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Mid-term Evaluation of the Operational Programme for the European Union Funds' Investments in 2014-2020

Evaluation of the System of the OP's
Monitoring Indicators. Executive
Summary of the Final Report

14 February 2019

Evaluation was carried on by the "ESTEP Vilnius" and "Visionary Analytics" at the request of the Ministry of Finance (Contract No 14P-14 of the 28 February 2018).

Evaluation of the System of the OP's Monitoring Indicators is a part of the Mid-term Evaluation of the Operational Programme for the EU Funds' Investments (hereinafter OP or Operational Programme) in 2014-2020. Mid-term evaluation was initiated in order to evaluate the progress of the implementation of the objectives set in the OP, in preparation for annual implementation report of the OP and progress report on the implementation of the Partnership Agreement.

1) EVALUATION OBJECT

The object of the evaluation was the system of monitoring indicators set for the monitoring of the priorities, specific objectives and measures of the OP. It consists of the indicators set in the Operational Programme and national indicators, set in the Measures' Implementation Plans (hereinafter – MIPs). There are two types indicators: output indicators and result indicators. Indicators set in the OP are of two types: common and Programme-specific. The general characteristics of common indicators are determined in the European Commission methodological documents. Programme-specific indicators were determined taking into account specific characteristics of the OP and national needs. This evaluation covers **525 unique indicators**. Taking into account the fact that some indicators are used in several priorities (thematic objectives), specific objectives and (or) measures, there were 600 indicators at the level of OP priorities (thematic objectives), 816 indicators at the level of OP specific objectives and 1 225 indicators and at the level of measures.

2) EVALUATION CRITERIA AND METHODS

The quality of each individual indicator was evaluated based on five SMART criteria: it was examined if the indicators are specific, measurable, achievable, reliable and timed.. Also, the set of indicators applied for every specific objective of the OP was evaluated based on two criteria. A set of indicators for each specific objective was evaluated in accordance with two criteria: (a) relationship between indicators (if there is logical connection between output and result indicators and if the causal link between output and result indicators is strong); (b) is the set of indicators appropriate, sufficient and informative (if output indicators are related with the activities and if result indicators allow to measure the progress of achieving the objectives set in the OP). For each criterion two aspects of assessment were defined. Each aspect could have been evaluated from 1 to 3, where 3 mean the best score. Evaluation criteria and aspects are explained in tables 3 and 4 in section 2 of final report.

3) STRUCTURE OF REPORT

Final report consists of 5 sections:

- 1) In the first section there are presented the context and the object of the evaluation (the system and types of indicators, distribution of indicators by type, OP priorities and the responsible ministries).
- 2) In the second section there are presented the approach of the evaluation, evaluation questions and methods.
- 3) In the third section there are provided results of the evaluation at the level of the twelve Operational Programme priorities (thematic objectives). Analysis of the indicators at the level of each OP priority consists of four parts:
 - a. quantitative description of the set of indicators;
 - b. assessment of the quality of each individual indicator;
 - c. assessment of the set of indicators at the level of OP specific objectives;
 - d. recommendations for the improvement of individual indicators and sets of indicators.
- 4) In the fourth section evaluation results are summarised at the OP level, evaluation questions are answered and strategic conclusions are presented.
- 5) In the fifth section there are presented strategic proposals and evaluation recommendations.

In the **annexes** there are provided detailed information about evaluation of the quality of each individual indicator and a sets of indicators of the OP specific objectives (Annexes 1 and 2), recommendations for the improvement of indicators (Annex 10) and other relevant information.

4) EVALUATION RESULTS AND CONCLUSIONS

Comparison of the sets of indicators based on quantitative criteria

9 to 107 indicators are used to monitor the implementation of one OP priority. 1 to 44 indicators are used to monitor one OP specific objective (average 13, mode 9). 1 to 36 indicators are used to monitor one OP measure (average 6, mode 4). Sets of indicators at the OP priority level differ also in other quantitative parameters (share

of output and result indicators; share of indicators that are not automatically calculated from the project level; share of Programme-specific and national indicators).

