaine Region; France
Christian Biral	Rhone-Alpes Region; France
Claire Hallegouet	Commissariat General for Territorial Equality, France
Anne-Laure Vallauri	Brittany Region; France
Marta Rajević	Ministry of Regional Development and EU Funds; Croatia
Nataša Filipović	Ministry of Regional Development and EU Funds; Croatia
Paola Casavola	Evaluation and Analysis Unit, Department of Cohesion Policy, Italy
Simona de Luca	Evaluation and Analysis Unit, Department of Cohesion Policy, Italy
Jonathan Vassallo	Ministry of European Affairs and Equality, Malta
Kristina Landrieux	Ministry of European Affairs and Equality, Malta
Diane Camilleri	Ministry of European Affairs and Equality, Malta
Marilou Micallef	Ministry of European Affairs and Equality, Malta
Oliver Schwab	IfS Institut für Stadtforschung und Strukturpolitik GmbH, Berlin

## APPENDIX C: EUROPEAN SOCIAL FUND COMMON INDICATORS

### OUTPUT INDICATORS FOR ESF INTERVENTIONS – PARTICIPANTS

Indicator dimension	Name of indicator	Reporting frequency	Reference population
Employment status	• unemployed, including long-term unemployed*	annually	all participants
	• long-term unemployed*	annually	all participants
	• inactive*	annually	all participants
	• inactive, not in education or training*	annually	all participants
	• employed, including self-employed*	annually	all participants
Age	• below 25 years of age*	annually	all participants
	• above 54 years of age *	annually	all participants
	• above 54 years of age who are unemployed, including long-term unemployed, or inactive not in education or training*	annually	all participants
Educational attainment	• with primary (ISCED 1) or lower secondary education (ISCED 2)*	annually	all participants
	• with upper secondary (ISCED 3) or post-secondary education (ISCED 4)*	annually	all participants
	• with tertiary education (ISCED 5 to 8)*	annually	all participants
Disadvantaged participants	• migrants, people with a foreign background, minorities (including marginalised communities such as the Roma)**	annually	all participants
	• participants with disabilities**	annually	all participants
	• other disadvantaged**	annually	all participants
	• homeless or affected by housing exclusion*	once in 2017	all participants

### OUTPUT INDICATORS FOR ESF INTERVENTIONS – ENTITIES

Name of indicator	Reporting frequency	Reference population
• number of projects fully or partially implemented by social partners or non-governmental organisations	annually	all projects
• number of projects dedicated to sustainable participation and progress of women in employment	annually	all projects
• number of projects targeting public administrations or public services at national, regional or local level	annually	all projects
• number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy)	annually	all SMEs directly supported

## INTERMEDIATE ESF RESULTS INDICATORS

Name of indicator	Reporting frequency	Reference population
<ul style="list-style-type: none"> <li>inactive participants engaged in job searching upon leaving*</li> </ul>	annually	inactive participants
<ul style="list-style-type: none"> <li>participants in education/training upon leaving*</li> </ul>	annually	all participants, except participants who were engaged in education/training upon entering
<ul style="list-style-type: none"> <li>participants gaining a qualification upon leaving*</li> </ul>	annually	all participants
<ul style="list-style-type: none"> <li>participants in employment, including self-employment, upon leaving*</li> </ul>	annually	<ul style="list-style-type: none"> <li>- unemployed</li> <li>- inactive participants</li> </ul>
<ul style="list-style-type: none"> <li>disadvantaged participants engaged in job searching, education/ training, gaining a qualification, or in employment, including self-employment, upon leaving**</li> </ul>	annually	Disadvantaged participants who achieve a result understood as a change in the situation upon leaving, compared to the situation when entering the ESF operation. Disadvantaged participants are: <ul style="list-style-type: none"> <li>- migrants, people with a foreign background, minorities (including marginalised communities such as the Roma)**</li> <li>- participants with disabilities**</li> </ul>

