



# **The implementation of the performance frameworks in 2014-2020 ESI Funds**

Final Report – August 2016

Contract: 2014CE16BAT063



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## Abbreviations

AIR	Annual Implementation Report
CA	Certifying Authority
CBC	Cross-border programmes
CF	Cohesion Fund
CLLD	Community Led Local Development
CPR	Common Provisions Regulation (Regulation (EU) No 1303/2013)
DCLG	Department for Communities and Local Government
DPS	Department of Development and Economic Cohesion
EC	European Commission
ENI	European Neighbourhood Instrument
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
ETC	European Territorial Cooperation
EU	European Union
GHG	Greenhouse gas
IGJ	Investments in Growth and Jobs
IP	Investment Priority
IPA	Instrument for Pre-Accession
ISCED	International Standard Classification of Education
ITI	Integrated Territorial Investment
LEP	Local Enterprise Partnership
MA	Managing Authority
MC	Monitoring Committee
MS	Member State
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational programme
PAFWG	Performance Assessment Functional Working Group
PAX	Priority Axis
PF	Performance Framework
SME	Small and medium-sized enterprise
TEN-T	Trans-European Transport Networks
TNC	Transnational cooperation programmes
TO	Thematic Objective
ToR	Terms of Reference
YEI	Youth Employment Initiative

### *Fund combinations*

CF	Cohesion Fund
M0	Combination of: ERDF, ESF, YEI
M1	Combination of: ERDF, CF
M2	Combination of: ERDF, ESF
M3	Combination of: ERDF, CF, ESF
MA	Combination of: ERDF, CF, ESF, YEI
ERDF+IPA(e)	Combination of: ERDF, IPA
ERDF+ENI	Combination of: ERDF, ENI
ERDF+IPA(e)+ENI	Combination of: ERDF, IPA, ENI

## **ABSTRACT**

The performance framework (PF) and performance reserve have been included as compulsory elements in programmes in the 2014-2020 programming period of the European Structural and Investment (ESI) Funds in order to ensure that programmes are kept on track to achieve their objectives and that progress can be adequately measured. This report provides a synthesis covering the manner in which the provisions relating to the PF and the performance reserve are reflected in all Partnership Agreements (PA), operational programmes (OP) under the Investment for Growth and Jobs Goal (IGJ) financed by the European Regional Development Fund (ERDF) and the Cohesion Fund (CF), including multi-fund programmes co-financed by the European Social Fund (ESF), and the European Territorial Cooperation (ETC) programmes financed by the ERDF. The study is based on 60 interviews, desk research and additional information provided, a focus group with representatives from the European Commission and a web-survey. This final report analyses and assesses the processes for the establishment of the PF, how PFs have been designed (i.e. the indicators used for milestones and targets), the establishment of the performance reserve, and the strengths and weaknesses of the PF and performance reserve. The findings show that the PF is overall helpful in focussing programmes and contributing to a results-oriented approach. However, while there are clear benefits from the PF, there are also a number of caveats and challenges emerging from the analysis.

Key words: performance framework, performance reserve, ESIF, operational programmes, Investment for Growth and Jobs objective, European Territorial Cooperation



## EXTRAIT

Le cadre de performance et la réserve de performance ont été intégrés comme des éléments obligatoires dans les programmes de la période de programmation 2014-2020 du Fonds Structurel et d'Investissement Européen (ESI). Le but étant d'assurer que les programmes soient maintenus sur la bonne voie, qu'ils atteignent leurs objectifs et que les progrès puissent être correctement mesurés. Ce rapport fournit une synthèse incluant la façon dont les provisions réglementaires liées au cadre de performance et à la réserve de performance sont reflétées dans tous les accords de partenariat, programmes opérationnels de l'objectif d'investissement pour la croissance et l'emploi étant financés par le Fonds européen de développement économique et régional (FEDER), le Fonds de cohésion, incluant les programmes pluri-fonds comme le Fonds Social Européen (FSE) et le programme de coopération territoriale européenne (CTE) financés par le FEDER. L'étude se base sur 60 entretiens, une étude documentaire poussée et autres documents fournis, un groupe de discussion regroupant des représentants de la Commission Européenne et un sondage en ligne. Ce rapport final analyse et évalue les processus de mise en place des cadres de performance, la façon dont ils ont été élaborés (choix des indicateurs, échéances et cibles), l'établissement d'une réserve de performance ainsi que les forces et faiblesses du cadre de performance et de la réserve de performance. Les conclusions montrent que le cadre de performance est globalement utile pour centrer les programmes et contribuer à améliorer l'orientation vers les résultats. Cependant, alors qu'il y a de nets bénéfices associés au cadre de performance, un certain nombre de réserves et défis émergent de l'analyse.

Mots clés : cadre de performance, réserve de performance, Fonds ESI, programmes opérationnels, Investissement pour la croissance et l'emploi, coopération territoriale Européenne.



## EXECUTIVE SUMMARY

### Chapter 1. Introduction

The performance framework (PF) has been included as a new compulsory element in the 2014-2020 programming period of the European Structural and Investment (ESI) Funds. It is a key pillar of the increased result orientation of the new programming period, as it foresees the establishment of clear and measureable milestones and targets to ensure progress in implementation is as planned. All programmes are required to have a performance framework (except those exclusively dedicated to technical assistance and SME initiative programmes). The performance framework is intended to ensure that the programmes are kept on track to achieve the declared objectives and is focused on those aspects of implementation, which are under the control of the managing authorities. In view of this, it establishes intermediate milestones and final targets at the level of each priority axis to be reached by 2018 and 2023 respectively.

In addition, in the case of operational programmes under the Investment for growth and jobs goal, the performance framework is linked to a performance reserve. This is a portion of the allocation for each priority axis, which is set aside until the performance review in 2019. At that moment, depending on whether the milestone set for a given priority axis in the performance framework has been achieved or not, the performance reserve will be definitively awarded or will be transferred to another priority axis, which did achieve its milestones. The performance of programmes will be assessed as well against the targets set in the PF to be achieved by the end of 2023. This incentivises good performance and thus makes the performance framework and reserve important instruments for result orientation.

The overall purpose of this study is to develop an evidence-base on how the new regulatory provisions relating to the performance framework have been applied in the programming phase for the 2014-2020 period.

In line with this, this report provides a synthesis covering the manner in which the provisions relating to the PF (including the performance reserve) are reflected in all Partnership Agreements (PA), operational programmes (OP) under the Investment for growth and jobs goal (IGJ) financed by the European Regional Development Fund (ERDF) and the Cohesion Fund (CF), including multi-fund programmes including the European Social Fund (ESF), and the European Territorial Cooperation (ETC) programmes financed by the ERDF. Additionally, this report covers an assessment of how the PF has been designed during the programming phase and outlines conclusions on the strengths and weaknesses with regard to the implementation of the provisions relating to the performance framework (including the performance reserve) during the programming phase, based on a typology of factors behind successful and less successful implementation of these provisions during this process.

The study covers the Partnership Agreements of the 28 Member States and all the programmes involving ERDF or CF funding that have a performance framework. More specifically, out of the 291 programmes financed by the ERDF and the CF, including multi-fund programmes co-financed by the ESF, 282 programmes have a PF as required by Regulation (EU) No 1303/2013. Of these, 207 programmes are covered by the IGJ goal, whereas 75 programmes are covered by the ETC goal<sup>1</sup>. However, not all of the programmes had been approved by the European Commission at the time of analysis, which means that some of the data may have changed subsequently<sup>2</sup>.

Desk research was conducted reviewing all PAs, programmes, ex-ante evaluations, as well as the additional information provided by the programme development bodies regarding the methodology and criteria of the PF.

In addition, the study is based on 60 interviews with representatives from programmes on the national level covering all Member States. Discussions in the format of a focus group organised with representatives from the European Commission also fed into the analysis.

<sup>1</sup> One ETC programme, the INTERREG V-A Italy-Croatia programme, is not included in the database/this report, as it has not been submitted to the EC by summer 2015. The nine programmes (out of the set of 291 programmes) not having identified PF indicators are either technical assistance (TA) programmes or SME initiative programmes and are not required to identify a PF (see Regulation (EU) No 1303/2013, (23), 323).

<sup>2</sup> This report includes a set of 46 programmes (13 under the IGJ objective, 33 under the ETC objective), which had been submitted but not yet approved by the EC at the time of the analysis.

Furthermore, results were based on findings from a web-survey. The web-survey analysis involved 161 respondents covering 138 adopted and not yet adopted programmes of which 32 ETC programmes.

The study has been monitored by a steering group composed of members from different Commission services. The draft final report has been shared with Member States and takes account of comments made in this context.

The overall study findings show that the performance framework has been, to a large degree, helpful in focussing programmes and in facilitating a results-oriented approach. However, while there are clear benefits to the PF, there are also some caveats and challenges emerging from the analysis.

## **Chapter 2. Processes for the establishment of performance frameworks**

In terms of the PF elaboration, operational programme drafting teams had a strong role in the PF development process (64% according to the web-survey, followed by 15% for central coordination units and 13% for ex-ante evaluators).

Depending on the national set-up for ESIF management, central coordination bodies and intermediate bodies were also influential. There was generally a close interaction between national and programme levels, with the national level providing in many instances methodologies and technical support to the programme levels.

The development of the performance framework was largely based on programme-specific documents such as annual implementation reports from previous programming periods, previous programming documents and internal monitoring and evaluation reports. Past experience thus played a major role in developing the indicators used in the performance frameworks. It was the most important guide for the selection of indicators and defining milestones and targets for performance frameworks. In addition, various types of estimation and forecasting were used to ensure that the milestones and targets reflected the funding sources available as well as the implementation time scale. In most cases, discussion with experts or within relevant groups played a role in fine-tuning the figures. This underlines the efforts undertaken to establish the performance framework on a solid basis.

The development of the performance framework has generated considerable debate and exchanges. Dialogue and feedback were an important element when designing and revising the performance framework. The European Commission played an important role in the development of the performance framework. The web-survey shows that 83% of the programmes who responded have changed aspects of their performance framework after review by the Commission. Multi-fund programmes as well as programmes with complex priorities have notably more often changed their PFs based on EC dialogue, when compared to the EU average. Modifications are present for nearly all EU MS. Ex-ante evaluators also had a strong role in reviewing and modifying the performance frameworks, with 64% of the programmes responding to the web survey indicating changes to the performance framework after their review. Generally all forms of feedback have been used to revise all elements of the PF – notably the values for milestones and the targets as well as the selection of indicators. Interestingly, exchanges with other MAs and experiences in other Member States were reported as hardly playing a role.

Although there was some criticism, the guidance received from the EC in this context was appreciated. In particular, the guidance fiche on performance framework was perceived as the useful guidance document, followed by the Commission Implementing Regulation and finally the draft guidelines for programmes.

Developing the PF for complex priorities and specific delivery modes was not an easy process – both with respect to dealing with the complexity of the task and the resources needed to accomplish it. Identifying indicators which sufficiently reflect the scope of complex priorities combining investment priorities from different thematic objectives without increasing the total number of indicators was challenging. Additionally, the definition of milestones and targets was more challenging for complex priorities than in other cases, due to the higher frequency of uncertainties involved in these instances. For specific delivery modes, challenges while elaborating the performance frameworks in particular in relation to financial instruments were highlighted.

The necessity to set up arrangements at the national level for ensuring consistency in the functioning of the performance framework has been taken seriously, with various actions taken to ensure coordination. A majority of MS used coordination mechanisms to ensure consistency in the

functioning of the performance framework in line with Article 15 of Regulation (EU) No 1303/2013. Generally the study identified a large variety of approaches to establish consistency in the functioning of the performance framework, depending greatly on the national set-up of bodies and responsibilities. Various actions were taken at the MS level to ensure consistency across programmes and funds, which was partly confirmed by the methodologies available at programme level. Seminars, national guidelines, regulations and generally harmonised procedures (e.g. uniform definitions of indicators across a MS) were often applied in the EU MS: Nearly 70% of all MS applied harmonised procedures, 57% of MS had national guidelines, around 54% of MS held seminars and approximately one third of all EU MS had regulations to ensure consistency in the functioning of the performance framework. Differences in approaches are mainly not visible for programme types, but are across MS. A majority of MS and MAs found these mechanisms useful.

### **Chapter 3. Design of performance frameworks and underlying rationale**

Financial and output indicators are most frequently used in performance frameworks (in line with EC requirements). The analysis of indicators used in the performance framework shows that 88% were financial and output indicators. All MS and groups of IGJ programmes (fund combinations, thematic orientation, categories of region) use output and financial indicators in their performance frameworks. Generally, 45% of all PAX of IGJ programmes have identified one output indicator only for their PF, the remaining 55% of PAX identified 2 or more output indicators in their PF. Lower shares of output indicators usually correspond to a higher than EU average share of key implementation steps. Generally, the majority of PAX of IGJ and ETC programmes identified more than 2 PF indicators in their performance frameworks. Overall, more than 65% of all PAX have identified more than 2 indicators for their performance framework, whereas the remaining 35% have only 2 indicators.

Key implementation steps are used to a lesser extent. They are applied mainly in those cases where no measureable output is expected by the end of 2018. In total, 397 PAX (IGJ: 315 PAX; ETC: 82 PAX) out of the total of 1,565 PAX with a PF, have identified key implementation steps in their PF. This means that for 75% of all PAX of IGJ programmes no key implementation steps were identified. High numbers of key implementation steps are visible in Greece as well as in Bulgaria. Key implementation steps are not used in Austria, the Czech Republic, Denmark, Estonia, Finland and Luxembourg. The highest proportion of key implementation steps (19%) in performance frameworks can be found in PAX under thematic objective 7 (Promoting sustainable transport and removing bottlenecks in key network infrastructures). This reflects the mainly long-term nature of transport investments.

In line with the guidance given by the Commission, result indicators are only used for the ESF. This is in line with the Commission's assessment that "result indicators may not be appropriate for the performance framework because of the timing of when results can be achieved and – depending on the nature of the indicator- the need for evaluation to disentangle the effects of the policy from those of factors external to the programme"<sup>3</sup>. Result indicators are used in programmes of Bulgaria, France and Romania, but even in these MS these indicators were used to a very small extent.

Common output indicators and programme-specific output indicators are used equally across the EU. Approximately 50% of all output indicators are common ones. High numbers can be found in Austria, Denmark, Luxembourg and Sweden. The analysis of ETC programmes shows that nearly one quarter of the output indicators selected are common output indicators. This demonstrates the pertinence of common output indicators for monitoring progress towards the achievement of objectives.

Setting milestones and targets for the indicators was mostly a straight forward task, based on previous experience. Since the performance framework is a new regulatory requirement, "previous experience" here could refer to defining targets or monitoring outputs in the previous period. This is followed by estimations and forecasting, taking into account the number of years and financial resources and internal discussion within the team. Overarching policy/strategy documents and direction from political stakeholders was reported to play only a minor role, making the performance framework more of a technical tool for steering implementation.

The quality of indicator milestones and targets is assessed as overall high concerning the Annex II criteria of Regulation (EU) No 1303/2013. Overall, the preliminary assessment of indicators showed

<sup>3</sup> European Commission (2015) Guidance Fiche Performance Framework Review and Reserve in 2014-2020. 7 January 2015. p. 9

a good rating by the national experts in relation to the majority of the criteria. However, indicator consistency across programmes was identified as a very difficult topic, especially for programme-specific indicators. Output indicators of ETC programmes received a very good rating. Milestones and targets of financial indicators were reported to be less clear, though ranging at a similar level as the IGJ financial indicators.

The rhythm of delivery for common output and financial indicators appears realistic. The analysis underlines the differences in the nature of the interventions being monitored by those indicators, as for example the slow uptake of transport indicators was reported illustrating the implementation nature of transport projects during programme implementation. This can be also confirmed when analysing the level of delivery at the level of PAX, as e.g. ERDF/CF common indicator 11a "Total length of new railway line, of which: TEN-T" shows a low share of the target to be reached in 2018. On the contrary, common indicators 7 "Private investment matching public support to enterprises (non-grants)", 16 "Total length of new or improved inland waterway" and 21 "Population benefiting from forest fire protection measures" show the fastest uptake, i.e. a very high share of target to be reached already in 2018.

For the majority of financial indicators, a moderate share of target is planned to be reached in 2018. Financial indicators across all thematic objectives show mainly low to moderate shares of the target to be reached in 2018, as for all TOs the shares of category I (i.e. low share of the target to be reached in 2018, 0-20%) and II (i.e. moderate share of target to be reached in 2018, 20.1-30%) cover 70% to 80%.

Overall, the performance frameworks were elaborated and implemented as planned. The involved stakeholders (mainly administration) generally have a positive opinion on the PF and the selection of PF indicators, as the new element was perceived as certainly encouraging MS towards result orientation and clear and verifiable targets and could act as a valuable innovation to better define indicators and targets. On the other hand, some concerns were mentioned covering the danger of losing programmes' long term perspective and setting of too low targets. However, this could only be confirmed at this stage for a few cases in the data analysis and review of the appropriateness of milestones and targets according to Annex II criteria, as PF indicators are generally deemed appropriate meeting these criteria as included in Regulation 1303/2013.

### **Chapter 4. Establishment of performance reserve**

The majority of MS have not made full use of the flexibility to set a performance reserve at the extremes of 5 or 7% at the level of the priority axis. The decision to set the performance reserve mostly around 6% of the priority allocation suggests that resulting deviations were mostly due to the need of including the performance reserve corresponding to the amounts allocated in programmes or priority axes, which do not have the performance reserve (SME initiative and Technical Assistance).

The analysis shows that only Germany, Spain, Greece, Hungary Italy and Poland made use of the flexibility of using a performance reserve at the extremes of 5% and 7%; this flexibility was used in a total of 29 OPs and in total; while 19 PAX use a performance reserve of exactly 5%, 59 PAX identified a performance reserve of exactly 7% of the allocation. All other PAX levels were around 6% of total allocations. The situation of mono and multi-funded programmes is quite similar, the same applies for mono-region and multi-region programmes.

Thematically PAX with a performance reserve at the extremes of either 5% or 7% often refer to supporting the shift towards a low-carbon economy or to strengthening research, technological development and innovation, ICT or the competitiveness of SMEs. Furthermore 10% of PAX with a performance reserve of 7% refer to social inclusion and the combat of poverty and discrimination.

### **Chapter 5. Conclusions: Main Benefits and Challenges**

#### **Strengths: Expected benefits for a better result orientation & value added of the performance framework**

Performance frameworks are perceived as beneficial for a stronger result orientation and direction of programmes. The web-survey results demonstrate that only a minority of 10% of the respondents mentioned experiencing no benefit from the performance framework. All others identified certain positive aspects of the performance framework in the context of a better result orientation of programmes and Partnership Agreements. The set-up of the performance frameworks is largely expected to be beneficial for guiding the programmes during their

implementation and has been deemed useful for setting realistic targets and performance expectations.

The expected benefits identified are summarised in the following paragraphs:

- The performance framework is one out of three pillars of the result orientation of ESI Funds, focusing on measureable milestones and targets ensuring that programmes' progress is achieved as planned, and that the programme is kept on course in achieving its objectives. This has been mentioned by different interviewees and web-survey respondents as a benefit of the performance framework. **Better steering and guiding** of programme implementation through the means of the performance framework and the identified performance reserve is a relevant benefit of the regulation. The performance framework's characteristic as a control mechanism to anticipate and tackle problems as soon as they arise has also been referred to. Generally, a positive view of the concept of the performance framework was expressed by the interviewees as well as by the web-survey respondents. For example, 34% of the programmes mentioned better steering and guiding during the programme implementation phase as the main benefit of the performance framework.
- In addition, authorities perceive the inclusion of the performance framework as an added value in the programmes, as it helped to define realistic targets and expectations (30% of programmes mentioned this as the main benefit of the performance framework in the web-survey, in particular single-fund programmes and transnational cooperation programmes). Compliance with Annex II criteria of Regulation (EU) No 1303/2013 was also confirmed in the data analysis, as highlighted by the positive expert judgment. This is especially evident for common output indicators, although the task of aligning the indicator targets with Annex II criteria was deemed difficult by some of web-survey respondents and interviewees.
- 17% of web-survey respondents saw a main benefit of the performance framework in its role to help **focussing the programme** (thematically).
- Strengthened coordination and the possibility of building **synergies between ESI-Funds** are also perceived as added values of the performance framework. The programmes learned from their methods while establishing the frameworks, as for example highlighted for the Netherlands as interviewees perceived the PF as a valuable innovation to better define indicators and targets.
- **Dialogue and internal discussions and reflections** between various stakeholders at the national and European level have been fostered, demonstrating an active role of the programme drafting teams (underlining the same division of labour for the development of the performance frameworks as for drafting programmes and Partnership Agreements) and of the ex-ante evaluators (development of the methodology & identification of milestones and targets). Ex-ante evaluators and the Commission have made important contributions regarding the indicator system of the performance frameworks. The need to establish a performance framework has triggered reflections and discussions on the setting of objectives, monitoring of progress and on the implementation of an increased focus on results within Member States and with the Commission. This is demonstrated by the various activities undertaken within Member States to coordinate and ensure consistency in the functioning of the performance framework.
- The development of the performance framework depended to a large degree on **past experience** and, therefore, builds on material from former funding periods and monitoring data: 2007-13 monitoring data and experiences from responsible bodies were reviewed and analysed in the context of the changed conditions of funding. However this demonstrates a certain risk of creating an artificial path dependence in the funding policy, as programmes might fund those aspects which worked quite well in the past and based on past analysis and orientation of actions.
- The performance frameworks use in many cases **harmonised indicators**, demonstrated by the frequent use of common output indicators in the analysed performance frameworks: specifically Austria, Denmark and Luxembourg use mainly common output indicators in their PF. Furthermore in Bulgaria, Spain, Greece, Croatia, Ireland, the Netherlands, Sweden and the UK more than 60% of all PF output indicators are common.
- On the other hand, the advantage of **programme-specific performance frameworks** is their adjustment to the specific programme context and the reflection of individual characteristics of each region and programme.