In some OP priorities, the **number of indicators** is significantly higher than the OP average¹ (priorities No. 7, 8, 9 priorities and partially priority No. 10). In most cases, the higher number of indicators is determined by the design of interventions – the higher number and/ or variety of OP specific objectives, measures and activities that are supported. Therefore, it is hardly possible to reduce the number of indicators without changing the design of interventions. Also there is no need for this. Reducing the number of monitoring indicators is not a value in itself. If monitoring information is used and there are no alternative, more effective ways to collect data for Programme-specific or national indicators, the indicators should not be eliminated.

Some OP priorities have a better **balance between output and result indicators** (priorities No. 6, 7, 8). In some priorities output indicators are dominating (priorities No. 1, 4, 5, 9, 10). In cases where output indicators are predominant there is a risk that monitoring information may not be sufficient to assess the utility and impact of interventions and the contribution of the interventions to the achievement of the OP specific objectives. In cases where there are many result indicators², monitoring information might not be sufficient to assess the net effect of interventions. In both cases, monitoring information must be complemented by impact evaluations carried out at a level of OP specific objectives (and in some cases at the level of measures).

Some priorities differ from others by a higher **proportion of national indicators** (priorities No. 1, 3 and 4, 5). For interventions that have been offered fewer common indicators at EU level (ERDF and CF interventions), more Programme-specific and national indicators are used. For example, all result indicators for the ERDF and CF interventions are Programme-specific and national, for CF interventions 78 percent output indicators are Programme-specific and national, for ERDF interventions – 57 percent, for YEI only 12 percent and for ESF – 20 percent (see Figure 6 in section 4.1.1). The lack of common indicators in some areas of intervention can be considered as an objective reason leading to a higher number of Programme-specific and national indicators. These indicators are important in order to adequately reflect the specific outputs and results of the OP (changes aspired), but monitoring information should also be used for decision making.

Taking into account the number of indicators, their distribution between the OP priorities, specific objectives and measures, the system of indicators is generally appropriate. However, the large differences in the number of indicators among the OP measures indicate that there was a lack of unified approach (design) to the planning of interventions and setting the indicators during the preparation of OP and MIPs. When looking for the possibilities of optimizing the number of indicators, it could be useful to review the sets of indicators at the level of specific objectives/ measures, for which the number of indicators exceeds the OP average. Most of these specific objectives/ measures are in the priorities No. 1, 7, 8, 9 and 10 (for more details see Annex 8 of the final report).

In order to reduce the number of indicators, two conditions should be fulfilled: 1) the activities to be funded should be less fragmented (this is especially relevant for priorities No. 7 and 9), emphasis should be placed on the most important areas and financing them accordingly; 2) to ensure that the specific objectives and measures are of similar “weight” (currently the OP priorities vary considerably by the number of specific objectives and specific objectives – by the number of measures).

Reducing the number of indicators is not a value in itself, because more detailed monitoring information enables better quality of evaluations and can be used for decision making. However there are two main arguments for reduction of the number of indicators. Firstly, the collection of monitoring information is meaningful only if it is used to make decisions about the content of interventions, their relevance, continuity etc. A large part of the monitoring indicators currently in use consists of national indicators that are not used in the preparation of OP annual implementation reports, some of which are not even included in the SFMIS Monitoring Indicators Progress Reports. This gives a reason to doubt the necessity of national indicators. Secondly, the monitoring information must be of good quality and reliable. During the evaluation a large part of the indicators were assessed as relatively less reliable according to the reliability criterion (out of the 600 indicators 558 had weaknesses related to reliability) - see more in the answer to evaluation question No. 9.5.4 in section 4.2 of the final report.

Evaluation of the quality of indicators based on SMART criteria

¹ OP average was calculated in two ways: for OP priorities 1 to 10 and for OP priorities 1 to 12.

² And especially result indicators that depend not only on interventions but also on various external factors.