## LONGER TERM ESF RESULTS INDICATORS

Name of indicator	Reporting frequency	Reference population	Representativeness of sample regarding
<ul style="list-style-type: none"> <li>participants in employment, including self-employment, six months after leaving*</li> </ul>	2019 and 2025	<ul style="list-style-type: none"> <li>unemployed</li> <li>inactive</li> <li>participants</li> </ul>	1a) unemployed 1b) inactive 2) age group 3) educational attainment
<ul style="list-style-type: none"> <li>participants with an improved labour market situation six months after leaving*</li> </ul>	2019 and 2025	<ul style="list-style-type: none"> <li>employed</li> <li>participants</li> </ul>	1) age group 2) educational attainment
<ul style="list-style-type: none"> <li>participants above 54 years of age in employment, including self-employment, six months after leaving*</li> </ul>	2019 and 2025	<ul style="list-style-type: none"> <li>unemployed</li> <li>inactive</li> <li>participants</li> <li>above 54 years of age</li> </ul>	1a) unemployed 1b) inactive 2) educational attainment
<ul style="list-style-type: none"> <li>disadvantaged participants in employment, including self-employment, six months after leaving**</li> </ul>	2019 and 2025	<ul style="list-style-type: none"> <li>unemployed</li> <li>inactive</li> <li>participants</li> <li>with any of the following disadvantage(s)</li> <li>(not mutually exclusive):</li> <li>migrants, people with a foreign background, minorities (including marginalised communities such as the Roma)**</li> <li>participants with disabilities**</li> <li>other disadvantaged**</li> </ul>	1a) unemployed 1b) inactive 2) age group 3) educational attainment

## APPENDIX D: ERDF AND COHESION FUND COMMON INDICATORS 2014-2020

### ERDF AND COHESION FUND COMMON INDICATORS 2014-2020

	UNIT	NAME	Definition/Comments
1	enterprises	Number of enterprises receiving support	Number of enterprises receiving support in any form from ERDF (whether the support represents state aid or not). Enterprise: Organisation producing products or services to satisfy market needs in order to reach profit. The legal form of enterprise may be various (self-employed persons, partnerships, etc.).
2		Number of enterprises receiving grants	Number of enterprises receiving support in forms of non-refundable direct financial support conditional only to completion of project (grants). <i>Subset of 'Number of enterprises receiving support'</i>
3		Number of enterprises receiving financial support other than grants	Number of enterprises receiving non-grant type financial support, in forms of loan, interest subsidy, credit guarantee, venture capital or other financial instrument. <i>Subset of 'Number of enterprises receiving support'</i>
4		Number of enterprises receiving non-financial support	Number of enterprises receiving support that does not involve direct financial transfer (guidance, consultancy, enterprise incubators, etc.). Venture capital is considered as financial support. <i>Subset of 'Number of enterprises receiving support'</i>
5		Number of new enterprises supported	Number of enterprises created receiving financial aid or support (consultancy, guidance, etc.) from ERDF or ERDF financed facility. The created enterprise did not exist three years before the project started but the Managing Authority or national legislation may set lower the time criterion. An enterprise will not become new if only its legal form changes. <i>Subset of 'Number of enterprises receiving support'</i>
6	EUR	Private investment matching (grants) public support to enterprises	Total value of private contribution in supported project that qualifies as state aid where the form of support is grant (see Common Indicator 2 'Number of enterprises receiving grants'), including non-eligible parts of the project.
7	EUR	Private investment matching public support to enterprises (non-grants)	Total value of private contribution in supported project that qualifies as state aid where the form of support is other than grant (see Common Indicator 3 'Number of enterprises receiving financial support other than grants'), including non-eligible parts of the project.
8	FTE	Employment increase in supported enterprises	Gross new working positions in supported enterprises in full time equivalents (FTE).
9	Visits/year	Increase in expected number of visits to supported sites of cultural or natural heritage and attractions	The <i>ex ante</i> estimated increase in number of visits to a site in the year following project completion.
10	households	Additional households with broadband access of at least 30 Mbps	Number of households with internet access with a download speed of at least 30 Mb/sec and who before only had more limited access or did not have access at all. <i>30 Mbps is in line with EU2020, see COM(2010)245 "A digital agenda for Europe"</i>