Summarising, the value added of this new, mandatory element cover the following aspects:

- The tendency of programming towards result orientation has been strengthened.
- The setting of milestones and targets had to be made on a sounder basis and thus increased the quality of planning. It may also lead to a smoother implementation of the programmes (less programme revisions to be expected).
- For a number of MS the performance reserve is an incentive for a more effective and efficient use of the ESI funds.
- The role of common output indicators – as 50% of all PF output indicators are common output indicators – has been strengthened and therefore an overall comparability of performance across all programmes has increased.

### Weaknesses: Main challenges

Apart from the general findings covering the well-functioning process of elaborating the performance reserve, a set of challenges and weaknesses pertaining to the performance framework were also identified during the analysis, covering the following aspects:

- The elaboration of performance frameworks has been perceived as rather complex and was mainly handled by experts at a technical level. This may limit the **ownership** of the performance framework at the political level and thus the potential it can have for guiding the programme implementation.
- Tight **timeframe** and **modifications in guidelines**: Some interviewees mentioned the late delivery of guidelines from the EC which compromised the timeframe for elaborating the performance framework.
- There is risk that the MS have set indicator targets at a low level to ensure that they will be reached, which may result in rather **conservative targets**. As interviewees have highlighted, performance frameworks tend to favour programmes that define conservative targets which does not provide the opportunity to analyse the reasons, why targets have not been achieved, and learn from them. Thus, the focus is not put on the content covered by the indicator but simply on achieving the target value. However, this perception from the interviews was not confirmed by the preliminary analysis of indicator milestones and targets, which can mainly be regarded as being in line with Annex II criteria (for details see chapter 4.2.). It will only be possible to assess whether this risk has actually materialised once experience with the actual implementation is available.
- The **dilemma of result orientation** and 'indicator fixation' exists, in cases where indicators in the PF have been steering the programming rather than being a vehicle for the assessment of results. Some MAs deem the PF rather as control mechanism than a proper way to assess the results of programmes. In addition, difficulties associated with the **long-term evolution of results** which cannot be properly captured given the unpredictability of external influential factors were highlighted. However, it has to be borne in mind that the indicators in the performance framework were not designed to follow progress towards results, as results may be influenced by other factors beyond the MA's control, so here there appears to be a confusion between results and the purpose of the performance framework. This seems to be a more general issue of performance management systems since incentives need to be linked to indicators that are under the control of the responsible organisation. Especially in intervention areas with complex and rather qualitative effects – e.g. in the field of innovation, the identification of proper indicators and the consequent weakness of picturing the result in a quantifiable way, shows the limitation of the PF. Striking the right balance between shorter-term output-based indicators, milestones etc. on the one hand, and the drive for long-term results, supported by evaluation and policy learning, on the other remains a challenge.

### Particularities: Complex priorities and specific delivery modes

As regards specific challenges and particularities for complex priorities, the Guidance Fiche Performance Framework Review and Reserve in 2014-2020 (EC, 2013) and the Commission Implementing Regulation (EU) No 215/2014 laying down rules for implementing Regulation (EU) No 1303/2013 were perceived as most useful for the purpose of setting up the performance framework under complex priorities. In the web-survey, the question of the documents being clear raised some ambiguity: 60% of respondents perceived them as rather clear, while approximately 40% perceived them as rather unclear.

For the majority of MS no special issues relating to the performance framework under complex priorities was observed. It was frequently mentioned that, in these cases, there were more indicators per type to be defined (e.g. financial ones), but no major challenges were experienced while developing the performance framework of complex priorities. It is noteworthy, though, that



performance frameworks for complex priorities have been changed more often based on the dialogue with the Commission when compared to the EU average.

In other cases, some challenges were identified and are listed below:

- Difficult definition of milestones and targets for multi-region priorities, e.g. due to low funding sources
- Conflicting requirements between the financial allocation of the different categories of regions and the need to respect the 50% rule at the level of each category, making the aspect of complexity the most challenging one in the eyes of one Romanian interviewee.
- Challenging selection of indicators for multi-thematic priorities, reflecting the majority of thematic aspects of the PAX
- There were no specific challenges mentioned for multi-fund priorities, since the indicators were defined for each specific fund separately because they covered different interventions and therefore no challenges occurred.

Challenges when setting up performance frameworks involving specific delivery modes were partially linked to the difficulty of identifying relevant indicators while keeping the overall number of indicators to a minimum, keeping the ones established by the programmes' legal basis.

## SYNTHÈSE

### Chapitre 1: Introduction

Le cadre de performance a été intégré comme un nouvel élément obligatoire de la période de programmation 2014-2020 du Fonds Structurel et d'Investissement Européen (ESI). Ce cadre est un pilier essentiel d'une meilleure orientation vers les résultats de la nouvelle période de programmation puisque il prévoit l'établissement de jalons clairs et mesurables afin de s'assurer de la progression de la mise en œuvre comme initialement prévue. Tous les programmes sont tenus d'avoir un cadre de performance (hormis ceux concernant exclusivement l'aide technique ou dans le cadre de l'initiative communautaire PME). Le cadre de performance vise à faire en sorte que les programmes soient maintenus sur la bonne voie afin d'accomplir les objectifs déclarés et soient centrés sur les aspects de la mise en place étant sous le contrôle des autorités de gestion. En ce sens, le cadre de performance établit, au niveau de chaque axe de priorité, des échéances intermédiaires et des objectifs finaux qui doivent être atteints, respectivement, d'ici 2018 et 2023.

De plus, lorsqu'il s'agit de programmes opérationnels découlant de l'objectif d'Investissement pour la Croissance et l'Emploi (ICE), le cadre de performance est lié à une réserve de performance. Il s'agit d'une part de l'allocation octroyée à chaque axe de priorité qui est mise de côté jusqu'à l'évaluation des performances prévue en 2019. Dès lors, selon que l'échéance fixée pour un certain axe de priorité du cadre de performance est atteinte ou pas, la réserve de performance sera définitivement accordée ou sera transférée à un autre axe de priorité qui aurait atteint son jalon. La performance des programmes sera aussi évaluée aux vues des cibles du cadre de performance devant être atteintes d'ici à la fin de 2023. En favorisant une bonne performance, le cadre de performance et la réserve de performance représentent donc des instruments importants pour parvenir à une orientation vers les résultats.

L'objectif général de cette étude est de fournir une assise de données probantes sur la manière dont la nouvelle disposition réglementaire régissant le cadre de performance a été mise en œuvre dans la phase de programmation de la période 2014-2020.

Ainsi, ce rapport fournit une synthèse traitant de la façon dont les provisions liées au cadre de performance (y compris la réserve de performance) sont reflétées dans tous les accords de partenariat, programmes opérationnels de l'objectif d'investissement pour la croissance et l'emploi étant financés par le Fonds européen de développement économique et régional (FEDER), le Fonds de cohésion, incluant les programmes pluri-fonds comme le Fonds Social Européen (FSE) et le programme de coopération territoriale européenne (CTE) financés par le FEDER. En outre, ce rapport couvre l'évaluation de manière semblable à la conception du cadre de performance pendant la phase de la réalisation. De façon similaire, il présente les conclusions sur les forces et faiblesses de la mise en œuvre des provisions réglementaires du cadre de performance (y compris de la réserve de performance) pendant la phase de programmation en se basant sur une typologie des facteurs qui explique le bon, ou moins bon, déroulement de la mise en place de ces provisions.

Cette étude prend en compte les accords de partenariats des 28 états membres et tous les programmes associés au FEDER ou au financement du Fonds de cohésion ayant un cadre de performance. Plus spécifiquement, sur 291 programmes financés par le FEDER et le fonds de cohésion incluant les programmes pluri-fonds cofinancés par le FSE, 282 programmes ont un cadre de performance conformément au Règlement No 1303/2013. De ceci, 207 programmes découlent de l'objectif ICE alors que 75 programmes sont couverts par l'objectif du CTE. Cependant, tous les programmes n'avaient pas été approuvés par la Commission européenne.

La recherche documentaire a passé en revue tous les accords de partenariats, programmes, évaluations ex-ante aussi bien que les informations supplémentaires fournies par les autorités de gestion des programmes sur les méthodes appliquées et les critères du cadre de performance.

En outre, l'étude repose sur 60 entretiens conduits avec des représentants des programmes, au niveau national, et couvrant tous les états membres. Des échanges et débats menés sous la forme de groupes de discussion avec des représentants de la Commission européenne ont aussi été inclus dans l'analyse.

Qui plus est, les résultats de l'étude se basaient aussi sur les conclusions d'un sondage en ligne. 161 participants, couvrant 138 programmes adoptés ou non et parmi lesquels figuraient 32 programmes CTE, ont répondu au sondage.

L'étude a été supervisée par un comité directeur composé de membres provenant de différents services de la Commission. Le projet de rapport final a été partagé avec les états membres et prend en compte les commentaires fournis à cette fin.

Les conclusions générales de l'étude montre que le cadre de performance a en grande partie été utile pour recentrer les programmes et favoriser une orientation vers les résultats. Il s'avère alors que des bénéfices nets liés au cadre de performance ont été identifiés.

## **Chapitre 2 : Mécanismes nécessaires à la mise en place des cadres de performance**

En ce qui concerne l'élaboration des cadres de performance, l'équipe de rédaction des programmes opérationnels a joué un rôle important dans le processus de développement des cadres de performance (64%, selon le sondage, puis 15% des unités centrales de coordination et 13% des évaluateurs ex-ante).

En fonction de la gestion nationale du Fonds ESI, les organismes de coordination centrale et les organismes intermédiaires ont aussi joué un rôle marquant. En général, l'étude a constaté une interaction étroite entre les autorités au niveau national et celles au niveau du programme. En effet, les autorités au niveau national ont fourni, à maintes reprises, un support méthodologique et technique.

Le développement du cadre de performance s'est largement basé sur des documents relatifs aux programmes comme les rapports annuels de mise en œuvre des périodes de programmation antérieures et autres rapports de suivi et d'évaluation. L'expérience acquise a donc joué un rôle majeur dans le développement des indicateurs utilisés dans les cadres de performance. Cette expérience représente la ligne directrice qui a permis la sélection d'indicateurs, la définition d'échéances et d'objectifs du cadre de performance. Par ailleurs, différents types d'estimations et prévisions ont été utilisés pour permettre que les échéances et objectifs s'accordent avec les sources de financement et les délais de réalisation. Dans la plupart des cas, les échanges entre les experts ou au sein de groupes de discussion ont joué un rôle dans l'ajustement des données.

Le développement du cadre de performance a engendré de nombreux débats et échanges. Le dialogue et retour d'information se sont révélés être des éléments essentiels pour la conception et les révisions du programme de performance. La Commission Européenne a joué un rôle important dans le développement du cadre de performance. Le sondage montre que 83% des programmes ayant répondu ont changé des éléments de leur cadre de performance en intégrant les révisions de la Commission. Suite à un dialogue avec la Commission, les programmes pluri-fonds, tout comme pour les programmes où les priorités couvrent plus d'un fonds (priorités complexes), ont notamment changés plus souvent leur cadre de performance que la moyenne européenne. Des modifications ont été réalisées dans la plupart des états membres. Les évaluateurs ex-ante ont aussi joué un rôle primordial en examinant et modifiant les cadres de performance. En effet, 64% des programmes ayant répondu au sondage indiquent avoir effectué des changements dans leur cadre de performance après la révision des évaluateurs. De façon générale, toutes les formes de retour d'information ont été mises au profit des révisions apportées aux cadres de performance, notamment en ce qui concerne les échéances, objectifs et la sélection des indicateurs. Fait intéressant, les échanges avec d'autres autorités de gestion et les expériences d'autres états membres n'ont apparemment pratiquement pas joué de rôle.

Bien qu'il y ait eu des critiques, l'encadrement et les indications fournies par la Commission ont été appréciés. En particulier, le document d'orientation sur les cadres de performance a été considéré comme utile, suivi du règlement d'application de la Commission et enfin, le projet de lignes directrices des programmes.

Développer un cadre de performance pour les priorités complexes et pour des modes de prestations spécifiques n'a pas été un processus facile compte tenu de la complexité de l'exercice et des ressources nécessaires à cette fin. L'identification d'indicateurs reflétant suffisamment la portée des priorités complexes qui regroupent des priorités d'investissement de différents objectifs thématiques sans augmenter le nombre total d'indicateurs a représenté un véritable défi. De plus, la définition des échéances et objectifs plus exigeante pour les priorités complexes que dans les autres cas, en raison de niveau d'incertitude plus élevées inhérent à ce type de priorité. Pour les modes spécifiques de prestations, les défis principaux identifiés faisaient référence à l'élaboration du cadre de performance, particulièrement pour les instruments financiers.

La nécessité de mettre en place des dispositions au niveau national dans le but d'assurer la cohérence du fonctionnement du cadre de performance a été sérieusement pris en considération, notamment par des actions visant à garantir une coordination. Une majorité des états membres

ont utilisé les mécanismes de coordination dans le but d'assurer une cohérence du fonctionnement du cadre de performance conformément à l'article 15 de la Régulation (UE) No 1303/2013. En général, l'étude identifie un grand éventail d'approche cherchant à établir une cohérence dans le fonctionnement des cadres de performance, variant selon la constitution des instances au niveau national et des responsabilités. Différentes actions ont été entreprises au niveau des états membres afin d'assurer la cohérence des programmes et fonds, ce qui a été confirmé partiellement par la disponibilité de méthodes au niveau des programmes. Des séminaires, directives nationales, régulations et des procédures harmonisées (par exemple, une définition commune des indicateurs à travers tous les états membres) ont été souvent mis en œuvre. En effet, 57% des états membres avaient des directives nationales, près de 54% des états membres ont organisé des séminaires et environ un tiers ont adopté des régulations pour assurer la cohérence du fonctionnement des cadres de performance. Les différentes approches ne sont pas notables par type de programme mais sont visibles à travers les états membres. Une majorité des états membres et autorités de gestion ont trouvé ces mécanismes utiles.

### **Chapitre 3 : Conception des cadres de performance et logique sous-jacente**

Les indicateurs financiers et réalisation sont les plus fréquemment utilisés (conformément aux exigences de la Commission). L'analyse des indicateurs utilisés dans les cadres de performance montre que 88% étaient des indicateurs financiers et de réalisation. Tous les états membres et groupes de programmes ICE (combinaison de fonds, orientation thématique, catégories de régions) utilisent des indicateurs financiers et de réalisation dans leur cadre de performance. De façon générale, 45% de tous les axes prioritaires ont identifié un indicateur de réalisation seulement pour le cadre de performance. Quant au reste, 55% des axes prioritaires ont identifié au moins deux indicateurs de réalisation dans le cadre de performance. Une moindre part d'indicateurs de réalisation généralement correspond à un plus grand nombre d'étapes de mise en œuvre (en comparaison avec la moyenne européenne). La majorité des axes prioritaires du programme de l'objectif ICE et du programme CTE ont identifié plus de deux indicateurs. Globalement, plus de 65% de tous les axes prioritaires ont identifié plus de deux indicateurs dans leur cadre de performance, alors que le reste, 35%, en ont seulement deux.

Les étapes clés sont utilisées dans une moindre mesure. Elles sont mises en place principalement dans les cas où aucun résultat n'est attendu d'ici fin 2018. Au total, 397 axes prioritaires (ICE : 315 axes prioritaires ; CTE : 82 axes prioritaires) sur un total de 1565 axes prioritaires ayant un cadre de performance ont identifié des étapes clés de mise en œuvre dans leur cadre de performance. Cela signifie que 75% de tous les axes prioritaires des programmes de l'objectif ICE n'ont pas identifié d'étapes clés. Un grand nombre d'étapes clés sont visibles en Grèce tout comme en Bulgarie. Les étapes clés de mise en œuvre n'ont pas été utilisées en Autriche, République Tchèque, Danemark, Estonie, Finlande et Luxembourg. La plus haute proportion d'étapes clés (19%) se trouve dans les axes prioritaires de l'objectif thématique 7 (promouvoir le transport durable et améliorer les infrastructures de réseaux). Cela met en avant la nature principalement orientée vers le long terme des investissements dans le secteur des transports.

En accord avec la ligne directrice donnée par la Commission, les indicateurs de résultats sont seulement utilisés pour le fonds ESI. Conformément à l'évaluation de la Commission, « les indicateurs de résultats pourraient ne pas être appropriés pour le cadre de performance à cause du timing lié à l'accomplissement des résultats et – selon la nature des indicateurs – du besoin d'effectuer des évaluations pour distinguer les effets de la politique de ceux liés à des facteurs externes aux programmes. Les indicateurs de résultats sont utilisés dans des programmes en Bulgarie, France et Roumanie, mais même dans ces états membres, ces indicateurs ont été utilisés dans une moindre mesure.

Les indicateurs communs de réalisations et les indicateurs spécifiques aux programmes sont utilisés de façon uniforme à travers l'Union Européenne. Environ 50% des indicateurs de réalisations sont communs. Un nombre important de ces indicateurs peut être trouvé en Autriche, Danemark, Luxembourg et Suède. L'analyse des programmes CTE montre que presque un quart des indicateurs de réalisations sélectionnés sont des indicateurs communs de réalisations. Cela démontre la pertinence des indicateurs communs de réalisations par rapport à l'accomplissement des objectifs.

Déterminer des échéances et des objectifs pour les indicateurs a été une tâche assez simple puisque reposant sur l'expérience antérieure. Puisque le cadre de performance est une nouvelle exigence réglementaire, l'expérience précédente peut donc référer à la définition d'objectifs ou à l'évaluation des réalisations de la période précédente. S'en suivent estimations et prévisions prenant en compte le nombre d'années, ressources financières et discussions internes avec l'équipe. Les documents de la politique/stratégie principale et orientation provenant des acteurs

politiques ont été jugés comme jouant un rôle mineur, ainsi faisant du cadre de performance un instrument plutôt destiné à piloter l'implantation opérationnelle.

La qualité des indicateurs, échéances et objectifs est évaluée comme assez haute en ce qui concerne l'Annexe II Critère de Régulation (UE) No 1303/2013. Globalement, l'évaluation préliminaire des indicateurs a montré une bonne notation de la part des experts nationaux pour la majorité des critères. Cependant, la cohérence des indicateurs à travers les programmes a été considérée comme sujet très difficile, particulièrement concernant les indicateurs spécifiques aux programmes. Les indicateurs des programmes CTE ont reçu une très bonne notation. Les échéances et objectifs des indicateurs financiers ont été jugés comme moins clairs, bien qu'ils se classent à un niveau similaire aux indicateurs financiers de l'objectif ICE.

L'échéancier des indicateurs communs de réalisations et financiers semble réaliste. L'analyse souligne la différence de la nature des interventions contrôlées par ces indicateurs. Par exemple, l'utilisation réduite des indicateurs de transports a été rapportée comme étant l'illustration du caractère particulier des projets de transports pendant la mise en œuvre du programme. Cela peut aussi être confirmé par l'analyse du niveau de livraison par axe prioritaire. Par exemple, l'indicateur commun 11a « longueur totale des nouvelles lignes ferroviaires » du FEDER/Fonds de Cohésion montre qu'une part limitée de la cible sera atteinte en 2018. Au contraire, l'indicateur commun 7 « Investissement privé conjoint du support public offert aux entreprises (hors subventions) », 16 « Longueur totale de la voie navigable renouvelée ou améliorée » et 21 « populations bénéficiant d'actions de protection contre les incendies de forêt présentent la plus rapide réalisation (c'est à dire, une part très élevée de la cible sera déjà atteinte en 2018.

En ce qui concerne la majorité des indicateurs financiers, une part modérée de la cible devrait être atteinte. Les indicateurs financiers de tous les objectifs thématiques montrent principalement des proportions faibles à modérées des cibles devant être atteintes. En effet, pour tous les objectifs thématiques, la part de la catégorie I (c'est à dire une part faible de la cible devant être atteinte en 2018 : 0-20%) et II (c'est à dire une part modérée de la cible devant être atteinte en 2018 : 20.1-30%) couvre de 70% à 80%.