The summary of the indicators quality assessment at the level of the OP priorities is presented in Table 32 (see section 4.1.2 in the final report) and at the level of the OP – as an answer to evaluation question No. 9.5.5 (see section 4.2 of the final report).

The **strengths** of the indicators are their **measurability** (i.e. the clarity and sufficiency of the information provided in the indicators descriptions (fishes); average assessment based on measurability criterion is 2.73 out of 3) and the **specificity** (i.e. the link between the indicators and the specific objectives / activities supported and also the sensitivity of the indicators to the interventions; average assessment 2.66 out of 3). The **weaknesses** of the indicators are **achievability** (especially the balance between the physical and financial progress of interventions; average assessment 1.83 out of 3) and **reliability** (average assessment 1.92 out of 3). Low rating based on the reliability criterion was determined by the fact that publicly unavailable administrative data are very often used to determine the actual value of the indicators. This type of data is not as reliable and quality as official statistics or other data released by official statistics producers. In order to reduce the risks associated with the reliability of the indicators, it is important that SFMIS captures not only the calculated values of the indicators, but also the information on how they were calculated (calculations step by step, etc.). Lower rating based on the **timeliness** criterion (average assessments 2.56 out of 3 points) was due to the fact that not all indicators are planned to be updated often enough (every 1 or 2 years). Furthermore, in some cases where indicator description indicates values to be updated every 1 or 2 years, SFMIS does not specify actual values of the indicators or they are not updated as often as indicated in the description.

There were no significant differences in the indicators quality assessment by the type (OP or national) and subtype (common or Programme-specific) of indicators. Only the **specificity and achievability scores for the common indicators were lower** (see answer to evaluation question No. 9.5.5 in section 4.2 of the final report).

Relevance of indicators

Evaluation of the indicators based on the **specificity criterion** was important in order to answer the evaluation questions related to the relevance of indicators and the causality between them (evaluation questions No. 9.5.2 and 9.5.3). When assessing the **specificity of output indicators**, it was analysed how they reflected the activities supported by the OP measures. Many output indicators (86 percent or 307 out of 356 output indicators at the level of OP priorities) are appropriate, i.e. they reflect one or more activities supported by the measures. More general and more aggregated output indicators were assessed better than very specific indicators, which cover only part of the activities supported or only certain aspects of the supported activities. There are minor weaknesses related to relevance of 49 output indicators (see Annex 1 and answer to evaluation question No. 9.5.3 in section 4.2.).

When evaluating the **specificity of the result indicators**, it was analysed how these indicators reflect the essence of the intervention (OP specific objective) and how much their changes depend on interventions (supported activities, changes in output indicators). On about 40 percent of all result indicators³ interventions have only a limited impact. Not in all cases weaker direct link between the interventions and result indicators is a deficiency of the indicator. It is important to understand that in such cases result indicators reflect changes, but not the net effect of interventions. When the logical and/or causal link between the interventions, their output and result indicators is weaker, it is necessary to initiate impact evaluations to determine *whether, how and to what extent* changes in the indicators value (especially result indicators) are due to the interventions of the OP. Weaker direct causal link between the interventions and result indicators is possible in interventions funded by ERDF and CF, in some specific areas/ sectors (e.g. environment, climate change) and in case of strategic (context) indicators (see answers to evaluation questions No. 9.5.2 and 9.5.3 in section 4.2 of the final report).

Proportionality of interventions to achieve the target values of indicators

Evaluation of the indicators according to the **achievability criterion** was carried on in order to answer the evaluation question related to the proportionality of the interventions to achieve the target values of the indicators (evaluation question No. 9.5.6). It was found that in case of 105 out of 332 OP indicators⁴ (32 percent of all indicators) target values will be achieved and exceeded. The target values set in the OP may be exceeded 3 times on average, although there are indicators which values are already exceeded 10, 16, 20 or even 63 times. The evaluation also found that progress achieved in 37 indicators (11 percent of all indicators) was insufficient, because target values set in project contracts were less than 70 percent of the target values set in the OP (in some cases target value set in project contracts is less than 10 percent of the target value set in the OP). This indicates that in 4 out of 10 cases planning is of poor quality (the target values of the indicators are too low or too high).