	UNIT	NAME	Definition/Comments
11	Km	Total length of new railway line, 11a: of which: TEN-T	Length of railroads constructed by the project where no railroad existed before Total length of new railway line within TEN-T
12	Km	Total length of reconstructed or upgraded railway line, 12a: of which: TEN-T	Length of railroads of which quality or capacity have been improved. Total length of reconstructed or upgraded railway line within TEN-T
13	Km	Total length of newly built roads, 13a: of which: TEN-T	Length of roads (in kilometres) constructed by the project where no road existed before or the capacity and quality of the previously existing local/secondary road is significantly improved to reach a higher classification Total length of newly built roads within TEN-T
14	Km	Total length of reconstructed or upgraded roads, 14a: of which: TEN-T	Length of roads where the capacity or quality of the road (including safety standards) was improved. Total length of reconstructed or upgraded roads within TEN-T
15	Km	Total length of new or improved tram and metro lines	Length of metro, tram or suburban train lines constructed or upgraded.
16	Km	Total length of new or improved inland waterway	Length of inland waterway with new or improved navigation capacity.
17	tonnes/year	Additional waste recycling capacity	Annual capacity of waste recycling facilities.
18	persons	Additional population served by improved water supply	Number of persons provided with drinking water through drinking water supply network as a consequence of increased drinking water production/transportation capacity built by the project, and who were previously not connected or were served by sub-standard water supply.
19	population equivalent	Additional population served by improved wastewater treatment	Number of persons whose wastewater is transported to wastewater treatment plants through wastewater transportation network as a result of increased waste water treatment/transportation capacity built by the project, and who were previously not connected or were served by sub-standard wastewater treatment.
20	persons	Population benefiting from flood protection measures	Number of people exposed to flood risk where vulnerability decreased as a direct consequence of a supported project.
21	persons	Population benefiting from forest fire protection measures	Number of people exposed to forest fire hazards where vulnerability decreased as a direct consequence of a supported project.
22	Hectares	Total surface area of rehabilitated land	Surface of remediated or regenerated contaminated or derelict land made available for economic (except non-eligible, e.g. agriculture or forestry) or community activities.
23	Hectares	Surface area of habitats supported in order to attain a better conservation status	Surface of restored or created areas aimed to improve the conservation status of threatened species.
24	FTE	Number of new researchers in supported entities	Gross new working positions (that did not exist before) to directly perform R&D activities, in full time equivalents.
25	FTE	Number of researchers working in improved research infrastructure facilities	Existing working positions in research infrastructure facilities that (1) directly perform R&D activities and (2) are directly affected by the project.
26	enterprises	Number of enterprises cooperating with research institutions	Number of enterprises that cooperate with research institutions in R&D projects.

Performance Indicators for Convergence in Regional Development -  
How Reliable are they to Ensure Targeted and Result-Oriented Spending?

	<b>UNIT</b>	<b>NAME</b>	<b>Definition/Comments</b>
27	EUR	Private investment matching public support in innovation or R&D projects	Total value of private contribution in supported innovation or R&D projects, including non-eligible parts of the project.
28	enterprises	Number of enterprises supported to introduce new to the market products	The indicator measures if an enterprise receives support to develop a 'new to the market' product in any of its markets.
29	enterprises	Number of enterprises supported to introduce new to the firm products	The indicator measure if an enterprise is supported to develop a 'new to the firm' product.
30	MW	Additional capacity of renewable energy production	Increase in energy production capacity of facilities using renewable energy resources, built/equipped by the project. Includes electricity and heat energy.
31	households	Number of households with improved energy consumption classification	Number of households in improved energy class – see Directive 2010/31/EU. Improved class must be the direct consequence of the project completion.
32	kWh/year	Decrease of annual primary energy consumption of public buildings	Calculations are based on the energy certificate of buildings (see Art.12.1.b of Directive 2010/31/EU. Value will be calculated from the energy certificates issued before and after the reconstruction. The indicator will show the total decrease of annual consumption, not the total saved consumption.
33	Users	Number of additional energy users connected to smart grids	Smart grid: Electricity network that integrate the actions of energy users by exchanging digital information with the network operator or supplier.
34	tons of CO2 equivalent	Estimated annual decrease of GHG	This indicator is calculated for interventions directly aiming to increase renewable energy production (see indicator 30) or to decrease energy consumption through energy saving measures (see indicators 31 and 32), thus its use is mandatory only where these indicators are relevant.
35	persons	Capacity of supported childcare or education infrastructure	Number of users who can use newly built or improved childcare or education facilities.
36	persons	Population covered by improved health services	Population of a certain area expected to benefit from the health services supported by the project.
37	persons	Population living in areas with integrated urban development strategies	Population living in areas with integrated urban development strategies within the meaning of Article 7 of Regulation 1301/2013 (ERDF).
38	Square meters	Open space created or rehabilitated in urban areas	Size of renovated / newly developed publicly accessible open-air areas.
39	Square meters	Public or commercial buildings newly built or renovated in urban areas	Size of renovated/newly developed public and commercial areas
40	Housing units	Rehabilitated housing in urban areas	Number of renovated/newly developed housing units in residential areas, as part of urban rehabilitation.