De façon générale, les cadres de performance ont été élaborés et mis en place comme prévu. Les acteurs clés impliqués (principalement l'administration) ont une opinion globalement positive du cadre de performance et de la sélection des indicateurs. Ce nouvel élément a été perçu comme un encouragement des états membres vers une orientation des résultats et comme une innovation utile permettant de mieux définir les indicateurs et cibles. D'un autre côté, certaines préoccupations ont été soulevées concernant le danger de perdre la perspective au long terme des programmes et celui de fixer des cibles trop basses. Cependant, ces craintes ne peuvent être confirmées à ce stade que pour certains cas lors de l'analyse des données et de la revue de la pertinence des indicateurs et cibles conformément à l'Annexe II.

#### **Chapitre 4 : Mise en place de la réserve de performance**

La majorité des états membres n'ont pas totalement utilisé la marge de manœuvre mise à leur disposition pour mettre en place une réserve de performance aux extrêmes de 5 ou 7% au niveau de l'axe prioritaire. La décision de mettre en place une réserve de performance d'environ 6% de l'allocation prioritaire suggère que les écarts étaient principalement liés à la nécessité d'inclure la réserve de performance correspondant aux sommes allouées aux programmes ou axes prioritaires n'ayant pas de réserve de performance (Initiative PME et assistance technique).

L'analyse montre que seulement L'Allemagne, l'Espagne, La Grèce, la Hongrie, L'Italie et La Pologne ont utilisé la possibilité d'utiliser une réserve de performance aux extrêmes de 5% et 7%. Cette option a été utilisée dans 29 programmes opérationnels. Au total, alors que 19 axes prioritaires ont utilisé une réserve de performance d'exactement 5%, 59 axes prioritaires ont mis en place une réserve de performance représentant exactement 7% de l'allocation. Tous les autres niveaux des axes prioritaires atteignaient environ 6% des allocations totales. La situation des programmes financés par un ou plusieurs est relativement similaire, tout comme pour les programmes couvrant une ou plusieurs régions.

Par thématique, les axes prioritaires ayant une réserve de performance à des extrêmes de 5% ou de 7% généralement concourent à supporter une transition vers une économie durable sobre en carbone ou à renforcer la recherche, l'innovation et les avancées technologiques, les TIC ou encore la compétitivité des PME. De plus, 10% des axes prioritaires ayant une réserve de performance de 7% contribuent à supporter l'inclusion sociale, à combattre la pauvreté et la discrimination.

## Chapitre 5 : Conclusions : principaux bénéfices et défis

Forces : avantages attendus pour une meilleure orientation vers les résultats et valeur ajoutée du cadre de performance

Les cadres de performance sont perçus comme favorisant une meilleure orientation vers les résultats et guidance des programmes. Le sondage en ligne montre que seulement une minorité de 10% de tous les répondants n'indique aucun bénéfice. Tous les autres ont identifié certains aspects positifs des cadres de performance contribuant à une meilleure orientation vers les résultats et envers les accords de partenariats. La mise en place du cadre de performance devrait être en grande partie avantageux afin de guider les programmes pendant leur implantation et ont été jugés utiles pour fixer des cibles réalistes et répondre aux attentes en matière de performance.

Les bénéfices attendus identifiés sont résumés dans les paragraphes suivants :

- Le cadre de performance est l'un des trois piliers de l'orientation au résultat du Fonds ESI qui se base sur des échéances et cibles mesurables. Ainsi, le cadre fait en sorte que les progrès des programmes soient atteints comme prévu et que le programme soit maintenu sur la bonne voie jusqu'à l'accomplissement de ses objectifs. Cela a été mentionné par différentes personnes interviewées et par des répondants du sondage comme un bénéfice du cadre de performance. Une meilleure orientation et guidance de l'implantation des programmes via le cadre de performance et la réserve de performance est un résultat probant de la régulation. Les caractéristiques du cadre de performance comme mécanisme de contrôle permettant d'anticiper et de résoudre les problèmes dès leur apparition a aussi été relevé. Globalement, une opinion positive du concept du cadre de performance a été exprimée par les personnes interviewées tout comme par les répondants du sondage. Par exemple, 34% des programmes ont mentionné qu'une meilleure orientation et guidance pendant la phase d'implantation du programme est un avantage majeur du cadre de performance.
- De plus, les autorités perçoivent l'ajout du cadre de performance comme une valeur ajoutée au programme puisque il contribue à définir des cibles et des attentes réalistes (30% des programmes le mentionne, dans le sondage, comme un avantage principal, en particulier pour les programmes financés par un fonds et les programmes de coopération transnationaux). Le respect de l'Annexe II, critères de régulation (UE) No 1303/2013 a aussi été confirmé dans l'analyse des données, comme souligné par l'opinion positive des experts. Cela est particulièrement visible pour les indicateurs des réalisations communs, bien que le travail d'alignement des indicateurs avec L'Annexe II des critères ait été jugé difficile par certains répondants du sondage et personnes interviewées.
- 17% des répondants du sondage ont constaté les bénéfices du cadre de performance en tant que support au recentrage du programme (par thématique).
- Une coordination renforcée et la possibilité de développer des synergies entre les fonds ESI sont aussi considérées comme des valeurs ajoutées au cadre de performance. Les programmes ont profité de leurs méthodes pendant la mise en place des cadres comme, par exemple, pour les Pays-Bas les personnes interviewées ont perçu le cadre de performance comme une innovation utile pour mieux définir les indicateurs et les cibles.
- Les dialogues, discussions internes et réflexions entre les divers acteurs clés au niveau national et européen ont été validés. Cela ainsi démontre un rôle actif des équipes de rédaction des programmes (mettant en avant la même division du travail pour le développement des cadres de performance que pour la rédaction des programmes et des accords de partenariats) et des évaluateurs ex-ante (développement des méthodes et identifications des échéances et cibles). Les évaluateurs ex-ante et la Commission ont contribué de façon importante à développer le système d'indicateurs des cadres de performance. La nécessité d'établir un cadre de performance a généré des réflexions et discussions sur la manière de fixer des objectifs, vérifier les progrès et sur une meilleure orientation des résultats dans les états membres et avec la Commission. Cela est notable pour les différentes actions entreprises dans les états membres afin de coordonner et d'assurer la cohérence du fonctionnement du cadre de performance.
- • Le développement du cadre de performance dépend largement des expériences antérieures et donc, se construit sur des éléments provenant de périodes de financement précédentes et autres données de surveillance (2007-2013 : les données de suivi et d'expériences émanant d'autorités responsables ont été analysées en prenant en compte

les changements de procédure de financement. Cependant, cela révèle un risque potentiel de créer une forte dépendance à la politique de financement établie puisque les programmes pourraient s'en tenir à financer les aspects qui fonctionnaient bien dans le passé et se contenter des expériences passées.

- Les cadres de performance utilisent, dans beaucoup de cas, des indicateurs harmonisés comme le démontre l'utilisation fréquente des indicateurs de réalisations communs dans les cadres de performance analysés : en particulier, L'Autriche, le Danemark et le Luxembourg utilisent principalement des indicateurs de réalisation communs dans leur cadre de performance. En outre, en Bulgarie, Espagne, Grèce, Croatie, Irlande, Pays-Bas, Suède et Royaume-Uni, plus de 60% de tous les indicateurs de réalisation des cadres de performance sont communs.
- D'un autre côté, l'avantage des cadres de performance des programmes spécifiques est leur capacité à s'ajuster au contexte particulier du programme et aux caractéristiques de chaque région et de chaque programme.

En résumé, la valeur ajoutée de ce nouvel élément obligatoire couvre les aspects suivants :

- La disposition des programmes envers une orientation des résultats a été renforcée
- L'établissement des échéances et cibles a dû se baser solidement grâce au cadre et ainsi augmenter la qualité de la planification. Cela peut aussi aboutir à une implémentation plus souple des programmes (moins de révisions)
- Pour de nombreux états membres, le cadre de performance est une incitation à mettre en place une utilisation plus efficace des fonds ESI.
- Le rôle des indicateurs de réalisations communs (50% de tous les indicateurs de réalisations sont communs) a été renforcé et donc une comparabilité générale la performance a été accrue.

### **Faiblesses : principaux défis**

Mise à part les constatations générales couvrant le bon fonctionnement du processus d'élaboration de la réserve de performance, un ensemble de défis et faiblesses induits par le cadre de performance a aussi été identifié pendant l'analyse :

- L'élaboration des cadres de performance a été perçue comme assez compliquée et de ce fait, a été principalement gérée par des experts au niveau technique. Cela peut limiter l'approbation du cadre de performance au niveau politique et donc réduire son potentiel à guider l'implantation des programmes.
- Délais serrés et modifications des lignes directrices : quelques personnes interviewées ont mentionné la transmission tardive des lignes directrices de la part de la Commission, ce qui a compromis le calendrier d'élaboration du cadre de performance.
- Il y a un risque que les états membres aient des indicateurs cibles à un niveau bas pour s'assurer qu'ils soient atteints. De ce fait, des cibles assez prudentes et conservatrices peuvent être fixées. Comme des personnes interviewées l'ont mentionné, les cadres de performance favorisent généralement les programmes définissant des cibles conservatrices. Ceci ne fournit donc pas l'opportunité d'analyser les raisons pour lesquelles une cible n'aurait pas été atteinte et quelles sont les leçons à en tirer. Par conséquent, l'accent n'est pas porté sur le contenu couvert par l'indicateur mais seulement sur la réalisation de la cible. Cependant, cette perception provenant des entrevues n'a pas été confirmée par l'analyse préliminaire des indicateurs, échéances et cibles qui sont apparemment conformes à l'Annexe II (C.f. Chapitre 4.2). Il sera seulement possible d'évaluer si ce risque s'est en fait concrétisé lorsque l'expérience tirée de la présente période d'implantation sera disponible.
- Le dilemme de l'orientation vers les résultats et de l'établissement fixe des indicateurs existe dans les cas où les indicateurs du cadre de performance ont dirigé la programmation plutôt que de n'être qu'un mécanisme pour l'évaluation des résultats. Certaines autorités de gestion jugent le cadre de performance plutôt comme un mécanisme de contrôle qu'un moyen concret d'évaluer les résultats des programmes. De plus, des

difficultés associées à l'évolution au long terme des résultats qui ne peuvent pas être correctement capturés au vu de l'imprévisibilité de facteurs externes a été mis en avant. Cependant, il est important de garder à l'esprit que les indicateurs du cadre de performance n'ont pas été élaborés pour suivre les progrès aboutissant aux résultats. En effet, puisque les résultats peuvent être influencés par d'autres facteurs passant outre le contrôle des autorités de gestion, une confusion peut s'établir entre les résultats et l'objectif du cadre de financement. Cela semble être un problème plus général du système de gestion de la performance puisque les incitations ont besoin d'être liées aux indicateurs étant sous le contrôle des autorités responsables. En particulier, pour les zones d'intervention ayant des effets complexes et plutôt qualitatifs. Il s'agit par exemple, du domaine de l'innovation où l'identification d'indicateurs et les faiblesses associées à l'appréciation des résultats en terme quantitatif montrent les limites du cadre de performance. Trouver l'équilibre entre les indicateurs de réalisation basés sur du court terme et le besoin d'une vision au long terme des résultats supportée par des évaluations, est un autre défi important.

### **Particularités : priorités complexes et modes de prestation spécifiques**

En ce qui concerne les défis spécifiques et particularités des priorités complexes, la fiche de guidance du cadre de performance et réserve de performance en 2014-2020 (CE, 2013) et la régulation d'implantation (UE) No 215/2014 établissant les règles d'implantation de la régulation (UE) No 1303/2013 ont été perçues comme les plus utiles dans le but d'établir le cadre de performance des priorités complexes. A travers le sondage, les questions du document étant apparemment claires ont aussi soulevé des ambiguïtés : 60% des répondants ont perçu ces questions comme claires alors que 40% les ont perçues comme plutôt floues.

Pour la majorité des états membres, aucun problème spécial connecté au cadre de performance des priorités complexes n'a été observé. Il a été fréquemment mentionné que, dans ces cas, il y avait plus d'indicateurs définis (par exemple, indicateurs financiers) mais qu'aucun défi majeur n'a été identifié. Il est notable, cependant, que les cadres de performance ayant des priorités complexes ont été changé plus souvent suivant les échanges avec la Commission (en comparaison avec la moyenne européenne).

Dans d'autres cas, certains défis ont été identifiés et sont listés ci-dessous :

- Difficiles définitions des échéances et cibles pour les priorités liées à plusieurs régions (à cause de sources de financement restreintes).
- Exigences antagonistes entre l'allocation financière des différentes catégories de régions et la nécessité de respecter la règle des 50% au niveau de chaque catégorie, rendant ainsi cet aspect très délicat comme l'exprime un interviewé roumain.
- Exigeante sélection des indicateurs pour les priorités couvrant plusieurs thématiques
- Il n'y avait pas de défis spécifiques mentionnés pour les priorités pluri-fonds puisque les indicateurs étaient définis pour chaque fonds individuellement.

Les défis associés à la mise en place des cadres de performance impliquant des modes de prestation spécifiques étaient partiellement reliés à la difficulté d'identifier les indicateurs appropriés tout en gardant le nombre d'indicateurs au minimum et gardant ceux établis par la base légale du programme.



## 1. INTRODUCTION

The objective of the study is to provide evidence on the development of the performance framework (PF) established during the programming phase of the European Structural and Investment (ESI) Funds, assessing the use of the provisions related to the performance framework in the programming for the ERDF, CF and the ESF (where combined with the ERDF/CF). Additionally, the study will provide an analytical basis for further reflections on the future of the policy.

### 1.1. Study tasks and content

The study covers the following five tasks, as presented in the Terms of Reference (ToR):

- Task 1: Prepare a methodological report
- Task 2: Provide a synthesis of how the provisions relating to performance framework (including the performance reserve) are reflected in all Partnership Agreements, operational programmes financed by the ERDF and the CF, including multi-fund programmes, and ETC programmes financed by the ERDF.
- Task 3: Provide an assessment of how performance frameworks have been designed during the programming phase.
- Task 4: Provide conclusions
- Task 5: Attend meetings with Commission staff

This Draft Final Report is aimed at providing a synthesis covering the manner in which the provisions relating to the performance framework (including the performance reserve) are reflected in all Partnership Agreements (PA), operational programmes (OP) under the Investment for Growth and Jobs objective (IGJ) financed by the European Regional Development Fund (ERDF) and the Cohesion Fund (CF), including multi-fund programmes including the European Social Fund (ESF), and the European Territorial Cooperation (ETC) programmes financed by the ERDF. Moreover an assessment of how the performance framework has been designed during the programming phase and resulting conclusions on strengths and weaknesses are provided. The Draft Final Report is based on a web-survey with managing authorities (MA), interviews with programme representatives and an electronic database in MS Excel format that enables subsequent statistical analysis of the data gathered throughout the study. The report presents the following aspects and findings in relation to the performance framework:

- Presentation and assessment of processes and how the performance frameworks were elaborated and designed during the programming phase (see chapter 2);
- Presentation of the design of performance frameworks, i.e. indicator set up, and a review of the appropriateness of milestones of targets (see chapter 3);
- Presentation of the establishment of the performance reserve (see chapter 4);
- Presentation of the conclusions on the strengths and weaknesses of the performance framework with regard to the application of the provisions applied during the programming phase, as well as the first conclusions on the added value of this new element in the regulatory framework (see chapter 5).
- The annexes provide detailed information on the methodology and the findings deriving from the document analysis and survey.

The study covers all ERDF and CF programmes, including multi-fund programmes with the ESF, component, that have a performance framework. The nine programmes (out of the set of 291 programmes) not having identified PF indicators are either technical assistance (TA) programmes or a SME initiative and are not required to identify a PF (see Regulation (EU) No 1303/2013, (23), 323). One ETC programme, the INTERREG V-A Italy-Croatia programme, is not covered, as it has not been submitted to the EC by summer 2015.

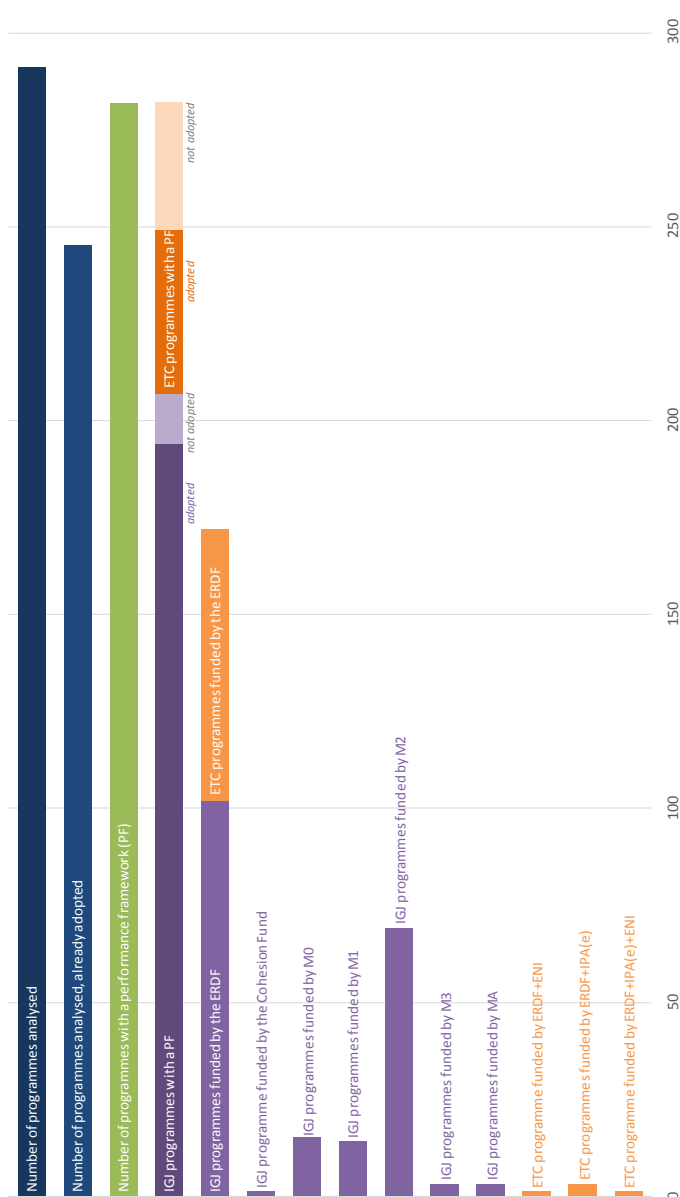
The programmes covered were reviewed by the core team and the study's team of national experts (covering the EU-28). However, not all of the analysed programmes had been approved by the European Commission (EC) at the time of analysis, which means that some of the data may have changed subsequently. In total, all of the programmes analysed in the study cover both approved and non-approved programmes. Within this report:

- The analysis of the PF covers 291 programmes financed by the ERDF and the CF, including multi-fund programmes, in total. Of these, 282 programmes have defined PF indicators as required by Regulation (EU) No 1303/2013.
- 207 programmes are under the IGJ objective, and

- 75 programmes are under the ETC objective.
- From the 207 IGJ programmes that have defined PF indicators, the majority are regional programmes (67%), while 20% are national programmes and 13% are multiregional programmes<sup>4</sup>.
- From the 75 ETC programmes, the majority of 75% are INTERREG V-A programmes, i.e. cross-border cooperation programmes, 20% are INTERREG V-B programmes, i.e. transnational ones, and 5% are INTERREG V-C programmes, i.e. interregional programmes.
- This report includes a set of 46 programmes (13 under the IGJ objective, 33 under the ETC objective), which had been submitted but not yet approved by the EC at the time of the analysis.

The report is furthermore based on the review of the related ex-ante evaluations and the analysis of the information recorded by bodies preparing programmes on the methodologies and criteria applied to select indicators where available at the time of analysis (not the case for all programmes).

**Figure 1. Programmes covered by the study**



Source: Project consortium, 2015

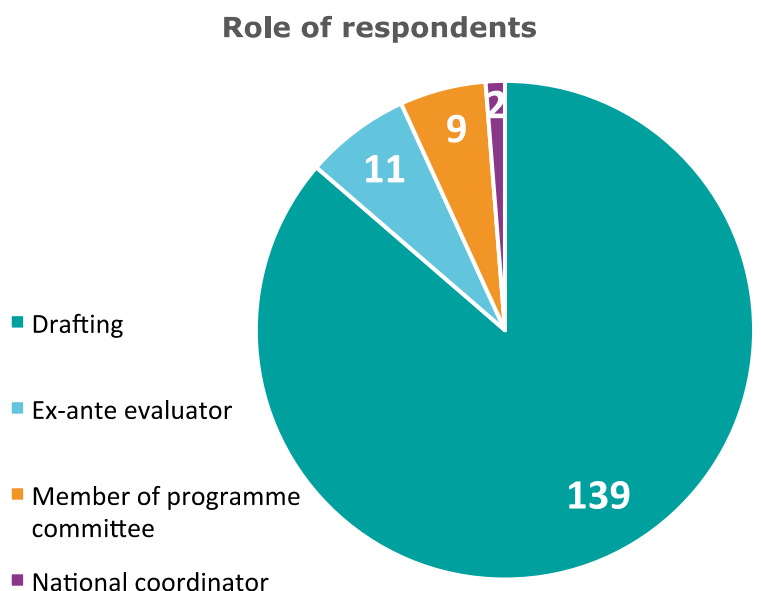
<sup>4</sup> Categorisation following the relationship between programmes and NUTS regions as encoded in SFC 2014: "Regional programme: programme covering a single NUTS2 region or a single NUTS1 region (unless that region covers the whole country); multiregional programmes: covering more than one NUTS2 or NUTS1 region, but not the whole country; national programmes: covering the whole country" (EC, 2015).