³ Only indicators for which SFMIS has target values were analysed.

⁴ Based on target values set (planned) in the project contracts.

In order to better assess the extent to which the interventions is proportionate to achieve the target values of the indicators, data on how the baseline and target values were determined is needed. Such information is not collected, analysed and systematized. OP and/ or MIPs indicate the baseline and target values for each indicator, but do not provide a justification for them. Information on how target values were set (including all the assumptions) could be presented in the OP or in other documents (e.g. in the indicator descriptions) – for more details see answer to evaluation question No. 9.5.6 in section 4.2 of the final report.

Evaluation of sets of indicators based on qualitative criteria

The results of the evaluation of sets of indicators at the level of OP priorities are summarized in Table 33 in section 4.1.2 of the final report and at the level of OP specific objectives – in Annex 9. Based on most assessment criteria and aspects the sets of indicators are of good quality. The causal relationship between output and result indicators was assessed lower compared to other criteria. Such an assessment does not in itself mean that sets of indicators are not appropriate, but this means that changes in result indicators are determined not only by the outputs created by the OP interventions, but also by various other factors. In order to determine the net effect of interventions, impact evaluations are needed. Impact evaluations should answer questions such as whether, how and to what extent changes in result indicators have been caused by OP interventions and their outputs.

The sufficiency of the result indicators to monitor the implementation of the specific objectives was also assessed relatively lower. This means that the specific objective of the OP is broader and the result indicators only partially reflect the achievement of the specific objective. Additional information is needed to more fully reflect the achievement of the specific objectives (such as more and more diverse variables, including the records of project achievements, as well as thematic evaluations covering not only the analysis of monitoring indicators, but also additional indicators, case studies and analysis of good practices, etc.). Main deficiencies of the sets of indicators which led to lower scores are specified in Annex 2 of the final report.

The sets of indicators in most cases are relevant, sufficient and informative, i.e. result indicators reflect well enough specific objectives and progress of the OP implementation. Output indicators include all or most of the supported activities, but the determination of the good result indicators is a more challenging task (deficiencies were identified in 25 percent of all cases / indicators) than the selection of relevant output indicators (deficiencies were identified in 8 percent of all output indicators) – for more details see answer to evaluation question No. 9.5.1 in section 4.2 of the final report.

Strategic conclusions

In general, Lithuania has developed an advanced system of indicators for monitoring EU funds' investments. Its management is particularly facilitated by a functional information system – the EU Structural Assistance Computerized Information Management and Monitoring System (SFMIS). The strengths and weaknesses of the system of indicators are summarized in section 4.3 of the final report.

Despite the fact that the evaluation identified some weaknesses related to the quality of monitoring indicators, the management of the indicator system and the use of monitoring information, there has been a significant improvement in the system of monitoring indicators compared to previous programming periods (taking into account regulation, indicators itself and the information system used for the management of the monitoring information). The system of indicators for monitoring interventions financed by the EU funds can be used as an example of good practice in improving the monitoring indicators of other public interventions in Lithuania.

5) EVALUATION RECOMMENDATIONS AND STRATEGIC PROPOSALS

There are three types of recommendations:

- (a) Recommendations on specific indicators (see Annex 10);
- (b) Recommendations on sets of indicators at the level of OP specific objectives (see section 3 for each OP priority and Table 37 in section 5);
- (c) Strategic proposals (see Table 37 in section 5).

Recommendations on individual indicators

Taking into account the implementation phase of the OP (less time left until the end of the implementation than it had passed since the start), a significant reduction of the number of indicators or the substantial changes in sets of indicators at this point would not be a rational solution. Therefore the most recommendations on individual indicators are oriented to the improvement the quality of existing indicators (update baseline or target values, revise definitions and (or) fishes of indicators, etc.), rather than to the setting of new indicators or changing the existing ones.