## APPENDIX E: ANALYSIS OF THE USE OF COMMON INDICATORS 2014-2020

### ESF – ALL MS

	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	Grand Total
CO01-03-05	22	42	29	3	41	254	15	17	437	22	192	158	19	36	15	392	25	12	12	15	6	462	61	4	11	15	22	51	2390
CO02	7	15	7	3	10	77	5	4	120	7	67	38	7	9	5	90	6	4	3	3	2	133	28	1	4	4	4	13	676
CO04	6	11	5		12	79	2	6	96	7	55	38	4	13	5	65	7	3	3	3	2	125	14	1	4	3	4	15	588
CO06-06a-07	23	52	40	8	45	263	14	18	465	23	213	126	20	40	14	377	27	11	21	16	6	477	95	5	10	19	28	57	2513
CO08	6	12	6	1	8	62	4	4	120	6	58	30	5	7	4	67	7	2	3	3	2	121	19		3	3	4	9	576
CO09-10-11-11a	28	64	42	8	60	300	15	22	577	29	291	164	21	46	20	456	33	12	22	17	5	634	109	3	13	23	35	86	3135
CO12	8	16	10	2	12	87		6	132	7	71	40	6	12	4	80	7	4	4	4	2	162	35	1		5	6	16	739
CO13	7	13	9	2	11	83		6	122	7	71	40	4	12	4	66	7	4	4	3	2	160	34	1		5	5	16	698
CO14	7	17	15	2	15	89		6	127	7	76	46	6	15	5	78	8	4	6	5	2	175	34	1		7	7	20	780
CO15	7	19	15	2	11	92	5	6	147	8	77	54	6	14	5	112	9	4	5	5	2	152			4	6	8	16	791
CO16	7	19	15	3	10	90	1	6	145	7	74	41	6	12	5	82	9	4	5	6	2	174	2	1	4	6	10	21	767
CO17	8	14	10	3	13	69	5	6	136	7	73	42	6	10	5	102	9	4	5	4	1	174	22	1	4	5	8	21	767
CO18	4	1	11		8	67	4	3	83	5	65	18	3	12	5	30	4	3	4	2	1	145			4	2	5	16	505
CO19	5	13	15	3	13	78	5	6	118	8	65	21	6	15	4	91	7	4	6		2	176	34	2	4	7	9	14	731
CO20	8	25	4	1	14	54	5	6	21	7	27	14	4	10		48	1	3	3	6		115	10	5	5	3	1	4	404
CO21	5	8			10	50		6	18	7	27	17	1	4		22			2			80		2	5	1		2	267
CO22		17	4	2	15	3	4	6	15	5	25	27	2	13		111			8	7		50	1	2	5	2	6		330
CO23	4	17		2	9	27	1	2	16	5	21	15	1	5		52		3	2	1		40	3		1	4		7	238
CR01	6	14	2		3	74	4	3	86	7	52	30	2	9	5	37	2		2	4	2	77	3		3			12	439
CR02	7	18	12	2	8	77	4	6	102	7	65	30	2	10	5	47	4		3	6	1	88	20		3	2	3	16	548
CR03	7	15	4		11	84	3	5	134	7	73	24	3	14	5	58	6		2	5	2	106	7	1	4	4	1	22	607
CR04	7	16	6	3	8	74	4	6	145	7	69	34	5	12	5	66	3		3	4	2	108	23		4	4	5	14	637
CR05	7	15	11	2	10	76	4	6	117	8	70	33	2	12	5	51	6		3	6	2	129	4		3	4	4	17	607
CR06		10			7	30		6	52	2	24	28	3	2	4	103	2				2	17			4	3		8	307
CR07		2	1		4	27		6	33	1	12	8	2		2	33					2	16			1			1	151
CR08		7			4	16		4	29		14		1	1	3	19	1				2				2	1		3	107
CR09		8			5	28		4	32		16		2	2	3	41	1				2				3	1		5	153
<b>Grand Total</b>	<b>196</b>	<b>480</b>	<b>273</b>	<b>52</b>	<b>377</b>	<b>2310</b>	<b>104</b>	<b>182</b>	<b>3625</b>	<b>213</b>	<b>1943</b>	<b>1116</b>	<b>149</b>	<b>347</b>	<b>137</b>	<b>2776</b>	<b>191</b>	<b>81</b>	<b>131</b>	<b>125</b>	<b>54</b>	<b>4096</b>	<b>558</b>	<b>31</b>	<b>108</b>	<b>139</b>	<b>175</b>	<b>482</b>	<b>20451</b>