In addition, the study is based on 60 interviews with representatives from programmes on the national level. In total 60 phone interviews were conducted to get a better understanding of the implementation rationale for the performance framework. There were be approximately two interviews per Member State, preferably one with the national coordinating body and one with an MA and/or the ex-ante evaluator. In countries with only one OP, only one interview was conducted. In addition to Member State interviews, representatives from six ETC programmes were interviewed. Discussions in the format of a focus group organised with representatives from the European Commission also fed into the analysis.

Furthermore, results were based on findings from a web-survey. The web-survey analysis brought 161 respondents covering 138 adopted and not yet adopted programmes of which 32 ETC programmes. With regard to ETC programmes only cross border and transnational cooperation programmes are covered by the web-survey.

The online web-survey's aim was to collect additional insights and perceptions on the process of setting up the performance framework. It complements the database as it allows for insights in the OPs that have not yet been adopted. Additionally the web-survey complements the interviews by extending the reach to a larger number of stakeholders (e.g. MAs and e-ante evaluators).

**Figure 2. Role of respondents in the development of the performance framework**



Source: Spatial Foresight 2015 (online web-survey n = 161)

Accordingly, the web-survey was targeted at Managing Authorities, ex-ante evaluators and other stakeholders that contributed to the development of the frameworks. Overall, the main target group of the web-survey are the individuals in the programme drafting teams and/or ex-ante evaluation teams who actively have worked with the development of the performance framework. This is reflected in the collection of respondents in the web-survey as presented in the Figure.

The overwhelming majority of the respondents was involved in drafting the framework, with some respondents also carrying out the ex-ante evaluation or being members of the programme committee.

## 1.2. The context of this study – the performance framework & the performance reserve

The performance framework has been included as a compulsory element in all programmes for the 2014-2020 programming period of the ESI Funds (with the exception of programmes priorities dedicated to technical assistance and programmes for the SME initiative) in order to support the requirements of result orientation by setting up specific objectives and related indicators. The performance framework is intended to ensure that priorities are implemented as planned and the programme is kept on track to achieve its objectives. Additionally, the performance framework

aims to ensure a monitoring of progress towards achievements of objectives and targets as well as to promote good performance<sup>5</sup>.

The performance framework consists of milestones to be attained by the end of 2018 and targets set for the end of 2023, which have to consist of financial and output indicators. In addition, key implementation steps – which refer to an important stage in the implementation process of operations under a particular priority – may also be used for milestones. Since in the case of ERDF and the Cohesion Fund, output indicators refer to the expected deliverables of the fully implemented operations, the milestone value for some types of interventions may be zero. In such cases a relevant key implementation step should be added in order to better reflect the progress made in the implementation. The performance framework may also include – where appropriate – result indicators. However, the use of result indicators is not recommended for the ERDF, the CF, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) because of the timing of the expected attainment of the results, and the necessity of evaluation to disentangle the policy effects from external effects – thereby allowing the assessment of impacts<sup>6</sup>.

As highlighted above, the performance framework is in most cases based on the deliverables which are under the control of the managing authorities, i.e. the financial progress and the output indicators related directly to the investments supported under the programmes. The underlying assumption is that if the intervention logic applied in the programme is correct, then achievement of outputs should lead to the achievement of intended results. At the stage of programming, the key challenge for MS and regions is therefore to identify milestones and targets which are both realistic and sufficiently ambitious thereby enabling reporting on performance through reliable information that captures progress.

The achievement of milestones will be assessed in 2019 (“performance review”) on the basis of information provided in the Annual Implementation Report (AIR). All priorities, which have attained their milestones, will have their performance reserve definitively allocated. No performance reserve is available for programmes under the ETC goal and for programme priority axes under the YEI, although these programmes also include a performance framework. This performance review may also lead to the amendment of programmes, because the reserve related to priorities which have not achieved their milestones by the end of 2018 will have to be re-attributed to priorities which did achieve their milestones. In case of serious failure to achieve milestones, interim payments for the priority concerned may be suspended. The achievements of targets will be assessed in 2024 for the EAFRD and the EMFF and in 2025 for the ERDF, the CF and the ESF, and serious failures may result in net financial corrections.

<sup>5</sup> Bachtler, John (2013) *Which way forward for Cohesion Policy Programmes in 2014-2020?* In: Nordregio News Issue 1, 2013 – What Future for EU Structural Fund Programmes? Online Source.

<sup>6</sup> European Commission (2013) *Guidance Fiche Performance Framework Review and Reserve in 2014-2020*. Version 3 – 19 July 2013. p. 6

## 2. PROCESSES FOR THE ESTABLISHMENT OF PERFORMANCE FRAMEWORKS

This chapter provides an overview and assessment of how performance frameworks have been designed and applied during the programming phase. It focuses on the following aspects:

- First, looking at the main actors responsible for designing and setting up the performance framework (chapter 2.1).
- Followed by an analysis of the role of the dialogue with ex-ante evaluators, the Commission and other programmes (chapter 2.2).
- The specific challenges and roles of the guiding documents with regard to complex priorities and specific delivery modes (financial instruments, integrated territorial investment and community-led local development) of the performance framework will be elaborated (chapter 2.3).
- Finally, processes to ensure consistency in the functioning of the performance frameworks and similarities between MS are discussed (chapter 2.4)<sup>7</sup>.

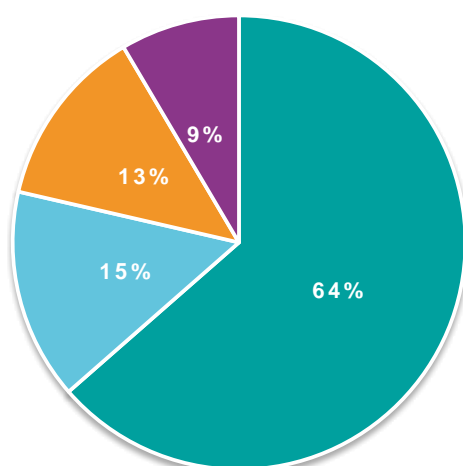
The findings presented in this chapter are primarily based on the interviews with representatives from the programmes, national level respondents, and web-survey respondents. The assessment is complemented through a review of all PAs, programmes, ex-ante evaluations as well as through additional information from the MS and the EC.

### 2.1. Main actors and documents influencing the performance framework by Member State and type of programmes

When analysing the key players influencing the performance framework, i.e. the stakeholders responsible for the elaboration of the framework, a clear pattern of these main actors can be identified at the EU-level. According to the web-survey

- 64% of the programmes include performance frameworks developed by the drafting team;
- 15% of the programmes have performance frameworks elaborated by a central coordination body and;
- 13% of programme performance frameworks were developed by ex-ante evaluators.
- While 9% are reported to be developed by other actors, this category was shown to primarily consist of a combination of the three aforementioned actors. The drafting team of the programmes primarily develops the frameworks, evaluators and other stakeholders such as the EC often support these actors.

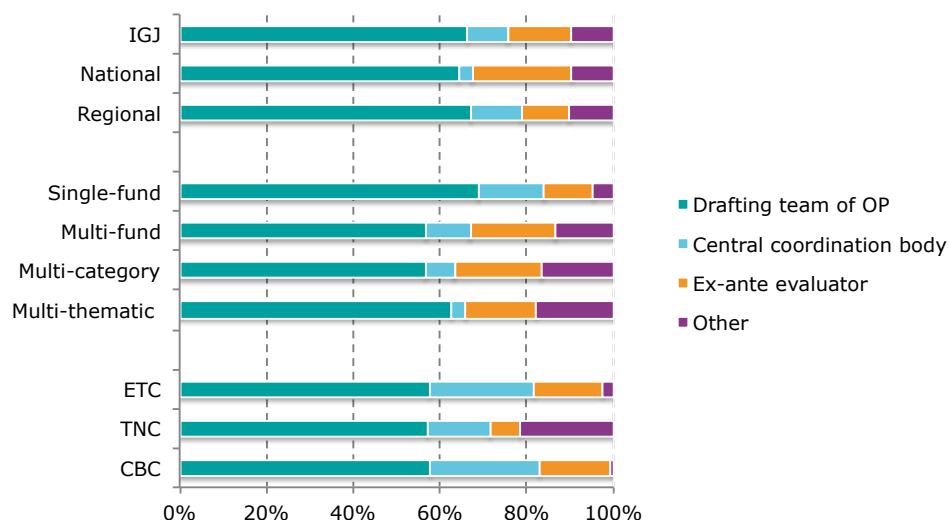
**Figure 3. Who developed the performance framework? By actor**



■ Drafting team of OP ■ Central coordination body ■ Ex-ante evaluator ■ Other

Source: web-survey on performance frameworks 2015

<sup>7</sup> The aspects of how MS and regions selected indicators for the performance framework and how they fixed corresponding milestones and targets, which is also part of task 3 of this study, is discussed in chapter 3,

**Figure 4. Who developed the performance framework? By type of programme**

Source: web-survey on performance frameworks 2015

The drafting teams of the programmes had a decisive role for all types of programmes.

The central coordination bodies and the ex-ante evaluators had similar influence on the programmes in general, but the picture is more complex when looking at the types of programmes. Analysing the responses by different programme types shows some differences, in particular with regard to the role of the ex-ante evaluator and the central coordination body. First of all the central coordination body covering several programmes played a smaller role in the national programmes than it did in the regional programmes (which is natural as the coordination body usually comes into play when two or more programmes invest in the same area), and the role of ex-ante evaluators was significantly bigger in the national programmes than in the regional ones. Secondly, central coordination bodies are perceived as playing a relevant role within ETC programmes, although these are of different character than those in IGJ programmes (mostly referring to MA representatives involved in several programmes or INTERACT).

The importance of central coordination bodies for national programmes was also confirmed by the interviews as it was stated that in particular in Member States with only one national programme, the MA for the programme and the national coordinators for the PA are either identical or cooperate closely. The importance reflects also on the methodology and mechanisms to ensure consistency in the functioning of the performance framework and the performance reserve as such was developed in one go, i.e. parallel development<sup>8</sup>.

When focusing on the methodology and mechanisms available to ensure consistency in the functioning of the PF as integrated in the PAs it can be seen that the texts on performance frameworks in the PAs are drafted by the national coordination bodies. These often make use of a small drafting/support group and inputs from the programmes. Besides the approach of parallel elaboration of the performance frameworks, as discussed above, the document analysis, the interviews with stakeholders and the web-survey findings, roughly revealed two ways of how consistency has been ensured:

- 'down-loading' - in some countries, e.g. France, Poland, Portugal, Slovakia and Sweden, the national coordination body supported the development of performance frameworks at the programme level (e.g. through the provision of methodologies and technical support). The statements below show the variety of approaches taken when the national coordination body played a strong role in the development of the performance framework :
  - In France, the national coordinator (CGET) was actively involved in the development of the performance framework in the PA and provided support to MAs. The objective was not to substitute the MAs in the process of identifying and quantifying performance framework indicators, but to ensure the consistency of the approach across programmes and to provide MAs with practical methodologies to estimate targets. In short, the national coordinator disseminated an information note to all MAs in order to raise the awareness of the

<sup>8</sup> Additional information on the PAs methodology and mechanisms to ensure consistency in the functioning of the performance framework is available in chapter 2.4.

programme drafters. In these cases, national guidelines were published for the selection of the performance framework indicators. Finally, the national coordinator established a national methodology to support MAs in calculating target values.

- In Poland, the Ministry of Infrastructure and Development supported the elaboration of the performance frameworks.
- In Portugal, the national entity was pivotal in the elaboration of the performance frameworks for the PA and for programmes (definition of characteristics of indicators, milestones and targets). At the programme level, the MAs and drafting teams were in charge of the performance framework.
- In Slovakia, the Central Coordination Authority set internal rules for the development of performance frameworks at the programme level, while the actual elaboration was the responsibility of the MAs. As compared to the other examples listed, Slovakia has only national level programmes which also reflects on the work on ensuring consistency.
- In Sweden, the MA and national coordination body had an overall coordination function in the development of the performance framework, including the selection of indicators and definition of milestones and targets. In such cases the regional drafting teams were mainly used for referrals.
- 'up-loading' - In some other Member States, , as e.g. Belgium, Germany and the UK the development of the section containing the methodology and mechanisms to ensure consistency in the functioning of the performance framework in the PA draws largely on the work done at the programme level. Various approaches were implemented to ensure that coherence was applied A few examples follow below:
  - In the UK, the performance framework in the PA is not articulated separately for each UK nation (as are most other parts of the PA). Instead, there is one UK-wide section which articulates the general provisions for performance framework requirements, which were agreed upon between the national coordination body and the MAs of the regional OPs.
  - In Germany, the performance frameworks were mainly developed by the MAs. In some cases the line departments were also responsible, each department for its specific part. Often this is reflected by an interactive process between drafting teams and line departments. The German Federal Ministry led a working group on indicators for all regional ERDF programmes. This working group has met regularly since 2011 and intensively discussed possible indicators. The MAs agreed on definitions and procedures for common output indicators. The procedures were harmonised as far as it was possible – given programme-specific structures and topics.

Depending on the organisational setting of the programmes and role of intermediate bodies, there are also some cases where intermediate bodies played a crucial role in the development of the performance framework. The examples are as follows:

- In Ireland, the ERDF MAs are nominally in charge of the performance framework management at the programme level, while in practice, the intermediate bodies had an instrumental role in setting indicators, milestones and targets that satisfy the performance criteria.
- In Lithuania, the intermediate bodies were responsible for selecting indicators and preparing detailed descriptions and justifications for these indicators and their values. In order to provide guidance for the process, the MA prepared recommendations for the intermediate bodies and conducted a final check of the indicators and their values. The development of the performance framework encouraged the bodies involved in programme design and implementation to pay greater attention to the indicator development process and to develop sound target values.

In addition to the examples listed above, the ex-ante evaluators also played an important role in the development of the performance framework. For instance, in the case of Cyprus, the ex-ante evaluators made crucial contributions regarding the indicator system and performance framework. The importance of the ex-ante evaluators was also highlighted by many responses in the web-survey. Especially in Bulgaria the role of the ex-ante evaluators is indicated as considerably more influential than in other MS.

In conclusion, even though the drafting team played the most important role in developing performance frameworks, the central coordination body and the ex-ante evaluators had significant



influence as well. The importance of the latter two is especially visible for the ETC programmes. There was generally a close interaction and exchanges between national and programme levels, with the national level providing in many instances methodologies and technical support to the programme levels.

#### *Main input relevant for the elaboration of the performance frameworks*

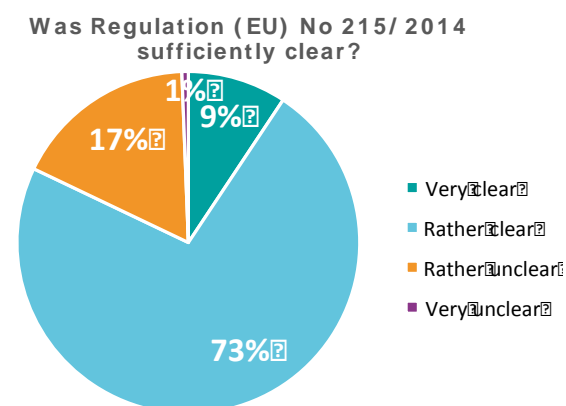
At the EU-level, programme specific documents are the most influential for developing performance framework indicators. Programme specific documents cover, amongst others, annual implementation reports (AIR) of the previous programming period, previous programming documents and internal monitoring and evaluation reports. Respondents to the web-survey from 27 programmes indicated that the development of indicators is almost entirely based on programme specific documents, whereas national and regional strategy documents rank second and third. The findings, differentiated by types of programmes and EU MS, show the following:

- When differentiating the approaches by types of programmes, no significant differences can be observed. In all cases programme specific documents are the most important sources for developing the performance frameworks; these are generally followed by national strategies. Only within ETC programmes are regional strategy documents perceived as a more important information source than the national strategy programmes, being based in the nature of the programmes of supporting cooperation between NUTS-3 regions from at least two different MS (CBC).
- A differentiated analysis of the EU Member States shows that Greece, Italy, Bulgaria, Slovenia and Portugal based the development of their indicators more on national strategy documents than other Member States. On the contrary, the development of indicators in Germany, Finland and Spain is more strongly based on regional strategy documents.

The review of influencing documents and the question if these are clear for the responsible stakeholders shows the following findings:

- The Implementing Regulation (EU) No 215/2014 laying down rules for implementing Regulation (EU) No 1303/2013 with a specific focus on the determination of milestones and targets in the performance framework was perceived by 73% of all programme respondents to be a rather clear source for developing the performance framework.

**Figure 5. Was the Commission Implementing Regulation No 215/2014 sufficiently clear for developing the performance framework?**



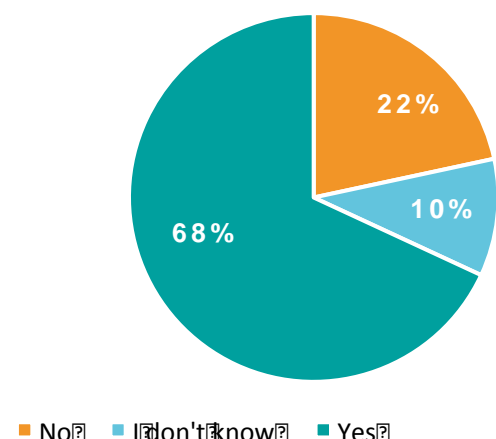
Source: web-survey on performance frameworks 2015

- According to the web-survey only one ETC programme and one German programme have indicated that the Implementing Regulation 215/2014 was very unclear regarding the performance framework, and selected interviewees mentioned a.) the late delivery of guidelines from the EC which compromised the timeframe allocated to them for elaborating the performance framework, and b.) modifications of EU guidelines during the process of elaborating the programmes as challenging.
- The majority considers the Commission Implementing Regulation 215/2014 rather clear when grouping the findings by types of programmes.
- There are some country specific patterns present, e.g. in Greece and Poland the Implementing Regulation is seen as very clear while respondents from Italy and Spain have indicated that the regulation was rather unclear to them.



Besides the influence of guidance documents and regulations on the development of the performance frameworks, past experiences from previous programming periods was a main source of information while designing the framework. The drafting teams took into consideration the past experience and data from previous programming periods when developing the performance frameworks. However, it should be noted that still for 22% of the programmes past experience was not used for developing the performance framework; these cover certain OPs mainly in Belgium, Estonia, France, Greece, Italy, Slovakia and the UK.

**Figure 6. Was the performance framework based on past experience?**



Source: web-survey on performance frameworks 2015

Source: web-survey on performance frameworks 2015 The IGJ programmes, in particular the national OPs, are more strongly based on past experience than other types of OPs. In most cases, there are no substantial differences between single and multi-fund OPs.

In conclusion, programme specific documents are the most influential for developing the performance framework as they provided relevant information mainly for the selection of indicators. Past experience played a major role in developing the indicators used in the performance frameworks. The Implementing Regulation (EU) No 215/2014 was quite clear for the responsible stakeholders while elaborating the performance frameworks.

## **2.2. Role and influence of dialogue with ex-ante evaluators, the Commission and other programmes**

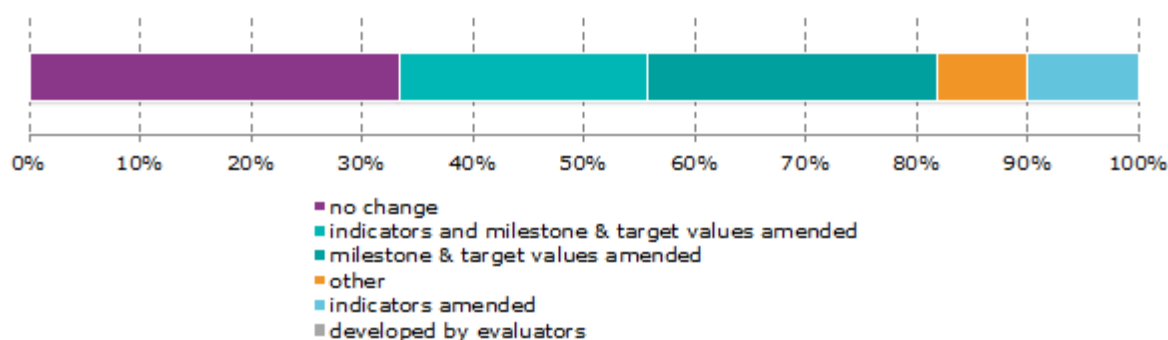
As already pointed out in the previous subchapter, the performance frameworks were most often elaborated in dialogue of the programmes' drafting teams with various stakeholders (ranging of ex-ante evaluators to national coordinators and the EC). The performance framework was an integral part of the dialogue and negotiations during the elaboration of the PAs and programmes. Overall, the performance frameworks were mostly established in cooperation with the national coordinator. 73% of the programmes developed the performance framework jointly with the national coordinator and 60% of the programmes had regular meetings with the national coordinator.