Recommendations for the improvement of individual indicators include about one fifth of all indicators (119 out of 600 indicators). In addition, there are comments on 37 other indicators⁵. There are 11 types of recommendations for the improvement of individual indicators which fall into one of five categories (there are cases where there are several recommendations for one indicator):

- 1) Revise the baseline and/ or target values that are not enough ambitious or that may not be achieved (relevant for 46 indicators, see Annex 10);
- 2) Revise the definitions and/ or calculation descriptions (fishes) of the indicators (relevant for 27 indicators, see Annex 10);
- 3) Ensure that the type of indicator (output or result) matches the intervention logic (relevant for 20 indicators, see Annex 10);
- 4) Eliminate the excess/ irrelevant indicators or indicators that are not sufficiently specific and replace them with other indicators that better reflect the intervention logic of specific objective/ measure (relevant for 22 indicators, see Annex 10).
- 5) Ensure that indicator values in the SFMIS are updated at the frequency indicated in indicator description (relevant for 10 indicators, see Annex 10).

Strategic proposals

Strategic proposals are oriented to the solution of systemic problems identified during the evaluation and to the improvement of the system of indicators after 2020. Strategic proposals include the following:

- 1) **Regarding the management of the number of indicators** (avoid large-scale fragmentation of financed activities; set guidelines for maximum number of indicators; define cases where more Programme-specific and national indicators are relevant).
- 2) **On the use of national indicators and the strategic indicators** (make a list of strategic indicators; as national indicators use indicators that are consistent with the indicators of other planning documents or indicators that require project level data and there is no alternative ways to collect data on these indicators).
- 3) **Regarding the scope and use of monitoring information stored in SFMIS** (eliminate or reduce the number of indicators that are not used at project level; make a list of strategic indicators and update their values during evaluations).
- 4) **Regarding the reliability of specially developed monitoring indicators** (do not create new indicators that are not used for accountability or decision making; use more general statistical indicators and initiate more impact evaluations; include Statistics Lithuania and other official statistics producers in the data collection and calculation of indicators).
- 5) **Regarding the timeliness of monitoring information** (avoid indicators that are not updated every 1 or 2 years; not only in the indicator description, but also in SFMIS specify the frequency at which the indicator should be updated; when recording the data in SFMIS, separate the date of indicator value and date indicator entry in SFMIS).
- 6) **Regarding the quality of monitoring information and indicators' descriptions (fishes)** (clearly specify the data sources and (or) definitions of statistical indicators used to calculate the values of monitoring indicators; clearly describe the algorithm for the calculation of the indicators; record in SFMIS detailed information on calculations and the reports for the determination of the indicator values).
- 7) **Regarding strengthening of administrative capacity and methodological guidance for the development of indicators** (ensure availability of technical and methodological assistance during the development of the indicator system; develop a methodological centre/ working group dealing with the issues related to indicators and monitoring).
- 8) **Regarding the justification of the baseline and target values of the indicators** (supplement the form of the indicators description (fiche) with the justification of the baseline and target value of an indicator

⁵ Recommendation "Keep but" – see Annex 10 of the final report.

or find another way to collect such information in a centralized manner; collect information on the use of the monitoring indicators in other planning documents).

The evaluation questions set in the Terms of Reference for this evaluation were focused on the assessment of the quality of individual indicators and their links with the interventions. Evaluation questions did not include the issues related to the development of indicators, management and use of monitoring information. Therefore, the evaluation report contains proposals for **additional evaluations** that could help to improve the system of monitoring indicators. It would be useful to evaluate the administrative capacities and good practices related to the development of monitoring indicators and the use of monitoring information; the validity of target values of indicators; the use of monitoring information for other purposes than the reporting (preparation of AIRs). In addition, as the sensitivity of (result) indicators to the intervention is different and not all sets of indicators at the OP specific objective level are equally sufficient and informative, it is necessary to carry out impact evaluations that should complement monitoring information, determine the utility and net effect of interventions and contribute to the development of better monitoring indicators (evaluation questions related to the improvement of the monitoring indicators should be included in the scope of all impact evaluations carried out at the level of OP specific objectives and measures).