**ERDF – ALL MS**

	A T	B E	B G	C Y	C Z	DE	D K	EE	ES	FI	FR	GR	H R	HU	IE	IT	LT	L U	L V	M T	N L	PL	PT	R O	SE	SI	SK	UK	Grand Total	
CO01	4	12	5	5	14	56	4	3	71	8	92	71	5	18	5	133	5		4	6	9	92	45	7	41	3	13	26	757	
CO02	4	5	4	4	12	29	4	1	59	3	36	58	2	10	2	92	5		3	4	9	62	33	3	7	3	9	14	477	
CO03	1	2	2	1	4	21		1	22	5	35	16	1	8		55	4		1	3	4	30	18	3	10	2	7	12	268	
CO04		9	1	1	1	9		2	28	5	47	15	2	6	4	15	4		1	2	6	21		2	27	2	6	14	230	
CO05		4	1		3	16		1	33	2	21	21	2	4	2	48	2		1			9	8	1	9	1	8	17	214	
CO06	3	1	2	1	11	10	3		8	3	30	5	1	6	2	26	3		1		9	52	25	2	7	1	3	7	222	
CO07			2		3	14			3	3	32		1	7		11	4		2		4	26		2	10	1	3	12	140	
CO08	2	4	1	2	4	23		2	38	5	23	45	2	3	2	50	2		2	2	1	29	35		24	1	8	16	326	
CO09			1	1	1	5			11		10	15	1	4		17	1		1	2		16	7	2					95	
CO10					1				12		11	2	1	1	2	9	1		1				1		1		1	1	3	48
CO11									5			1											2						1	9
CO11a									1			1																		2
CO12									1		2	3		1		5							16		2	2		1	2	35
CO12a									1			3				1							1		1	1		1		9
CO13					2				3		1	12	1	2		1							17		3		1	3		46
CO13a												4											1		1			1		7
CO14		1	1		1				3		1	16		3		5	2		1				20		2	2		2	3	63
CO14a									1			4											1			1			1	8
CO15									1			2				9							2		2				1	17
CO16											1						1						1							3
CO17		1	1						3		2	10				5							14							36
CO18									4		5	13				5							11	1				2		41
CO19									10		5	8				5							15	1				1		45

	A T	B E	B G	C Y	C Z	DE	D K	EE	ES	FI	FR	GR	H R	HU	IE	IT	LT	L U	L V	M T	N L	PL	PT	R O	SE	SI	SK	UK	Grand Total
CO20						5			2		9	10	1			10			1			13	1			1			53
CO21									1			7				2						5							15
CO22		2	1		1	8			9		6	2		4		7			1			1		1		1	1	1	45
CO23			1	1	1	3			9		18	13		1		8						15	1	1		1		2	75
CO24	3	2	1	1	2	14			11		15	7	1	4	2	13			1			3		2		1	4	2	89
CO25		2	1		1	16		1	16		18	10	1	2		10	1	1	1	1		18	8	1	1	1	4	3	118
CO26	2	3	2	1	3	17	1	1	15		33	14	2	2	2	29	1	1	1		3	20	8	1	10	1	3	8	184
CO27		1	1	1	1	14		1	18	4	30	4	2	2	1	18	1		1		6	16		2	5		4	3	136
CO28		3	1	1	2	11	1	1	13	3	12	5	2	2		22	1		1		6	17	7	1	7	1	7	6	133
CO29		3	1		2	12	1	1	20	3	14	7	2	2		31	1	1			6	16	8		2		7	16	156
CO30		3			1	8			20		25	6		7		22	1	1	1	3	2	23	1	1			3	4	132
CO31		1	2		1	1			10		28	11	1	2	2	3	1	1	1		1	15	5	1	2		1	4	94
CO32		3	2		1	7			13		15	15	1	2		26	1	1	1	1		17	7	1	1		5	2	122
CO33						2			2		2	3	1			8						1		1					20
CO34	3	7	4	1	4	32	3		29		64	24		7	2	48	1	2	1	4		58	8	3	3		9	12	329
CO35			3		2	3			10		5	18	1	1		12	1		1			22	7	2			2		90
CO36								1	5		2	14		4		6	1		1	1		16	7	1			1		60
CO37	2			1		11		3	1		24	5		5	2	4	1			1		7		1		1	1		70
CO38		2	1	1		10		2	4		8	11	1	6		1	1		1			5	17	4		1	1		77
CO39		7	2	1		6		2	3		9	3		6		8	1		1	1	1	4	11	2		1	3		72
CO40			1						6		2			3		8				2		3	7			1			33
<b>Grand Total</b>	<b>24</b>	<b>78</b>	<b>45</b>	<b>24</b>	<b>79</b>	<b>36</b>	<b>17</b>	<b>2</b>	<b>53</b>	<b>4</b>	<b>69</b>	<b>51</b>		<b>13</b>	<b>3</b>	<b>78</b>	<b>4</b>				<b>73</b>	<b>27</b>		<b>17</b>	<b>2</b>	<b>12</b>	<b>19</b>	<b>5201</b>	