### *Role and influence of dialogue with the ex-ante evaluator*

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In many cases, the assessment by the ex-ante evaluator – which was conducted with close links to the drafting of the programme documents – was particularly important as these evaluators reviewed the indicator values, gave suggestions for improvements, and confirmed the final indicator values. The web-survey shows that about 64% of the programmes that responded indicated that the performance framework was changed after review by the ex-ante evaluators. Values of milestones and targets were most often changed, followed by cases where in addition also indicators were changed, which are followed by cases where only indicators were changed.

**Figure 7. Has the performance framework been changed after the review by the ex-ante evaluators?**



Source: web-survey on performance frameworks 2015

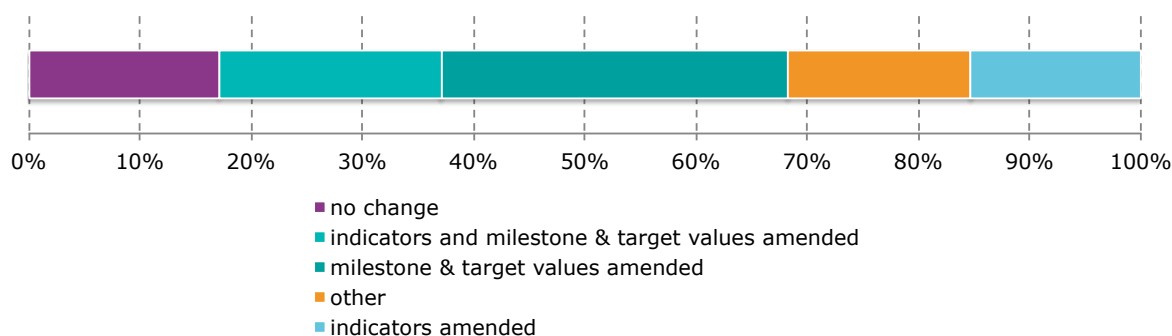
Source: web-survey on performance frameworks 2015 The following points describe these findings per programme type, fund and Member State:

- Analysing the web-survey data by programme type shows that the ex-ante evaluation contributed to changing the selection of indicators of transnational cooperation programmes.
- The ex-ante evaluator had the strongest influence on amending milestones and targets in single fund programmes and cross-border programmes.
- Single fund programmes have changed their performance framework more often than multi-fund programmes – 67% against 57%. All aspects of the performance framework (indicators, milestones and targets) in different combinations were changed more often in mono-fund programmes.
- Multi-thematic programmes show the highest prevalence of no change in the performance framework following the ex-ante evaluation; this is followed by multi-category programmes.
- The share of multi-thematic programmes where no change has been indicated is particularly large (58% as compared to an average of 33% across all programme types).
- The web-survey data indicates that no change is most often reported in the UK, Portugal, Italy, France, Denmark, Finland, Slovakia and Spain.
- Three Romanian Programmes have changed the indicators as well as their milestones and targets. In five French OPs the milestones and targets were changed after review by the evaluators.

### *Role and influence of dialogue with the Commission*

The level of interaction in the drafting process of the performance frameworks shows the important role of the European Commission, as 44% of the programmes requested guidance and 43% of the programmes had occasional discussions with the EC. The dialogue with the EC was also emphasised in almost all interviews. The dialogue with the Commission prior to the submission of the programme was usually perceived as helpful to clarify and modify the setup of the performance frameworks, i.e. the selection of indicators, milestone and targets.

**Figure 8. Has the performance framework been changed after the review by the Commission?**



Source: web-survey on performance frameworks 2015

The EC was found to be quite influential when it comes to changing the performance framework; 83% of the programmes have changed aspects of their performance framework after review by the Commission. A large number of programmes (more than 30% of programmes) changed values of their milestones and targets, followed by a share of programmes (approximately 20% of programmes), which changed their indicators and amended values of milestones and targets.

### Examples – dialogue with the EC

- In the case of Denmark some of the milestones were adjusted after discussion with the Commission. In the case of Estonia both milestones and targets were amended and defined after discussion with the Commission.
- One interviewee representing an INTERREG V-A programme highlighted the intense exchange with the EC in comparison to the last funding period.
- In Croatia, the Commission had a substantial impact on the performance framework.
- In the UK (e.g. in Scotland) the bilateral dialogue between the MA and the Commission had a significant influence on determining the final design of the performance framework provisions. Specifically, Commission feedback on the initial submitted draft pushed for greater use of common output indicators, while on-going dialogue resulted in some adjustments to the intervention logic and the selection of different result indicators.
- Some cases highlight that the Commission feedback resulting in changes of the performance framework were implemented after the submission. This was the case, for example, in Austria where the Commission gave feedback and suggestions for improvement of the targets (asking for a more specific calculation based on the priority area specificities) after the submission of the programme.

The following paragraphs describe some specifics per objective, fund and programme type:

- Although the survey shows a larger share of ETC programmes which did not change their programmes after review by the EC (no change: 28% of all ETC programmes, against 14% of all IGJ<sup>9</sup> OPs), it should be noted that the web-survey is based on adopted and not yet adopted programmes and a significant share of ETC programmes was not yet adopted at the time of the web-survey, so further changes may still have occurred.
- Notably, out of all programmes, the regional OPs changed their framework most often as a result of the EC review (83% selected having made some kind of change, i.e. indicators, targets, milestones or others). Looking into further details, the share of national regional development OPs that changed milestones and targets (54%) is higher than the share of regional (32%) and sectoral<sup>10</sup> OPs (30%).
- The share of programmes in which parts of the framework have changed after review by the Commission is slightly higher for multi-fund programmes than for single fund programmes. For both types of programmes, values of milestones and targets were amended most often. The share of programmes where indicators and values of milestones and targets were amended is higher for multi-fund programmes (25%) than for mono-fund programmes (17%).
- Programmes with other complex priorities (multi-category and multi-thematic) more often changed their performance frameworks when compared to the EU average.
- 90% of the multi-category programmes and 75% of the multi-thematic programmes changed parts of the framework after review by the Commission. The large share of changes for multi-category programmes is mainly due to a large share of programmes where both the milestones and targets have been amended.
- In all Member States amending values of milestones and targets is indicated as the most frequent to have changed after review by the EC. Romania was found to be the exception, where more OPs indicated no change. Additionally, in Poland a significantly higher share of OPs changed their indicators after review by the Commission when compared to EU averages (28% compared to 15%).

### *Role and influence of dialogue between programmes*

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The web-survey also identified the relevance of interaction between programmes in the same Member State. These interactions consisted mostly of frequent discussions (25%) and information exchange (35%). This was also confirmed during the interviews, as for example in the Netherlands

<sup>9</sup> Whereas, 34% of the IGJ OPs changed the milestones and targets, followed by 22% that changed their indicators, milestones and targets and 15% that changed their indicators;

<sup>10</sup> Sector OPs are national programmes with a specific focus (as compared to general regional development), see also text box on page 17.

where the level of interaction to draft the performance framework concentrated mainly on the interactions with the EC and other Dutch OPs.

Programmes had limited interaction laterally with programmes in other Member States. When this form of interaction is concerned, it is mostly occasional discussions and occasional information exchange. The exception to this is Lithuania, where occasional information exchanges and ad hoc discussions with representatives of OPs in other Member States were also reported to be held on various occasions.

The interviews and desk research identified that other national bodies, intermediate bodies, line ministries and line departments were partly involved in cases where they were responsible for more specific parts of the programme, as e.g. in some German programmes or in Sweden. In Sweden, the MA has received help from various governmental agencies when developing the performance framework (e.g. Swedish Energy Agency regarding indicators on CO<sub>2</sub> emissions).

In a nutshell, when differentiating by cohesion policy objective, fund, category of region and thematic orientation, it can be recognised that:

- Differentiating by cohesion policy goal shows only minor differences in the level of interaction regarding the Commission, national coordination and other OPs in the same country. The level of interaction with OPs in other countries, in both cases, is low, although slightly higher for programmes under the ETC goal. These programmes also have more interaction with the Commission requesting guidance and in the form of occasional discussions.
- The share of ETC programmes that had occasional informal exchange with other programmes in the same country is higher than for OPs under IGJ goal.
- A higher share of these (IGJ) OPs requested guidance at the level of national coordination and a larger share of IGJ OPs have frequent discussions with other OPs in the same country.
- Differentiating by multi and single fund programmes shows that multi-fund programmes tend to request guidance from the national coordinator more frequently than single fund programmes (60% against 29%). The level of interaction of single and multi-fund programmes with the national coordination body is high, comparable with the EU-level pattern. Although, single fund programmes have discussions with the national coordinator less frequently and less programmes develop the frameworks jointly with the national coordinator. Single fund programmes interact more with the Commission and more often develop the frameworks jointly with other programmes in the same country.
- Multi-category and multi-thematic programmes largely follow the overall EU pattern. The types of programmes which seem to interact less with other programmes in the same Member State have more interaction with the national coordinator. These types of programmes develop the performance frameworks jointly, to a large degree, with the national coordinator. This is true for 89% of the multi-category programmes and 96% of the multi-thematic programmes.

This was particularly highlighted through interviews in Austria, Cyprus, Estonia, France and Greece.

### *Conclusions*

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Concluding, the analysis highlights the EC's influence on the review of the performance frameworks. The web-survey shows that 83% of the programmes who responded have changed aspects of their performance framework after review by the Commission. Multi-fund programmes as well as programmes with complex priorities have notably more often changed their performance frameworks based on EC dialogue when compared to the EU average. Modifications are recognisable for all EU MS except Romania.

Ex-ante evaluators also had a strong role in reviewing and modifying the performance frameworks, with 64% of the programmes that responded to the web survey indicating changes to the performance framework after their review. Interaction with programmes in the same MS, and in other MS, only occasionally played a role. Modifications after review by different stakeholders, such as the EC or ex-ante evaluators, underline the novelty of performance frameworks as a mandatory element of 2014-2020 ESIF, and the increased importance of indicators, milestones and targets.

### 2.3. Specific challenges and role of guiding documents for complex priorities and specific delivery modes

This section examines more particularly the specific cases of complex priority axes and priority axes covering specific delivery modes.

#### *Complex priorities*

Programmes consist of priority axes, "which concern one Fund, one category of region," and "correspond (...), to a thematic objective and comprise one or more of the investment priorities of that thematic objective" (Regulation (EU) 1303/2013, Article 96). However, the Regulation allows for some exceptions from this principle to increase impacts and effectiveness of priority axes. By consequence there can be:

- PAX concerning more than one category of region
- PAX covering more than one Fund
- PAX comprising of one or more investment priorities from different thematic objectives

There can also be PAX, which combine two or even three of the above-listed possibilities.

#### **Multi-region programme with multi-region PAs, example**

For multi region programmes it needs to be considered that not all PAX of a multi-region programme necessarily have to refer to more than one category of region.

As the example of the programme 2014AT16RFOP001 in Austria shows, the programme has identified five PAX with a PF., Three of them combine support for both more developed regions and regions in transition and the remaining two PAX refer to more developed regions only.

If a priority axis covers more than one Fund or more than one category of region, the milestones and targets as well as the amounts from the performance reserve have to be broken down by Fund and/or category of regions. In such situation the achievement of milestones and targets for each Fund or category of region will be carried out independently from the other Fund(s) or category(ies) of regions included in the priority axis and the performance reserve per fund / category of region will be allocated independently of each other. However, if one PAX combines investment priorities from more than one thematic objective, but uses resources of only one fund and covers only one category of region, then it has one performance framework.

When concentrating on the specific challenges of complex priorities, the range of responses varied widely. The EC guidance fiche performance framework was perceived as the most useful one by the majority of web-survey respondents, followed by the EC implementation regulation and the draft guidelines for programmes. Some interviewees did not see any special issues related to the performance framework under the complex priorities, and there was no use for specific guidance either.

On the other hand the CPR, guidance documents, and Implementation Regulation 215/2014, were perceived ambivalently by the respondents. The majority assesses them as rather clear, however, 44% perceived the CPR as rather unclear and 41% perceived the guidance documents as rather unclear:

- This pattern is similar for all types of programmes and was also confirmed by the findings of the interviews as there were also arguments made for clearer guidance documents (e.g. in France, Portugal and Poland). These interviewees perceived the guidance documents, as well as the CPR, as rather unclear or as leaving too much room for interpretation.
- Others outlined that the challenges were not necessarily linked to the EU level guidance documents and requirements, but rather to national issues

The interviews also revealed some specific challenges related to different variations of complex priorities:

- Multi-region: a challenge for the multi-region priority was the definition of milestones and targets. For example, the region in transition (Burgenland, Austria) has limited funding and accordingly low milestones and targets in comparison to the remaining regions of the Austrian OP (more developed regions).

- Multi-thematic: A challenge for the multi-thematic objective priority was how to keep the number of output indicators low. Combining investment priorities from different thematic objectives means - in most cases - that more output indicators are required to monitor properly the programme implementation. By consequence, each output indicator corresponds to a smaller share of the priority axis allocation; hence more output indicators have to be included in the performance framework to cover the majority of the priority allocation. And taking into account the EU criteria for the achievement and a serious failure<sup>11</sup>, more output indicators in the performance framework increases the risk of failing to achieve the milestone by the end of 2018.
- Multi-fund: With regard to multi-fund complexity no specific problems were reported for the application of the performance framework<sup>12</sup>.

In some cases (e.g. in Poland) it was underlined that documents were delivered too late in the process, in other cases (e.g. Croatia and UK) people perceived contradicting viewpoints when bringing together regulations, guidance documents and feedback provided by Commission staff.

### *Specific delivery modes*

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The term 'specific delivery modes' covers:

- Integrated Territorial Investment (ITI), is an instrument to implement urban or territorial development strategy in an integrated manner, hence it may combine investments from different funds included under more than one PAX of one or more operational programmes.
- Community-Led Local Development (CLLD) focuses on the implementation of the development strategies designed by the local action groups for specific sub-regional areas.
- Financial instruments - Union measures of financial support provided on a complementary basis from the budget to address one or more specific policy objectives of the Union. Such instruments may take the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments, and may, where appropriate, be combined with grants.

When it comes to specific delivery modes, the guidance fiche on performance framework was perceived as the most useful guidance document (potentially because it was also the best known reference document), followed by the Commission Implementing Regulation and the draft guidelines for programmes. Thereafter, the short reference guide for financial instruments in ESIF was mentioned as was the guidance fiche on Integrated Territorial Investment.

This pattern is highly similar across all programme types. Akin to the complex priorities, the CPR, and guidance documents (including implementing acts) were perceived as rather clear by the majority of respondents, but as unclear by a comparably large group; 45% and 42% for the CPR and guidance documents, respectively.

Challenges in setting up performance frameworks involving specific delivery modes were partially linked to the identification of relevant indicators while keeping the total number of indicators to a minimum.

- In Lithuania, some uncertainties were faced in the case of financial instruments. The CPR and the Commission Implementing Regulation define that both milestone and target values for output indicators should refer to fully implemented operations, but it was not entirely clear what constitutes a 'fully implemented operation' if it is being financed by financial instruments. However, in the end it was not necessary to include indicators related to financial instruments, because other indicators were sufficient to cover the majority of the priority axis allocation.
- In England, the Department for Communities and Local Government (DCLG) felt also impelled to make provisions for the delivery specifics caused by the anticipated governing of the Implementing Regulations when considering milestones and targets. For example, Community-led Local Development (CLLD) allows for up to 25% of the budgetary allocation

<sup>11</sup> Commission Implementing Regulation 215/2014 Article 6.

<sup>12</sup> One finding, referring to a different aspect of complexity, i.e. measuring potential effects of sustainable urban development in one PAX, has been highlighted by one interviewee, as the definition of proper and verifiable indicators and targets has been perceived as a challenge.



to be set aside for running costs and animation<sup>13</sup>, meaning that rate of expenditure is also affected by the time taken to get CLLD schemes established.

In conclusion, specific challenges in the elaboration of the performance frameworks as new mandatory element of programming in relation to complex priorities and specific delivery modes are visible only occasionally. A.) The majority of interviewees did not see any special issues related to complex priorities, although some mentioned as problematic the definition of appropriate indicators for programme regions with less funding or focusing on more than one thematic objective. Generally, guiding documents were perceived as useful. Interviewees from 3 MS mentioned certain vagueness in the CPR. B.) For specific delivery modes, the EC guidance was perceived as rather clear by the majority of respondents. Specific challenges identified while elaborating the performance frameworks related to financial instruments.

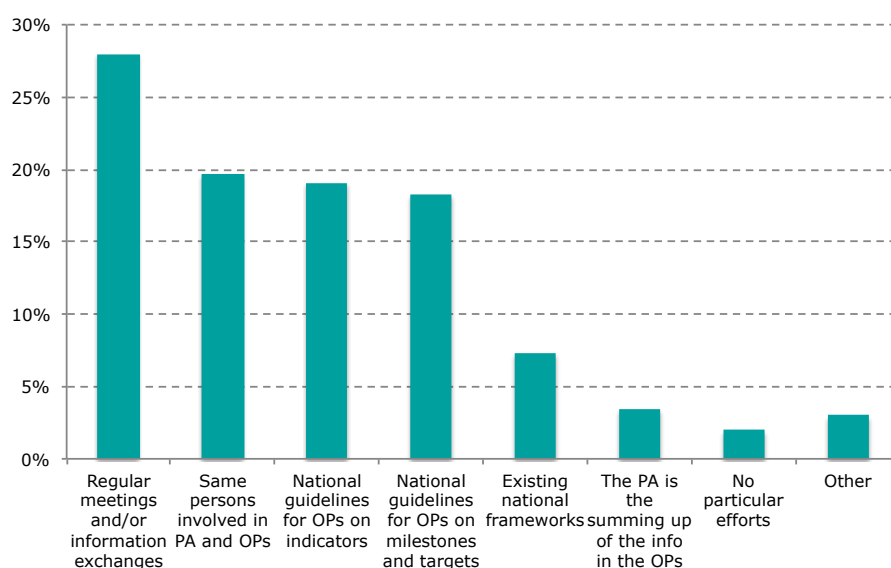
## 2.4. Processes to ensure consistency in the functioning of the performance framework

Ensuring consistency in the functioning of the performance framework needs arrangements at national level and has been pointed out as being a challenge for a large number of MS. Of course indicators as such are not a new element but their importance has increased given the combination of performance framework and reserve in this programming period. Overall, the obligation to ensure consistency across programmes (where appropriate) makes the task more complex.

Within this section the PAs have been used as the source for the data base analysis, thus covering all ESI Funds (i.e. ERDF, ESF, EAFRD, EMFF, CF) through the information provided therein.

There are various approaches used to establish consistency for the performance frameworks. Largely the approaches taken also depend on the division of labour and responsibilities between national coordination bodies and programme bodies. According to web-survey results, most programmes ensured coherence between the PA and programme by having regular meetings and information exchanges. In a lot of cases the same persons were involved. There were national guidelines for OPs regarding indicators. The differences between programme types are rather limited in that respect. The involvement of the same person at several levels in the process was comparably more important in the multi-thematic and multi-category programmes.

**Figure 9. Have there been any particular efforts to ensure the coherence between Partnership Agreement and Operational Programme(s) in your country?**



Source: web-survey on performance frameworks 2015

<sup>13</sup> "Animation" relates to information dissemination, promoting awareness of CLLD projects and other related activities.

The variety of approaches were confirmed when taking a look at the information available in the MS PAs identifying the actions taken at the MS level to ensure consistency across programmes and funds: seminars, national guidelines, regulations and generally harmonised procedures (e.g. uniform definitions of indicators across a MS, as for example in Germany) were widely applied. More precisely:

- Seminars were mentioned by 15 Member States
- National guidelines<sup>14</sup> were indicated in 16 Member States
- Regulations were mentioned by 10 Member States
- Harmonised procedures<sup>15</sup> were applied in 19 Member States

Nearly 70% of all MS applied harmonised procedures, 57% of MS had national guidelines, around 54% of MS held seminars and approximately one third of all EU MS had regulations to ensure consistency in the functioning of the performance framework. In Hungary and Portugal, all four types of actions as mentioned above were taken to ensure consistency. Furthermore, these Member States identified additional actions, such as internal discussions and training sessions.

Additionally, in the PAs of 10 MS some other additional actions to ensure consistency across programmes and funds were found; these actions cover internal discussions and training sessions – the use of forecasting tools or meetings to guarantee consistent procedures. These actions were not only mentioned in the PAs of the MS with the EC, but partly also in the programme methodologies, i.e. information recorded by the bodies preparing programmes and confirmed by the interviews. Thus for example, in Germany, a meeting of all ERDF MAs served to exchange on the performance framework of the 2014-2020 funding period, where the participants (representatives of the ERDF programmes) sighted the upcoming or already selected indicator for the performance framework and discussed issues of indicator selection and definition. The information coming from the programme methodology of the OP Competitiveness (2014RO16RFOP001) in Romania shows that the Performance Assessment Functional Working Group was set-up. This group was meeting regularly and having the role of designing the conceptual framework (elaboration of the so-called “Guide to the performance framework”) for selecting appropriate suite of indicators and setting targets and for designing the performance framework in order to ensure consistency in the functioning of the performance framework.

On the other hand, there are cases where the PAs do not detail processes leading to joint methodologies. For instance, the methodology of the PF in Austria highlighted the differences between the fund-specific programmes: the four Austrian ESIF programmes do not have similar PAs and the risk of inconsistencies between the performance frameworks is therefore not given. Although it needs to be mentioned that based on the findings of the interviews, there were joint working groups on the performance framework, even if not explicitly highlighted in the PA of Austria with the EC. Similarities to this situation (i.e. methodology not highlighting actions to ensure consistency across funds) are also observable for e.g. Belgium (see above).

The following are the main coordination mechanisms observed during the interviews with main stakeholders:

- One programme only: the main focus on the coordination was between different ESI funds, via e.g. joint working groups. This can e.g. be observed for Austria, Cyprus, Denmark, Estonia, Luxembourg, Malta and Slovenia, even if not identified during the desk research of the PAs.
  - In Cyprus, consistency between the different funds was ensured by defining a national coordination authority responsible for the preparation and submission of the PA. The MAs of the various funds were directly involved in the preparation of the PA.
- National methodology on indicator milestones and targets: The provision of a national method on how to elaborate the performance framework, i.e. values of milestones and targets, can e.g. be observed in France and Portugal. In both cases this is accompanied by national guidelines.
  - In France, the consistency between PA and programmes, programmes and funds and across programmes was ensured through the methodological support delivered by the NC CGET over the programme drafting period (end 2012 – beginning of 2014).
  - In Portugal, the national coordination body developed several initiatives to ensure the consistency of the performance frameworks, including a common methodology for setting reference values for milestones and targets.

<sup>14</sup> National guidelines meaning national guidance papers being available

<sup>15</sup> Harmonised procedures meaning similar approaches taken by different Funds or regions due to agreed procedures at national level



- National guidelines for the selection of PF indicators: The provision of a national guideline on how to elaborate the performance framework, i.e. selection of indicators, can be found in France, Greece, (for key implementation steps), Latvia, Portugal (incl. national common indicators), Sweden (national list of common indicators).
- National level meetings: The organisation of national meetings offering a platform where programme bodies could coordinate their efforts and agree on certain aspects was seen e.g. in Belgium, Germany and the Netherlands (incl. two working groups).
  - In Belgium, its permanent representation to the European Union in Brussels took care of the integration of frameworks and exchange between regions to increase consistency between programmes. The coordinating region for the national level was invited to each coordinating meeting of the different regions, and contributed actively to the discussion which allows preparing the basis for the national integration of the regional work. Each region brought together the different regional authorities responsible for the different programmes.
  - In Germany, the performance frameworks were elaborated at the level of the programmes. The Federal Ministry led a working group on indicators for all regional ERDF programmes. This working group met regularly since 2011 and discussed possible indicators intensively. The MAs agreed on definitions and procedures for common indicators. The procedures were harmonised and the different OP-were given specific structures.
  - In the Netherlands representatives of the four MAs attended informal meetings with the Commission, resulting in strong coherence between the four ERDF OPs. Additionally, there were regular meetings between the MAs for the ERDF programmes.
- Various forms of committees taking care of the coordination can be found in Croatia (Coordination Committee), Ireland PAMC (Partnership Agreement Monitoring Committee), Spain and the NCCF (National Coordination Committee of the Funds), Sweden (Fund coordination group consisting of the three MAs of the ESI funds), and the UK (Performance Management Group led by BIS).
- Ad hoc and informal coordination efforts were most often reported from Poland, where seminar, national guidelines, regulations and harmonised procedures were identified in the PA as actions taken to ensure consistency across programmes and funds. However, direct contacts, meetings and occasional discussions were highlighted by the interviewees as aspects that influenced the final shape of the performance frameworks in all programmes.
- Special cases: In addition to the above, there are also a number of specific approaches:
  - Finland Mainland: Coordination between ESI funds was not seen as necessary in Finland. The relevant ministries cooperated on the PA, but did not take any specific actions to ensure consistency between the performance frameworks. They consider that actions financed under each programme are different, and that there is no more than one OP for each of the Funds for Finland Mainland.
  - Finland Åland: all ESI funds have the same MA which implies a certain coordination of efforts while elaborating the performance framework.
  - Denmark – a concentration of MAs has been established: only two MAs for all four ESI funds. The PA was developed in collaboration between the AgriFish Agency and the DBA, i.e. the relevant ESIF MAs. The DBA as MA for both ESF and ERDF ensures consistency between these two funds, and the same is the case for the AgriFish Agency for the EAFRD and EMFF.
  - Malta: the most important actions undertaken to ensure consistency between the PA and OP is the setup of a specific unit in charge of the drafting of both documents as well as the coordination with the partnership principle. With regard to the implementation, to ensure consistency the MA has established a spot-check verification protocol for the data provided in relation to milestones, targets and indicators. This approach will ensure both data consistency and enable the MAs to identify early issues in relation the implementation of the performance framework thus providing the possibility to take timely corrective actions.

Cases where coordination was not necessarily perceived as relevant include for instance Finland (see above) Lithuania and the UK. In the case of Lithuania it was argued that the multi-fund OP is different in nature, objective and in characteristics. In the UK there was no concerted top-down approach to designating PF indicators; consistency within thematic objectives across programmes was not emphasised. Neither BIS nor the devolved governments issued national guidance on establishing the PF. Although at the early stages of OP preparation the UK PA Programme Board did communicate a set of “preferred” performance indicators to the individual MAs in the interests of promoting commonality. At the UK level, a Performance Management Group led by BIS was established “to ensure that the indicators are implemented in a consistent manner and to exchange information of high value outcomes and best practice”. However, the fulfilment of this objective is not evident when the final PF indicators across all UK OPs are reviewed. The individual OP MAs had considerable independence with which to design PF provisions.

## **Interesting examples**

### **FR – National guidance**

In France, the consistency between PA and programmes, programmes and funds and across programmes was ensured through methodological support delivered by the NC CGET over the programme drafting period (end 2012 – beginning of 2014).

Three types of activities were carried out in cooperation with managing authorities in 2013 and up to the approval of the programmes. These activities related to:

- (1) the transmission of an informative note about the PF (normative framework, requirement, timing and methodologies) to all managing authorities;
- (2) the definition of national guidance for the selection of PF indicator types
- (3) the elaboration of a national methodology to set the target indicators, with inputs from managing authorities;
- (4) Actions taken to ensure consistency between programmes and funds;
- (5) Actions taken to ensure consistency within thematic objectives across programmes;
- (6) Monitoring and follow-up systems for preventing performance framework issues.

All MAs participated in the seminars organised by the NC CGET and benefited of a personalised support. The follow-up activities carried out by the NC allowed MAs during the drafting period to:

- (1) Complete the information needed to set-up the PF at OP level;
- (2) Adapt the national methodologies to each OPs, in order to fit well with local challenges and information available;
- (3) Ensure consistency of the work done by the MAs on the PF with the national methodology;
- (4) Verify the consistency of the approach chosen at regional level when different from the national one, justifying the gap reported when target values were different).

### **MT – Data consistency during the implementation**

To ensure consistency, the MA has established a performance on the spot check to verify the data provided in relation to milestones, targets and indicators. This approach will ensure both data consistency as well as enable the MAs to identify issues in relation the implementation of the performance framework at the earliest, thus providing the possibility to take timely corrective actions.

### **PT – National guidance processes and common indicators**

The National Entity was the central agent to ensure national consistency. This process had distinct activities in two main phases.

- (1) In the first phase, the activities were related with the construction of a guiding process, namely through the elaboration of the Partnership Agreement and guiding documents for the MAs to select indicators, milestones and targets.
- (2) In the second phase, several activities as meetings and workshops were developed. To reinforce the integration of the national philosophy within the instruments was ensured by involving persons in both, the PA and the OP.

The existence of EC Common Indicators and National Common Indicators reinforces the consistency within thematic objectives across programmes. In this last case, the National Entity made a great effort to create this set of indicators, in order to monitor the evolution of specific indicators, being able to compare it within all OPs and/or aggregate to have national figures. However, the National Entity assumed some difficulty to create and maintain the consistency between OPs, due to the several changes in all OPs during the programming process (Source: Interview CDA).

In order to monitor and promote follow-up systems for preventing PF issues, the National Entity promoted in the PA the execution of several actions (source: PA), such as: Development of training actions on the issue of monitoring evaluation to entities directly involved in the implementation of ESIF; existence, for national option of an annual report on the Partnership Agreement, in addition to the two moments asked by EC; and creation of early warning mechanisms of monitoring concerning indicators or targets that prove to be inadequate in the first run times, to allow fine-tune the model before the allocation of the performance reserve.

Looking at the usefulness of the coordination mechanisms, the vast majority of programmes indicate that mechanisms to ensure consistency between performance frameworks in the Member State were present and useful. Single fund programmes, regional programmes and cross-border programmes are the most positive about the existing coordination mechanisms.

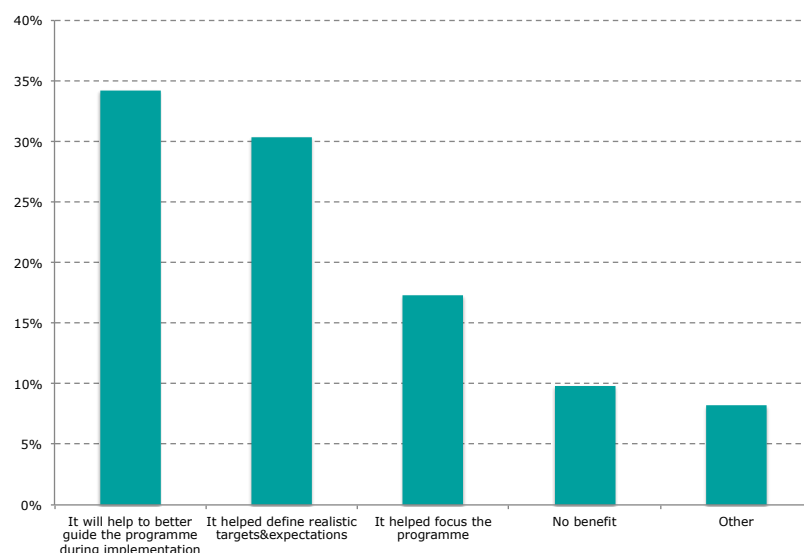
Generally, the study identified a large variety of approaches to establish consistency in the functioning of the performance framework, which largely depends on the national set up of bodies

and responsibilities. Regular meetings and information exchange between involved stakeholders, national guidelines, as well as shared responsibilities, were identified in the majority of programmes. Differences in approaches are mainly not visible for programme types, but rather Member States. Only occasionally was coordination between the different ESIF was not perceived as relevant. The vast majority of programmes indicated consistency mechanisms to be useful.

## 2.5. Conclusions

Overall, the drafting teams have a strong role in the development of the performance frameworks. Depending on the national set-up for ESIF management, national coordination bodies and intermediate bodies are also influential. There was generally a close interaction between national and programme levels, with the national level providing in many instances methodologies and technical support to the programme levels. There were also some cases where intermediate bodies played a crucial role in the development of the performance framework. Likewise, the expected contribution of performance framework to better focusing the programmes already in the programming phase and better steering of programme process in the implementation phase was already confirmed or is expected.

**Figure 10. What do you see as the main benefit of the performance framework?**



Source: web-survey on performance frameworks 2015

In addition, the work performed by these bodies and individuals was largely based on past experience and programme specific documents. Programme specific documents can be regarded as the most influential documents and sources for developing the performance framework. The Implementing Regulation was mainly perceived as quite clear for the responsible stakeholders.

All in all, elements of dialogue and feedback have been an important element when designing and revising the performance framework. The timing and different actors of these feedback loops have to be distinguished as the analysis highlights not only the importance of central coordination but also the influence of the Commission and ex-ante evaluators on the review of performance frameworks:

- Feedback/review during the set-up process – both national coordinators and the ex-ante evaluators as well as the Commission seemed to have a significant influence on the continuous revision of the performance framework and the indicators. This is due to the new role of the ex-ante evaluation, being designed as an accompanying intervention.
- Feedback/review after submission of the programme – the Commission played a major role here as 83% of programmes changed parts of their performance framework after EC review. Still, it should be noted that the EC also had an important feedback role during the set-up phase of the performance frameworks (i.e. during the set-up process, as highlighted above).

Multi-fund programmes as well as programmes with other complex priorities have notably more often changed their performance frameworks based on the dialogue with the Commission compared to the EU average. The modifications after the review of different stakeholders such as

the Commission or ex-ante evaluators underlines the novelty of performance frameworks as a mandatory element of 2014-2020 ESIF, and the increased importance of indicators, milestones and targets.

Generally, all forms of feedback have been used to revise all elements of the performance framework – notably the milestones and the targets as well as the indicators. Another important aspect with respect to the role and influence of dialogue is the finding that exchanges with other MAs and experiences in other Member States were reported as hardly playing a role, even though learning from other experiences is frequently requested by MS.

Although there was some criticism, overall, the guidance received from the EC was appreciated, in particular, the guidance fiche on the performance framework. This guidance fiche was perceived as the most useful guidance document, followed by the Commission Implementing Regulation and the draft guidelines for programme.

Developing the performance framework for complex priorities and specific delivery modes was not an easy process – both with respect to dealing with the complexity of the task and the resources required to accomplish it. Identifying indicators which sufficiently reflect the scope of complex priorities combining investment priorities from different thematic objectives without increasing the total number of indicators was challenging. Additionally, the definition of milestones and targets was more challenging for complex priorities than in other cases, since there are more uncertainties involved in these instances. For specific delivery modes, challenges while elaborating the performance frameworks in particular in relation to financial instruments were highlighted, leading partly to very low milestones and targets in the performance frameworks.

There is a great variety of approaches to establish consistency in the functioning of the performance framework (in line with Article 15 of Regulation (EU) No 1303/2013), which largely depends on the national set up of bodies and responsibilities. Generally, coordination mechanisms used were in the form of consultations and dialogue rather than top-down guidance (e.g. through a methodology imposed by the coordinating unit/at national level). The review of the PAs with the EC highlighted various actions taken at the MS level to ensure consistency across programmes and funds, which was confirmed by the methodologies available at programme level. Seminars, national guidelines, regulations and generally harmonised procedures (e.g. uniform definitions of indicators across a MS) were often applied in the MS. Nearly 70% of all MS applied harmonised procedures, 57% of MS had national guidelines, around 54% of MS held seminars and approximately one third of all MS had regulations to ensure consistency in the functioning of the performance framework. As identified in the PA, the majority of MS (93%) applied at least a single action to ensure consistency across programmes and funds.

The sole desk review of PA and methodologies was enriched by the web-survey findings and the interviews with programme and national representatives, which mainly confirmed the desk review findings and provided additional information, which was partly not included in the PA.

Differences in approaches are mainly not visible for programme types, but rather Member States. A majority of MS and MAs found these mechanisms useful, as only occasionally coordination between the different ESIF was not perceived as relevant, as the vast majority of programmes indicated consistency mechanisms to be useful.

### 3. DESIGN OF THE PERFORMANCE FRAMEWORKS AND UNDERLYING RATIONALE

This chapter describes the design of the performance framework and provides a synthesis of how the provisions relating to the performance framework are reflected in all programmes financed by the ERDF and the CF, including multi-fund programmes co-financed by the ESF and ETC programmes financed by the ERDF. This chapter focuses on the following aspects:

- The use of categories of indicators – apart from the general description of the use of different categories – i.e. output indicators, financial indicators, key implementation steps, result indicators – their use across MS, programmes/PAx, funds and regions is reviewed in detail (see chapter 3.1).
- Furthermore, the establishment of milestones and targets in accordance with Annex II of Regulation (EU) No 1303/2013 is discussed. This analysis is especially carried out for common output indicators (ERDF/CF and ESF) and financial indicators. Furthermore a reflection on the appropriate level for milestones, taking into account the rhythm of delivery of outputs is included (see chapter 3.2)<sup>16</sup>.

The findings presented in this chapter are mainly based on the review of the relevant sections of all PAs, programmes, ex-ante evaluations as well as on additional information as received by the MS and the EC. Additional insights were gained through the results of the interviews with representatives from programmes, the national level, and the web-survey.

#### Analysis of Programmes – setting the frame of the analysis

The analysis differentiates between programmes funded under the IGJ objective and the ETC objective. Furthermore the analysis illustrates findings per OPs and per priority axes (PAx) when indicated.

The analysis of the PF has covered 291 programmes financed by the ERDF and the CF, including multi-fund programmes co-financed by the ESF. Of these, 282 programmes have a performance framework as required by Regulation (EU) No 1303/2013. The nine programmes<sup>17</sup> (out of the set of 291 programmes) not having identified PF indicators are all either technical assistance (TA) programmes or an SME initiative programme and are not required to have a PF (see Regulation (EU) No 1303/2013).

Accordingly the analysis, as presented in the following chapter covers 282 programmes, of which 207 are covered by the IGJ goal and 75 are covered by the ETC goal. From the 207 IGJ programmes that have a PF, the majority are regional programmes (67%), while 20% are national programmes and 13% are multiregional programmes<sup>18</sup>. While 38% of the national programmes have a general regional development focus, 62% of programmes demonstrate the following specific focus:

- 19% of national programmes focus mainly on smart growth;
- 19% focus mainly on sustainable growth;
- 14% of national programmes are transport and infrastructure ones; and
- 10% of national programmes focus on human capital.

From the 75 ETC programmes, the majority of 75% are INTERREG V-A programmes, i.e. cross-border cooperation programmes, 20% are INTERREG V-B programmes, i.e. transnational ones, and 5% are INTERREG V-C programmes, i.e. interregional programmes.

Therefore the PF database includes indicator information on 282 programmes and financial information on 291 programmes which stem from all EU Member States and cover all types of ETC programmes<sup>19</sup>. It needs to be mentioned that this report also includes a set of 46 programmes (13

<sup>16</sup> The arrangements set up at national level to ensure consistency in the functioning of the PF across programmes and funds, which is also part of task 2 of this study, is discussed in chapter 2.4., which focuses especially on these arrangements and processes. Additionally, the aspect of the performance reserve is reviewed in chapter 4.

<sup>17</sup> 2014ES16RFSM001, 2014FR16M2TA001, 2014GR16M3TA001, 2014MT16RFSM001, 2014PL16CFTA001, 2014PT16RFTA001, 2014RO16RFTA001, 2014SK16RFTA001, 2014CZ16CFTA001

<sup>18</sup> Categorisation following the relationship between programmes and NUTS regions as encoded in SFC 2014: "Regional programme: programme covering a single NUTS2 region or a single NUTS1 region (unless that region covers the whole country); multiregional programmes: covering more than one NUTS2 or NUTS1 region, but not the whole country; national programmes: covering the whole country (EC, 2015).

<sup>19</sup> One ETC programme, the INTERREG V-A Italy-Croatia programme is not included in the database/this report, as it has not been submitted to the EC by summer 2015.

under the IGJ objective, 33 under the ETC objective), which have not been approved at the time of the analysis, which means that data may still have changed before the time the documents are approved by the EC.

### 3.1. The use of the four categories of indicators

A first step to provide a synthesis of how the provisions relating to the PF are reflected in the operational programme and its PAX is the assessment of the use of the four categories of indicators, namely output indicators, financial indicators, key implementation steps and result indicators, in the PF. Both output and financial indicators must be included in the PF, while result indicators can be used where appropriate. Key implementation steps have to be applied where no outputs can be achieved at a milestone stage<sup>20</sup>. When the expected milestone value was particularly low, the Member State could propose to add a key implementation step in order to give a better representation of the progress in implementation.

In this section, the use of these four indicator categories is introduced briefly. The analysis focuses on the use of indicator categories in relation to the following aspects: Member States<sup>21</sup>, funds, programmes (dealing with different thematic orientations of the programmes as a whole, such as smart growth or sustainable growth, dealing with programmes which PAX are referring to one or more thematic objectives), and categories of regions. Furthermore, an additional analysis was completed categorising programmes along their financial volumes.

#### *Use of four categories of indicators in general*

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In total, the 282 programmes (with 1,565 PAX) identified around 5,482 indicators for their PF, of which 207 programmes (with 1,280 PAX) and 4,606 indicators belong to the IGJ objective and 75 programmes (with 285 PAX) and 876 indicators are covered under the ETC objective. Overall, for programmes under the Investment for Growth and Jobs Goal analysed for this study, 55,93% of these are output indicators (out of which 49,88% are common output indicators), 32,63% are financial indicators, 11,2% are key implementation steps and 0,24% are result indicators. In absolute numbers the picture is as follows: 2,576 output indicators (of which 1,285 are common output indicators), 1,503 financial indicators, 516 key implementation steps and 11 result indicators. For programmes under the European territorial Cooperation goal, the distribution is as follows: 55,71% are output indicators (out of which 22,95% are common output indicators), 32,42% are financial indicators and 11,87% are key implementation steps (no result indicators used). In absolute numbers the picture is as follows: 488 output indicators (of which 112 are common output indicators), 284 financial indicators and 104 key implementation steps.