## APPENDIX F: COMMON OUTPUT AND RESULT INDICATORS FOR THE ERDF AND THE CF 2021-2027

### COMMON OUTPUT AND RESULT INDICATORS FOR ERDF (NON-ETC)

Policy objective	Outputs	Results
(1)	(2)	(3)
<b>1. A smarter Europe by Promoting innovative and smart economic transformation</b>	RCO <sup>79</sup> 01 - Enterprises supported (of which: micro, small, medium, large)* RCO 02 - Enterprises supported by grants* RCO 03 - Enterprises supported by financial instruments* RCO 04 - Enterprises with non-financial support* RCO 05 - Start-ups supported* RCO 06 - Researchers working in supported research facilities RCO 07 - Research institutions participating in joint research projects RCO 08 - Nominal value of research and innovation equipment RCO 10 - Enterprises cooperating with research institutions RCO 96 – Interregional investments in EU projects*	RCR <sup>80</sup> 01 - Jobs created in supported entities* RCR 02 - Private investments matching public support (of which: grants, financial instruments)* RCR 03 – SMEs introducing product or process innovation* RCR 04 - SMEs introducing marketing or organisational innovation* RCR 05 - SMEs innovating in-house* RCR 06 - Patent applications submitted to European Patent Office* RCR 07 - Trademark and design applications* RCR 08 - Public-private co-publications
	RCO 12 - Enterprises supported to digitise their products and services RCO 13 - Digital services and products developed for enterprises RCO 14 - Public institutions supported to develop digital services and applications	RCR 11 - Users of new public digital services and applications* RCR 12 - Users of new digital products, services and applications developed by enterprises* RCR 13 - Enterprises reaching high digital intensity* RCR 14 - Enterprises using public digital services*
	RCO 15 - Capacity of incubation created*	RCR 16 - High growth enterprises supported* RCR 17 - 3-year-old enterprises surviving in the market*

<sup>79</sup> RCO: Regional Policy Common Output Indicator.

<sup>80</sup> RCR: Regional Policy Common Result Indicator.

Policy objective	Outputs	Results
(1)	(2)	(3)
	<p>RCO 16 - Stakeholders participating in entrepreneurial discovery process</p> <p>RCO 17 - Investments in regional/ local ecosystems for skills development</p> <p>RCO 101 – SMEs investing in skills development</p> <p>RCO 102 - SMEs investing in training management systems*</p>	<p>RCR 18 - SMEs using incubator services one year after the incubator creation</p> <p>RCR 19 - Enterprises with higher turnover</p> <p>RCR 25 - Value added per employee in supported SMEs*</p> <p>RCR 24 - SMEs benefiting from activities for skills development delivered by a local/regional ecosystem</p> <p>RCR 97 – Apprenticeships supported in SMEs</p> <p>RCR 98 – SMEs staff completing Continuing Vocational Education and Training (CVET) (by type of skill: technical, management, entrepreneurship, green, other)</p> <p>RCR 99 – SMEs staff completing alternative training for knowledge intensive service activities (KISA) (by type of skills: technical, management, entrepreneurship, green, other)</p> <p>RCR 100 – SMEs staff completing formal training for skills development (KISA) (by type of skills: technical, management, entrepreneurship, green, other)*</p>
<p><b>2. A greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management</b></p>	<p>RCO 18 - Households supported to improve energy performance of their dwelling</p> <p>RCO 19 - Public buildings supported to improve energy performance</p> <p>RCO 20 - District heating network lines newly constructed or improved</p> <p>RCO 22 - Additional production capacity for renewable energy (of which: electricity, thermal)</p>	<p>RCR 26 - Annual final energy consumption (of which: residential, private non-residential, public non-residential)</p> <p>RCR 27 – Households with improved energy performance of their dwellings</p> <p>RCR 28 – Buildings with improved energy classification (of which: residential, private non-residential, public non-residential)</p> <p>RCR 29 – Estimated greenhouse gas emissions*</p> <p>RCR 30 - Enterprises with improved energy performance</p> <p>RCR 31 - Total renewable energy produced (of which: electricity, thermal)</p>