At the level of priority axes, the number of indicators included in the performance framework varies from a minimum of 2 indicators to priority axes with a maximum of 39 indicators in the case of a complex priority axis. The number of indicators per PAX is a relevant aspect when considering the requirements of Commission Implementing Regulation (EU) No 215/2014, as the number of indicators affects the way how the achievement or serious failure to achieve the milestone are assessed (Article 6). The rules for performance frameworks with only 2 indicators are stricter than for those with 3 or more indicators. In addition, the output indicator(s) have to represent more than 50% of the allocation of the PAX, and this EU requirement may result in an increase of the number of output indicators in the PF in the priority axes which cover many different types of operations.

Bearing those two aspects in mind, the study shows that overall more than 65% of all PAX (1,025 PAX in absolute numbers) have identified more than 2 indicators for their PF, the remaining 35% of PAX (540 PAX in absolute numbers) have identified 2 indicators for their PF: Differentiating this between IGJ and ETC programmes shows that 65% of all IGJ PAX (824 PAX in absolute numbers) have identified more than 2 indicators for their PF, the remaining 35% (456 IGJ PAX in absolute numbers) have identified 2 indicators for their PF. 70% of all ETC PAX (201 PAX in absolute numbers) have identified more than 2 indicators for their PF, while the remaining 30% of ETC PAX (84 PAX in absolute numbers) have identified 2 indicators for their PF. The number of indicators and the frequency of common indicators used is discussed in the sub-chapters below. The following

<sup>20</sup> European Commission (2013) Guidance Fiche Performance Framework Review and Reserve in 2014-2020. Version 3 – 19 July 2013. p. 6

<sup>21</sup> A detailed description of the use of indicator categories in the PF, including a brief description of the selection procedure of indicators for the performance framework, is available in the Annex.



paragraphs provide a first overview of the four categories of indicators in general, raising initial findings on the differences across MS, funds, categories of regions and types of programmes.

But before this first overview, the following table and figure give a first insight in the number of programme PAX, differentiated by their number of PF indicators per Member State:

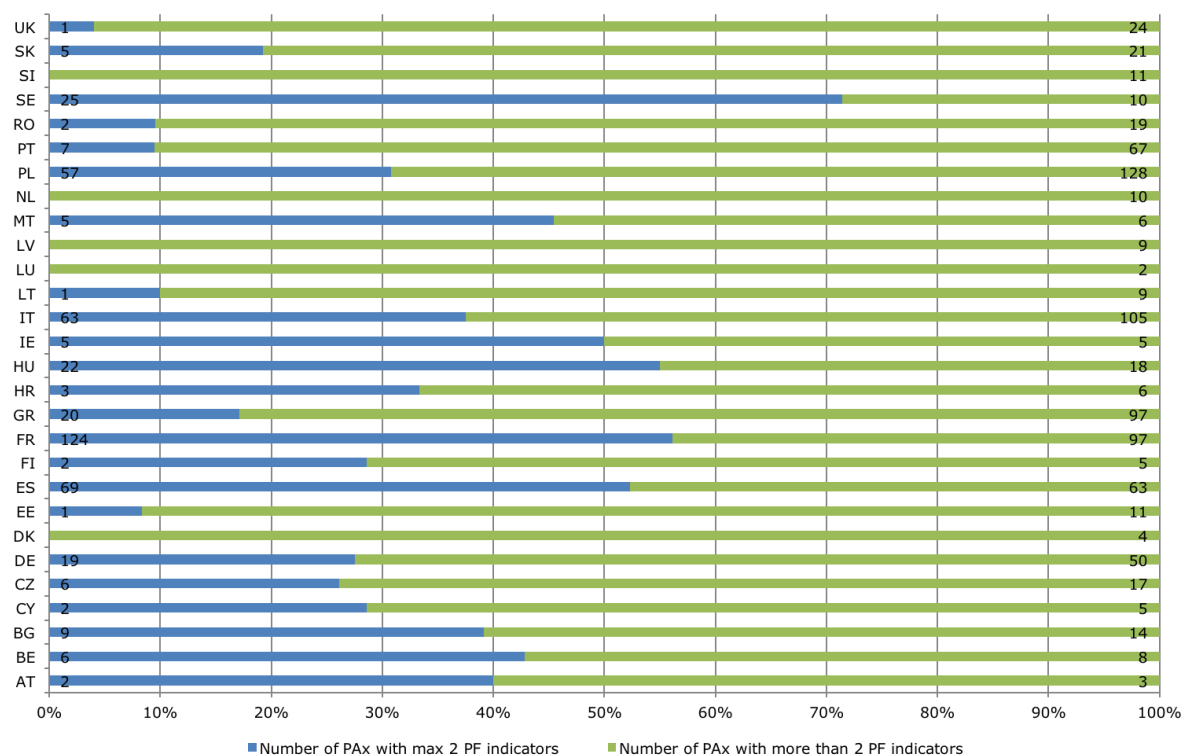
- The illustrations show that the majority of PAX have identified more than 2 PF indicators. Especially, Denmark, Luxembourg, Latvia, the Netherlands and Slovenia have only PAX with more than 2 PF indicators.
- Exceptions are Spain, France and Sweden with a majority of more than 50% of all PAX having maximum two PF indicators in their performance frameworks.

**Table 1. Number of PAX differentiated by number of PF indicators and Member State**

Member State	Number of PAX with PF indicators					
	Absolute numbers			In %		
	Number of PAX with max 2 PF Indicators	more than 2 PF Indicators	Total	Number of PAX with max 2 PF Indicators	more than 2 PF Indicators	Total
AT	2	3	<b>5</b>	40	60	100
BE	6	8	<b>14</b>	43	57	100
BG	9	14	<b>23</b>	39	61	100
CY	2	5	<b>7</b>	29	71	100
CZ	6	17	<b>23</b>	26	74	100
DE	19	50	<b>69</b>	28	72	100
DK	-	4	<b>4</b>	-	100	100
EE	1	11	<b>12</b>	8	92	100
ES	69	63	<b>132</b>	52	48	100
FI	2	5	<b>7</b>	29	71	100
FR	124	97	<b>221</b>	56	44	100
GR	20	97	<b>117</b>	17	83	100
HR	3	6	<b>9</b>	33	67	100
HU	22	18	<b>40</b>	55	45	100
IE	5	5	<b>10</b>	50	50	100
IT	63	105	<b>168</b>	38	63	100
LT	1	9	<b>10</b>	10	90	100
LU	-	2	<b>2</b>	-	100	100
LV	-	9	<b>9</b>	-	100	100
MT	5	6	<b>11</b>	45	55	100
NL	-	10	<b>10</b>	-	100	100
PL	57	128	<b>185</b>	31	69	100
PT	7	67	<b>74</b>	9	91	100
RO	2	19	<b>21</b>	10	90	100
SE	25	10	<b>35</b>	71	29	100
SI	-	11	<b>11</b>	-	100	100
SK	5	21	<b>26</b>	19	81	100
UK	1	24	<b>25</b>	4	96	100
ETC	84	201	<b>285</b>	29	71	100

Source: Database on performance indicators. 2016.

The following figure represents the findings graphically, showing the share of PAX with max. 2 PF indicators (blue stripe) and the share of PAX with more than 2 PF indicators (green stripe) per MS. The absolute numbers of PAX per category are shown on each stripe.

**Figure 11. PAx with 2 or more PF indicators per Member State – share & absolute figures**

Source: Database on performance indicators. 2016.

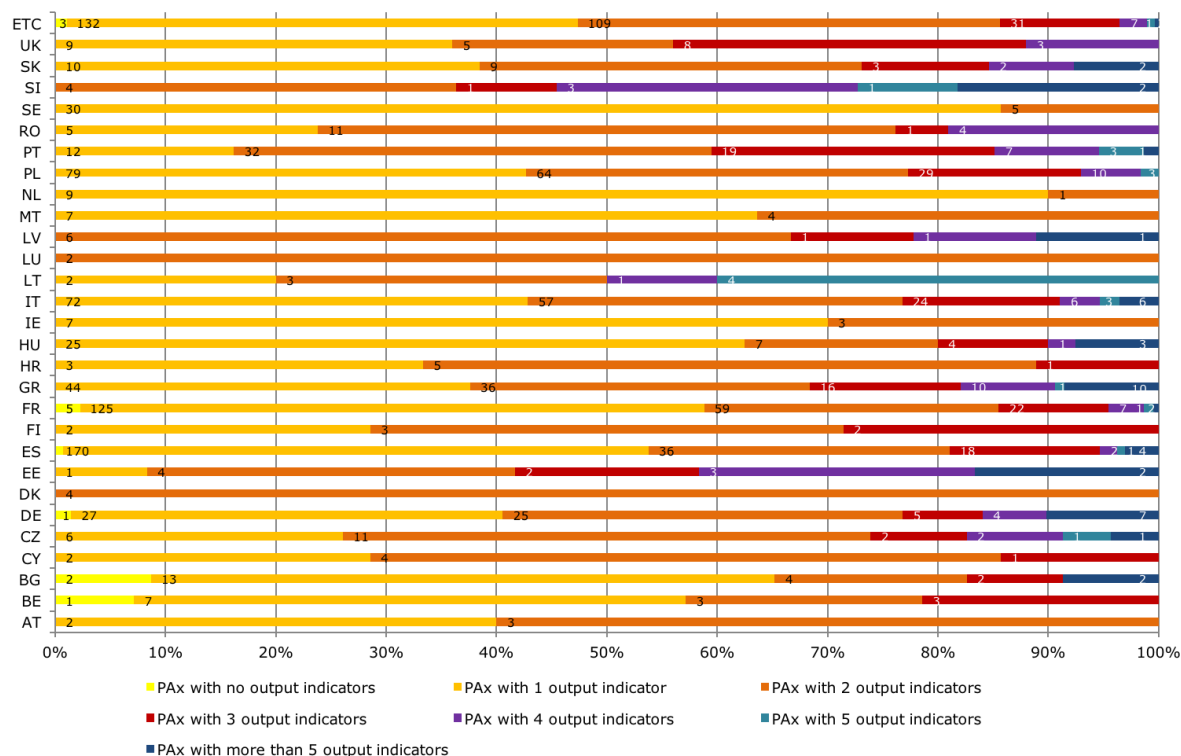
#### Output indicators

PF output indicators are selected by the MS from among the indicators already chosen for the programme. In order to capture the crucial information on the progress of a PAx, the aim is to relate the selected indicators to operations representing the majority of the resources allocated to the PAx and – in case of the ERDF and the Cohesion Fund – to reflect the outputs expected to be delivered by fully implemented operations.

The following figure presents an overview per EU MS and the number of PAx (share and absolute figure) which refer to a.) no output indicator,<sup>22</sup> b.) 1 output indicator, c.) 2 output indicators, d.) 3 output indicators, e.) 4 output indicator, f.) 5 output indicators, and g.) more than 5 output indicators.

<sup>22</sup> As indicated above, the performance framework has to include milestones and targets set for the output indicator. Lack of such indicator in analysed programmes may be due to error in encoding and will be investigated by the European Commission in order to ensure programmes full formal compliance with the Regulations.



**Figure 12. PAX with number of output indicators – share & absolute figures**


Source: Database on performance indicators. 2016.

The analysis of programmes shows that output indicators are the most frequently used category of indicators: Taking a closer look at the level of programme PAX shows:

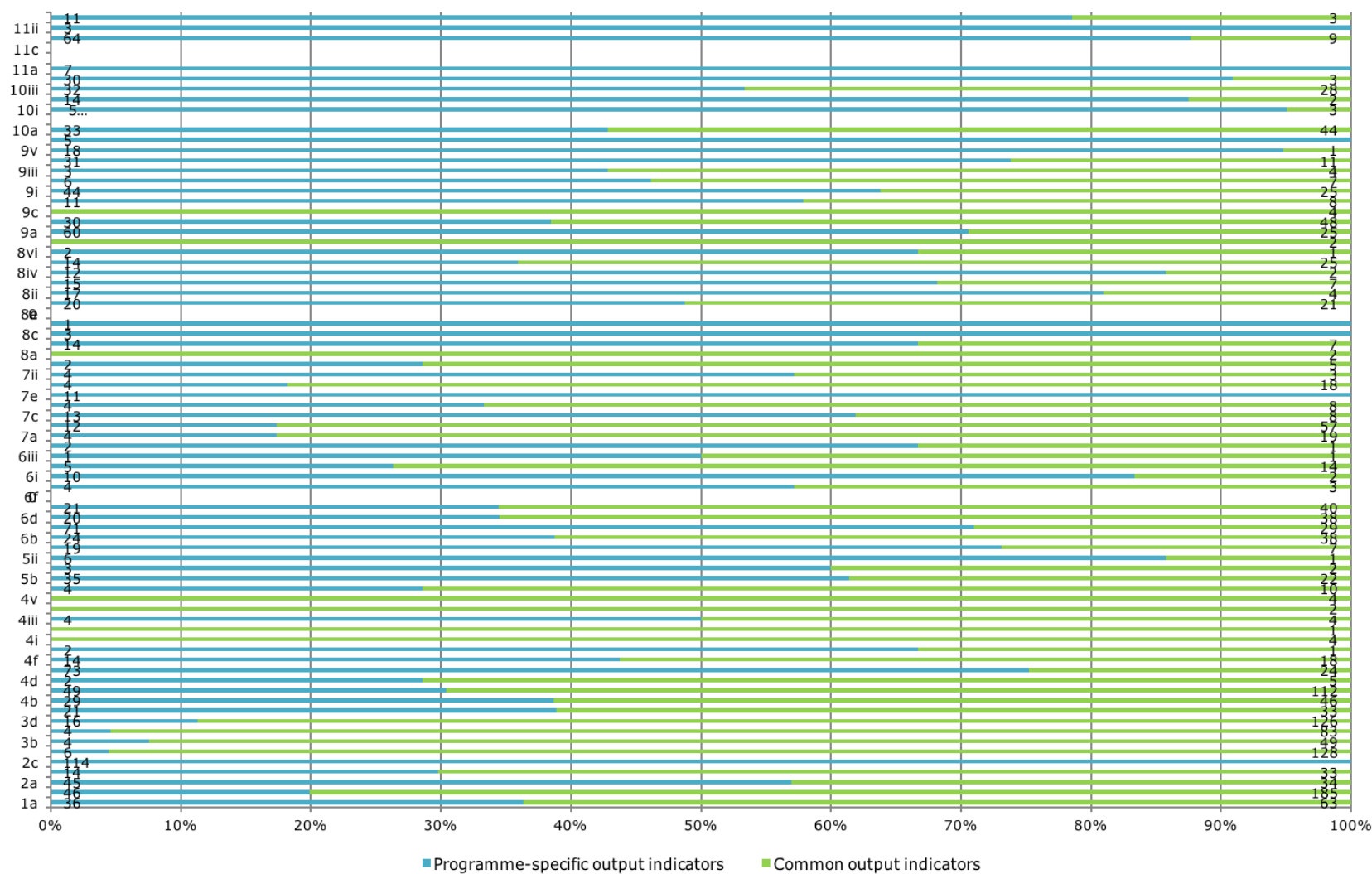
- Approximately 45% of all PAX of IGJ programmes (569 PAX in absolute values) have identified one output indicator only for their PF; the remaining 55% of PAX identified from 2 to 18 output indicators in their PF (the latter case is a complex priority axis).
- For ERDF programmes, 50% of PAX identified 1 output indicator for their PF, around 30% of PAX identified 2 PF output indicators and the remaining 20% of PAX identified no output indicator or 3 to 9 PF output indicators. For the CF funded programme, 67% of PAX identified 2 PF output indicators and 33% of PAX identified 3 PF output indicators.

When taking a closer look at the level of PAX, the following gets visible:

- Approximately 46% of all PAX of ETC programmes (132 PAX in absolute values) have identified one output indicator only for their PF – going in line with findings from the IGJ programmes; the remaining 54% of PAX identified from 2 to 7 (1 PAX) output indicators in their PF.
- Only 3 PAX (2 OPs<sup>23</sup>) out of the set of 285 PAX of ETC programmes in total have not identified any output indicators, but use key implementation steps instead.

On average, there are more output indicators in PF related to certain thematic objectives. Indeed, thematically, PF output indicators are frequently used for fund-specific investment priorities (IP) in the field of research, technological development and innovation (thematic objective (TO) 1), as well as in the area of low-carbon economy (TO4), with a specific focus on energy efficiency, smart energy management and renewable energy use in public infrastructure (IP 4c). Furthermore, PF output indicators frequently refer to the aspect of SME competitiveness (TO3), focusing especially on the promotion of entrepreneurship (IP 3a) and SME capacity (IP 3d). Further details on the distribution are provided in Annex (p.36, figure 31).

**Figure 13. Fund-specific IPs and the use of programme-specific vs. common output indicators (IGJ programmes) – share & absolute figures**



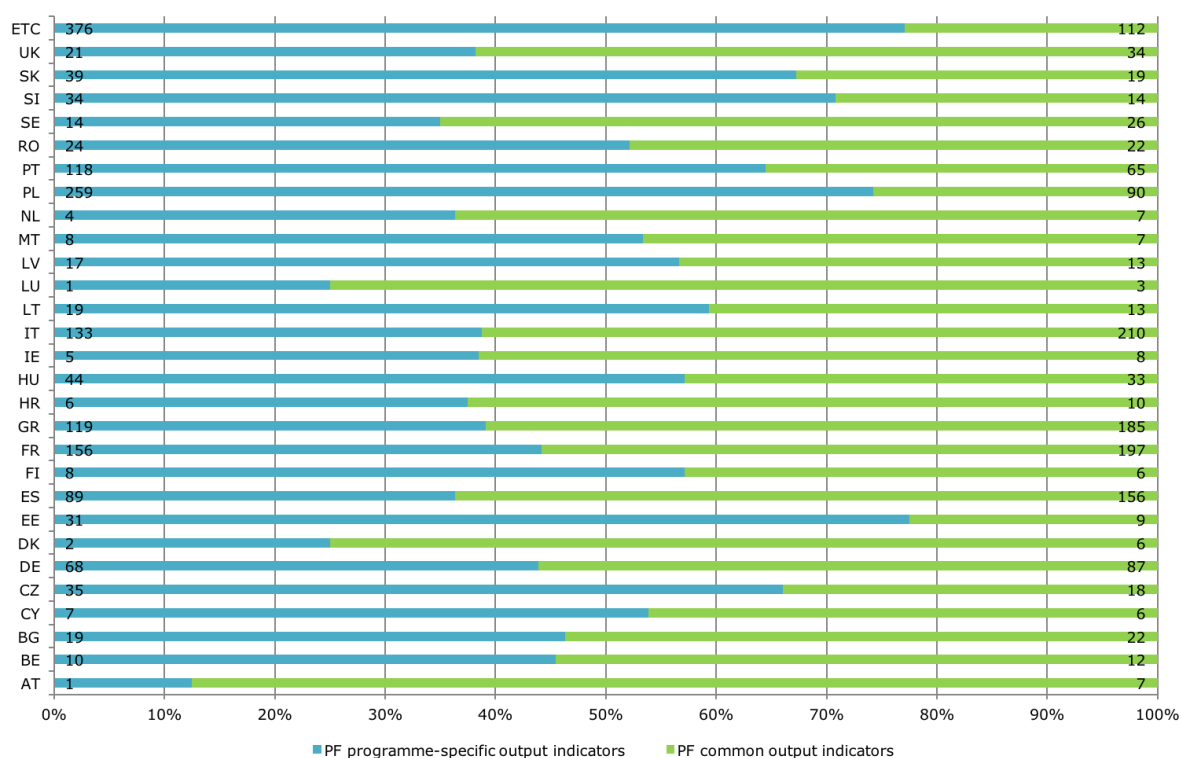
Source: Database on performance indicators. 2016.

### Common output indicators

Whereas the above discussion covers both common and programme-specific output indicators, the following analysis focuses on common indicators. Common output indicators for the ERDF, the CF as well as the ESF are frequently used for the PF of the MS. Taking a closer look at output indicators in the EU (the average across all analysed programmes, see below figure), what becomes notable is that common output indicators and programme-specific indicators are used equally. When studying the level of EU MS, one can see that

- Austria, Denmark and Luxembourg mainly use common output indicators in their PF; these MS have a share of 75% to 88% of all output indicators being common. Furthermore in Spain, Greece, Croatia, the Netherlands, Sweden and the United Kingdom more than 60% of all PF output indicators are common;
- on the contrary, an extremely low level of common output indicators is used in Estonia and Poland; in both cases the MS share of common output indicators ranges below 30% of all PF output indicators.