Policy objective	Outputs	Results
(1)	(2)	(3)
	RCO 97 – Number of energy communities and renewable energy communities supported*	RCR 32 – Renewable energy: Capacity connected to the grid (operational)*
	RCO 23 - Digital management systems for smart grids	RCR 33 - Users connected to smart grids
	RCO 98 – Households supported to use smart energy grids	RCR 34 - Roll-out of projects for smart grids
	RCO 24 - New or upgraded disaster monitoring, preparedness, warning and response systems*	RCR 35 - Population benefiting from flood protection measures
	RCO 25 - Coastal strip, river banks and lakeshores, and landslide protection newly built or consolidated to protect people, assets and the natural environment	RCR 36 - Population benefiting from forest fires protection measures
	RCO 26 - Green infrastructure built for adaptation to climate change	RCR 37 - Population benefiting from protection measures against climate related natural disasters (other than floods and forest fires)
	RCO 27 - National/ regional/ local strategies addressing climate change adaptation	RCR 96 – Population benefiting from protection measures against non-climate related natural risks and risks related to human activities*
	RCO 28 - Areas covered by protection measures against forest fires	RCR 38 - Estimated average response time to disaster situations*
	RCO 30 - Length of new or consolidated pipes for household water connections	RCR 41 - Population connected to improved water supply
	RCO 31 - Length of sewage collection networks newly constructed or consolidated	RCR 42 - Population connected to at least secondary waste water treatment
	RCO 32 - New or upgraded capacity for waste water treatment	RCR 43 - Water losses
		RCR 44 - Waste water properly treated
	RCO 34 - Additional capacity for waste recycling	RCR 46 - Population served by waste recycling facilities and small waste management systems
		RCR 47 - Waste recycled
		RCR 48 - Recycled waste used as raw materials
		RCR 49 - Waste recovered
	RCO 36 - Surface area of green infrastructure supported in urban areas	RCR 50 - Population benefiting from measures for air quality

Policy objective	Outputs	Results
(1)	(2)	(3)
	RCO 37 - Surface of Natura 2000 sites covered by protection and restoration measures in accordance with the prioritised action framework RCO 99 - Surface area outside Natura 2000 sites covered by protection and restoration measures RCO 38 - Surface area of rehabilitated land supported RCO 39 - Systems for monitoring air pollution installed	RCR 95 -Population having access to new or upgraded green infrastructure in urban areas RCR 51 - Population benefiting from measures for noise reduction RCR 52 - Rehabilitated land used for green areas, social housing, economic or community activities
<b>3. A more connected Europe by enhancing mobility and regional ICT connectivity</b>	RCO 41 - Additional households with broadband access of very high capacity RCO 42 - Additional enterprises with broadband access of very high capacity	RCR 53 - Households with broadband subscriptions to a very high capacity network RCR 54 - Enterprises with broadband subscriptions to a very high capacity network
	RCO 43 - Length of new roads supported - TEN-T RCO 44 - Length of new roads supported - other RCO 45 - Length of roads reconstructed or upgraded - TEN-T RCO 46 - Length of roads reconstructed or upgraded - other	RCR 55 - Users of newly built, reconstructed or upgraded roads RCR 56 - Time savings due to improved road infrastructure RCR 101 – Time savings due to improved rail infrastructure
	RCO 47 - Length of new rail supported - TEN-T RCO 48 - Length of new rail supported - other RCO 49 - Length of rail reconstructed or upgraded - TEN-T RCO 50 - Length of rail reconstructed or upgraded - other RCO 51 - Length of new or upgraded inland waterways - TEN-T RCO 52 - Length of new or upgraded inland waterways - other RCO 53 - Railways stations and facilities - new or upgraded RCO 54 - Intermodal connections - new or upgraded RCO 100 – Number of ports supported	RCR 57 - Length of European Rail Traffic Management System equipped railways in operation RCR 58 - Annual number of passengers on supported railways RCR 59 - Freight transport on rail RCR 60 - Freight transport on inland waterways
	RCO 55 - Length of tram and metro lines- new RCO 56 - Length of tram and metro lines- reconstructed/ upgraded	RCR 62 - Annual passengers of public transport RCR 63 - Annual users of new/ upgraded tram and metro lines

Policy objective	Outputs	Results
(1)	(2)	(3)
	RCO 57 - Environmentally friendly rolling stock for public transport RCO 58 - Dedicated cycling infrastructure supported RCO 59 - Alternative fuels infrastructure (refuelling/ recharging points) supported RCO 60 - Cities and towns with new or upgraded digitised urban transport systems	RCR 64 - Annual users of dedicated cycling infrastructure
	RCO 41 - Additional households with broadband access of very high capacity RCO 42 - Additional enterprises with broadband access of very high capacity	RCR 53 - Households with broadband subscriptions to a very high capacity network RCR 54 - Enterprises with broadband subscriptions to a very high capacity network
	RCO 43 - Length of new roads supported - TEN-T <sup>81</sup> RCO 44 - Length of new roads supported - other RCO 45 - Length of roads reconstructed or upgraded - TEN-T RCO 46 - Length of roads reconstructed or upgraded - other	RCR 55 - Users of newly built, reconstructed or upgraded roads RCR 56 - Time savings due to improved road infrastructure RCR 101 – Time savings due to improved rail infrastructure
	RCO 47 - Length of new rail supported - TEN-T RCO 48 - Length of new rail supported - other RCO 49 - Length of rail reconstructed or upgraded - TEN-T RCO 50 - Length of rail reconstructed or upgraded - other RCO 51 - Length of new or upgraded inland waterways - TEN-T RCO 52 - Length of new or upgraded inland waterways - other RCO 53 - Railways stations and facilities - new or upgraded RCO 54 - Intermodal connections - new or upgraded RCO 100 – Number of ports supported	RCR 57 - Length of European Rail Traffic Management System equipped railways in operation RCR 58 - Annual number of passengers on supported railways RCR 59 - Freight transport on rail RCR 60 - Freight transport on inland waterways

<sup>81</sup> Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network and repealing Decision No 661/2010/EU (OJ L 348, 20.12.2013, p. 1).

Policy objective	Outputs	Results
(1)	(2)	(3)
	RCO 55 - Length of tram and metro lines- new RCO 56 - Length of tram and metro lines- reconstructed/ upgraded RCO 57 - Environmentally friendly rolling stock for public transport RCO 58 - Dedicated cycling infrastructure supported RCO 59 - Alternative fuels infrastructure (refuelling/ recharging points) supported RCO 60 - Cities and towns with new or upgraded digitised urban transport systems	RCR 62 - Annual passengers of public transport RCR 63 - Annual users of new/ upgraded tram and metro lines RCR 64 - Annual users of dedicated cycling infrastructure
<b>4. A more social Europe Implementing the European Pillar of Social Rights</b>	RCO 61 - Annual unemployed persons served by enhanced facilities for employment services (capacity)	RCR 65 - Job seekers using annually the services of the employment services supported
	RCO 63 - Capacity of temporary reception infrastructure created RCO 64 - Capacity of rehabilitated housing – migrants, refugees and persons under or applying for international protection RCO 65 - Capacity of rehabilitated housing - other	RCR 66 - Occupancy of temporary reception infrastructure built or renovated RCR 67 - Occupancy of rehabilitated housing – migrants, refugees and persons under or applying for international protection RCR 68 - Occupancy of rehabilitated housing - other
	RCO 66 - Classroom capacity of supported childcare infrastructure (new or upgraded) RCO 67 - Classroom capacity of supported education infrastructure (new or upgraded)	RCR 70 - Annual number of children using childcare infrastructure supported RCR 71 - Annual number of students using education infrastructure supported
	RCO 69 - Capacity of supported health care infrastructure RCO 70 - Capacity of supported social infrastructure (other than housing)	RCR 72 - People with access to improved health care services RCR 73 - Annual number of persons using the health care facilities supported RCR 74 - Annual number of persons using the social care facilities supported RCR 75 - Average response time for medical emergencies in the area supported

Policy objective	Outputs	Results
(1)	(2)	(3)
<b>5. A Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives</b>	RCO 74 - Population covered by strategies for integrated urban development RCO 75 - Integrated strategies for urban development RCO 76 - Collaborative projects RCO 77 - Capacity of cultural and tourism infrastructure supported	RCR 76 - Stakeholders involved in the preparation and implementation of strategies of urban development RCR 77 - Tourists/ visits to supported sites* RCR 78 - Users benefiting from cultural infrastructure supported
	RCO 80 – Community-led local development strategies for local development	
<b>Horizontal - Implementation</b>	RCO 95 - Staff financed by ERDF and Cohesion Fund	RCR 91 - Average time for launch of calls, selection of projects and signature of contracts* RCR 92 - Average time for tendering (from launch of procurement until signature of contract) * RCR 93 - Average time for project implementation (from signature of contract to last payment)* RCR 94 - Single bidding for ERDF and Cohesion Fund interventions*

*\*\* For presentational reasons, indicators are grouped under, but not limited to, a policy objective. In particular, under policy objective 5, specific objectives from policy objectives 1-4 may be used with the relevant indicators. In addition, in order to develop a full picture of the expected and actual performance of the programmes, the indicators marked with (\*) may be used by specific objectives under more than one of the policy objectives 1 to 4, when relevant.*





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This study examines how reliable Cohesion Policy indicators are in helping to ensure targeted and result-oriented expenditure. Overall, substantial progress has been made in recent years in developing an effective system. However, the challenge remains to shift from a focus on financial absorption and outputs to assessing more meaningful results and impacts of interventions, and to improve data collection systems. The paper includes eleven recommendations to address these and other challenges ahead of the new 2020-2027 period.

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