**Figure 14. Common output indicators and programme-specific output indicators per Member State – share & absolute figures**



Source: Database on performance indicators. 2016.

The review of the use of common indicators per type of region shows the following:

- Programmes for single regions show a higher share of common output indicators (53%) than programmes for multi-regions (43% of output indicators are common output indicators).
- In more detail: Programmes covering more developed regions, and regions in transition, use common output indicators to a greater extent: for both types of regions common output indicators represent 60% of all PF output indicators; these are quite different from programmes covering less developed regions and those programmes which refer to more than one category of region (i.e. multi-region programmes), which use a lower share of common output indicators: only 45% of all PF output indicators are common output indicators.

Analysing the use of common output indicator per fund-specific investment priority, the high share of common output indicators used in the programmes' performance frameworks can be also confirmed at this level (55% of all output indicators referring to an IP are common ones). Additionally it shows that out of the set of 74 fund-specific IPs to which indicators of the analysed programmes refer to, 35 IPs are mainly covered by common output indicators (>50% of all output

indicators being common ones). IPs which are mainly (i.e. more than 80% of all PF output indicators are common ones) covered by common output indicators are IPs under TO3, TO4 and TO7 (for details see following figure); as well as selected ones under TO8 and TO9. To IPs 4i, 4ii, 4iv, 4v, 8a, 8vii and 9c only common output indicators are referring to (no programme-specific indicators at all). Further details on the use of programme-specific and common output indicators are provided in Annex (p.38, figure 34).

The analysis of ETC programmes shows that nearly one quarter of the output indicators selected for the PF of ETC programmes are common output indicators. Furthermore, mainly ERDF funded ETC programmes, which are the majority of ETC programmes, use common output indicators for their PF, as just one programme funded from the combination of ERDF and IPA (e) uses common output indicators too; the other programmes funded from the combination of ERDF and IPA(e), respectively, from the combination of ERDF and ENI and the combination of ERDF, IPA(e) and ENI use no common output indicators at all. This finding is in line with the fact that mainly INTERREG V-A programmes use common output indicators (26% of all output indicators being common ones), INTERREG V-B programmes use a relatively low share of common indicators (14% of all outputs) and INTERREG V-C programmes do not use common indicators at all. For ETC programmes, no strong differences for the categories of regions are recognisable as the situation for programmes focusing on single regions is similar to those programmes focusing on more than one category of regions: those ETC programmes which are explicitly referring to either more developed or outermost and northern sparsely populated regions use a slightly higher share of common output indicators (33% of all PF output indicators).

#### *Programme-specific output indicators*

When reviewing programme-specific indicators, i.e. output indicators which are neither common ERDF/CF output indicators nor common ESF output indicators, the analysis shows the following situation:

- Programme-specific output indicators are used by nearly all analysed programmes;
- Twelve of the programmes included in the analysis so far are missing programme-specific output indicators, and use only common ones;
- In line with the findings presented above, Estonia and Poland and Slovenia show a very high level of programme-specific output indicators, representing more than 70% of all output indicators identified for the PF;
- Furthermore Slovakia and Portugal show high levels of programme-specific output indicators, with more than 60% of programme-specific output indicators, well above the EU-average of 50% of output indicators being programme-specific ones.

The review of the use of common indicators per type of region shows the following:

- Multi-region programmes use programme-specific output indicators to a higher extent than single region programmes (57% of all output indicators vs. 47%). In more detail, this means:
  - Single –region programmes covering either more developed regions or regions in transition use programme-specific output indicators to a lesser extent: for both types of regions around 40% of all PF output indicators are programme-specific.
  - Programmes covering less developed regions and those programmes which refer to more than one category of region (i.e. multi-region programmes) use a higher share of programme-specific output indicators: around 55% of all PF output indicators are programme-specific.

Comparing the use of programme-specific output indicators per fund-specific investment priority, shows that out of the set of 74 fund-specific IPs to which PF indicators are referring to, 39 IPs are mainly covered by programme-specific output indicators (>50% of all output indicators being programme-specific ones).

The analysis of ETC programmes highlights the importance of programme-specific indicators for the PF. It is apparent that programmes funded from the combination of ERDF and ENI, ERDF and IPA(e), as well as ERDF, IPA(e) and ENI, programme-specific output indicators are mostly relevant as in these cases, there is an absence of common output indicators (for details please see above). These findings correspond with the high share of programme-specific indicators used for INTERREG V-C and INTERREG V-B programmes. For ETC programmes, only minor differences for the categories of regions are visible as the share of programme-specific indicators is quite high for all types of regions, although remaining at a lower level for those programmes focusing especially on more developed and northern sparsely populated regions.

Summarising, when concluding the use of common and programme-specific output indicators, the higher share of common output indicators in Austria, Belgium, Bulgaria, Germany, Denmark, Spain, France, Greece, Croatia, Italy, the Netherlands, Sweden and the UK gets evident. In all other MS and ETC programmes, programme-specific output indicators represent a higher share of PF output indicators in total.

### Financial indicators

In line with the regulatory requirements, there is one financial indicator per performance framework (when the PAX covers more than one Fund or more than one category of regions, milestones and targets are established separately for each Fund/category of regions ) and the indicator should relate to the total amount of eligible expenditure entered into the accounting system of the certifying authority (CA); i.e. the total amount of expenditure incurred by beneficiaries and paid in the implementing operations.

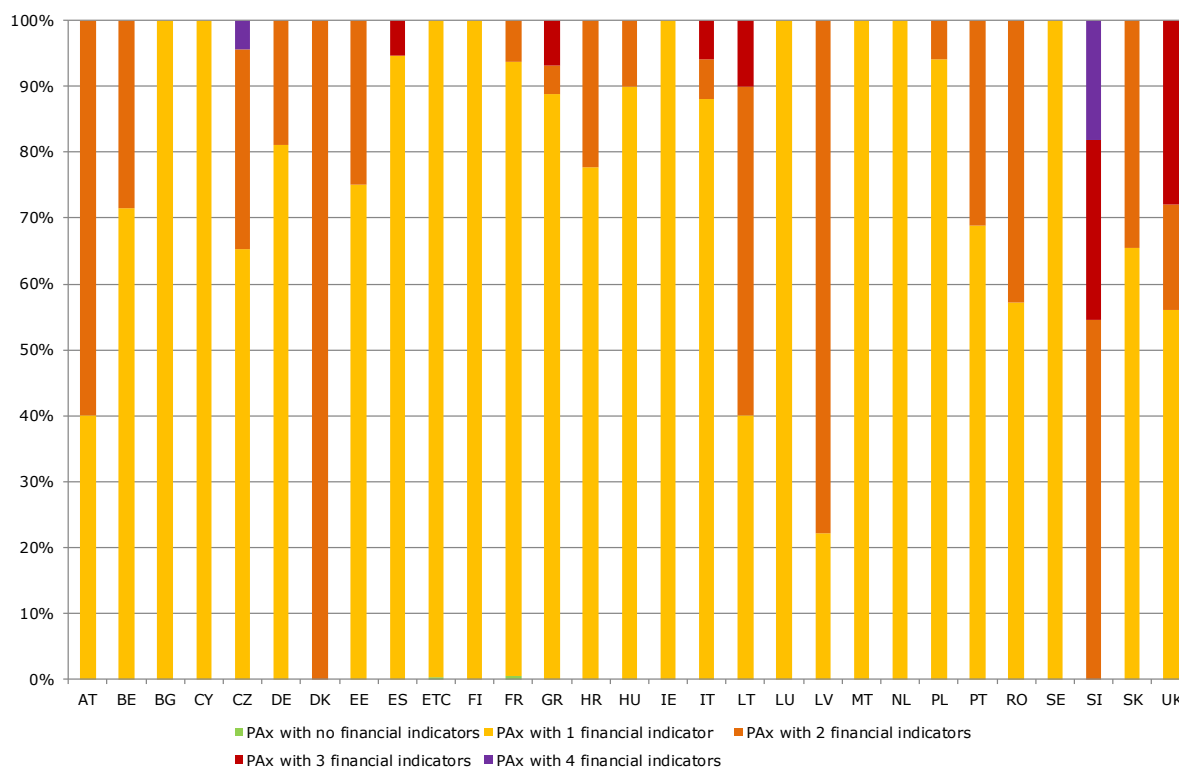
The analysis shows that financial indicators are the second often used type of indicators for the programmes' performance frameworks. When taking a closer look at the level of programme PAX, the following gets visible:

- All PAX have identified at least one financial indicator as part of their performance framework, which is in line with the regulatory requirements.
- 1,097 PAX in absolute numbers, representing more than 85% of all IGJ PAX, have identified one financial indicator only.
- There are 182 PAX in 56 OPs where more than one financial indicator can be found in the PF.

For all ETC PAX, one financial indicator was identified for the performance frameworks.

The following figure provides an overview per EU MS and the number of PAX which refer to a) no financial indicator, b) 1 financial indicator, c) 2 financial indicators, d) 3 financial indicators, e) 4 financial indicator, f) 5 financial indicators, and g) more than 5 financial indicators.

**Figure 15. Share of PAX with number of financial indicators**



Source: Database on performance indicators. 2016. PAX

Generally, financial indicators represent 33% of all PF indicators in EU-average, i.e. financial indicators are the second most often used indicator for the PF, as is illustrated above. The analysis of MS specifics shows

- a generally high share of financial indicators in the MS PF – i.e. financial indicator representing a high share on all PF indicators – of Austria, Denmark and Sweden with financial indicators representing more than 40% of all PF indicators identified;
- Estonia and Greece in particular, but also Lithuania, Latvia, Portugal and Romania, show a share of financial indicators below the EU level, i.e. less than 30% of their indicators are financial indicators across all categories of funding.

However PAX referring to more than one category of region or combining more than one Fund have more than 1 financial indicator, as in such cases milestones and targets are established separately for each fund / category of region.

### Key implementation steps

Key implementation steps can be used as milestones only, because by the end of the programming period, outputs should be available, and key implementation steps are not intended as final programme targets<sup>24</sup> They should be used in cases where no measureable output is expected by the end of 2018 As defined in Article 5(4) of the Commission Implementing Regulation (EU) No 215/2014, key implementation steps “shall be an important stage in the implementation of operations under a priority, whose completion is verifiable and may be expressed by a number or percentage”..

Key implementation steps are applied diversely across the EU. Generally, this category of indicators was not used very often by the programmes and PAX (for 75% of all PAX no key implementation step was identified) for the PF. For some programmes, PAX and MS key implementation steps represent an important indicator category:

- MS with a high share of KIS (>20% of all PF indicators) are Greece, Lithuania, the Netherlands, Romania and the UK.
- Especially national programmes show an increased share of key implementations steps in their PF (on average: 15% of all PF indicators).
- In total, 397 PAX (IGJ: 315 PAX; ETC: 82 PAX) out of the total of 1,565 PAX with a PF, have identified key implementation steps in their PF. 15% of all PAX of IGJ programmes have identified one key implementation step, while 22% of all PAX of the ETC programmes have identified one key implementation step in their performance framework.

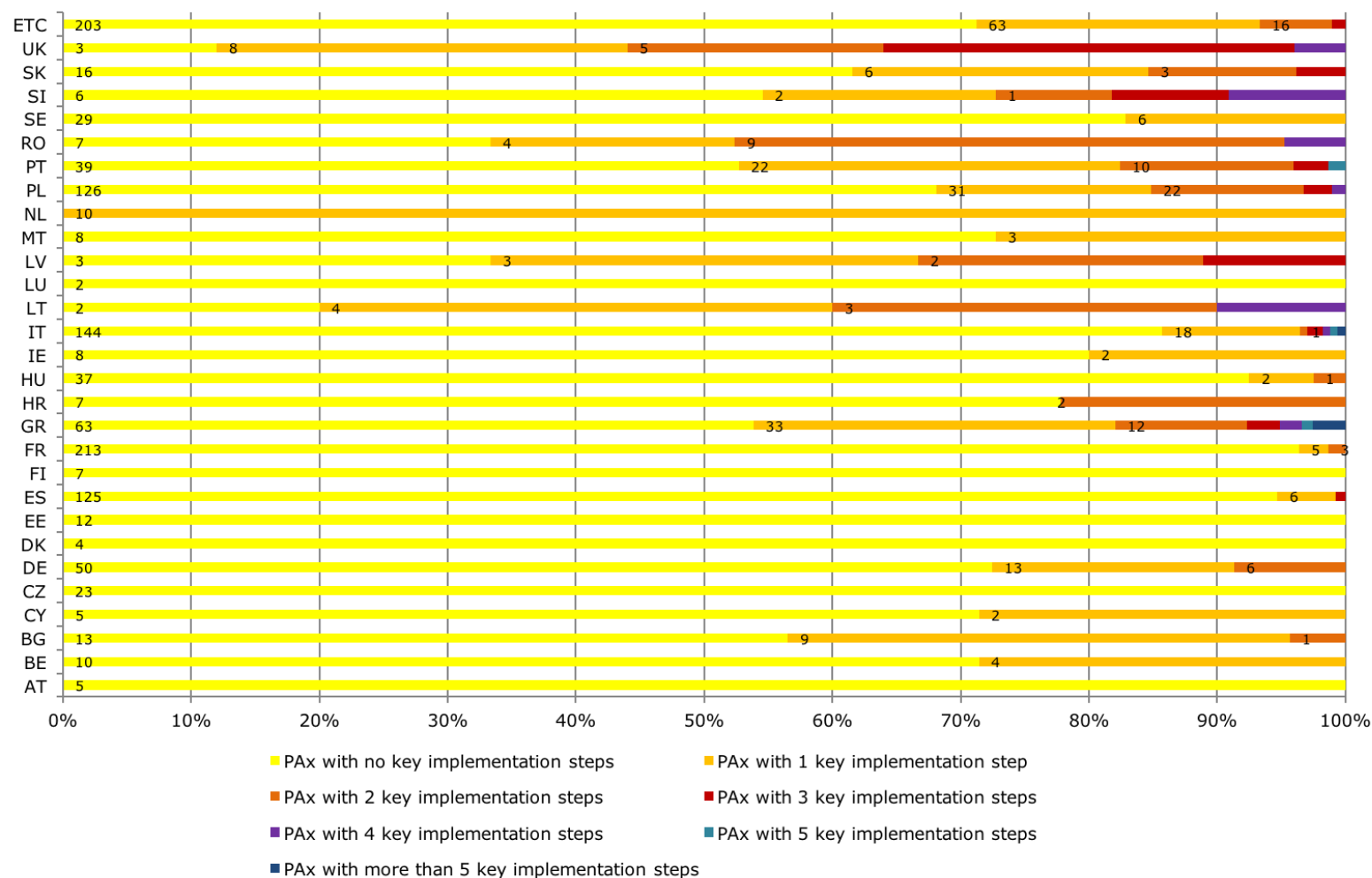
The identification of one or two key implementation steps per PAX is the most commonly used practice in Europe. Only a few PFs selected between three and four key implementation steps per PAX. More than 5 (up to 18<sup>25</sup>) key implementation steps were only used occasionally.

The following figure provides an overview per EU MS and the number of PAX which refer to a) no key implementation step, b) 1 key implementation step, c) 2 key implementation steps, d) 3 key implementation step, e) 4 key implementation steps, f) 5 key implementation steps, and g) more than 5 key implementation steps. The figure underlines the above finding of the importance of KIS in the performance frameworks of Greece, Lithuania, the Netherlands, Romania and the UK.

<sup>24</sup> European Commission (2013) Guidance Fiche Performance Framework Review and Reserve in 2014-2020. Version 3 – 19 July 2013. p. 6

<sup>25</sup> 18 key implementation steps were identified for one complex PAX of a Greek programme, which identified 18 output indicators and 18 corresponding key implementation steps for their milestones (“approved projects”).

**Figure 16. PAX with number of key implementation steps – share & absolute figures**



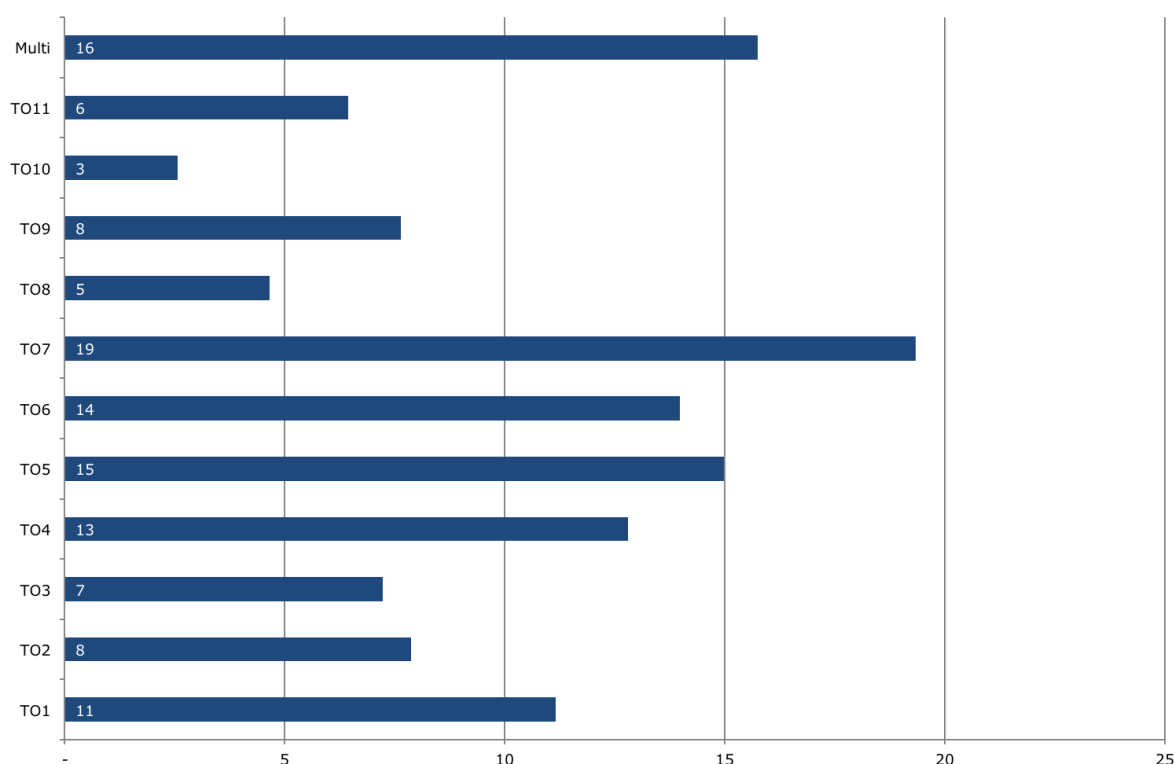
Source: Database on performance indicators. 2016.

In absolute terms, the highest number of key implementation steps was identified for Greece (M2) with 106 key implementation across all programmes. Whereas, in relative terms Bulgaria showed the highest number of key implementation steps, with 4.0 per PAX (M2).

With regard to the use of key implementation steps across thematic objectives, 14% of the key implementation steps of the analysed programmes are linked to TO6<sup>26</sup>, 12% to TO4<sup>27</sup>, 12% to TO7<sup>28</sup> and 10% to TO1<sup>29</sup>. A rather low share of key implementation steps fall under the remaining TOs. Besides, 27% of the key implementation steps of the analysed programmes are linked to PAX referring to more than one thematic objectives (category "multi").

The following figure illustrates the proportion of key implementation steps per thematic objective. It got evident that especially for PAX under TO7<sup>30</sup> key implementation steps make 19% of all PF indicators identified for the performance framework of the PAX. This reflects the mainly long-term nature of transport investments.

**Figure 17. Share of key implementation steps per thematic objective**



Source: Database on performance indicators. 2016. Note: PAX

Key implementation steps are used for a variety of different aspects and it is difficult to categorise them into common categories as their precise names, definitions and units of measurement are not standardised. A rough analysis of the names and units of measurements used most frequently for key implementation steps shows clearly that about a quarter of them relate in one way or the other to the number of approved or contracted projects or operations. Getting projects or operations up and running is thus clearly the most common feature among key implementation steps. Other aspects for which key implementation steps are used more often relate to 'enterprises' (e.g. number of enterprises receiving support). About 9% of the key implementation steps can be linked to 'enterprises'. This is followed by key implementation steps linked to 'km' of infrastructure (46 approx. 7%). These categories of KIS – i.e. referring to 'enterprises' and 'km' – are akin to output indicators, but measure outputs in relation to selected but not fully implemented operations. Furthermore, about 2% are linked to the amount of expenditure in EUR. This will only be true for the situations where milestone for output indicator = 0, which is not always the case. Probably at the same level – but more difficult to assess due to lacking detail on the meaning of key

<sup>26</sup> TO6: Preserving and protecting the environment and promoting resource efficiency

<sup>27</sup> TO4: Supporting the shift towards a low-carbon economy in all sectors

<sup>28</sup> TO7: Promoting sustainable transport and removing bottlenecks in key network infrastructures

<sup>29</sup> TO1: Strengthening research, technological development and innovation

<sup>30</sup> TO7: Promoting sustainable transport and removing bottlenecks in key network infrastructures



implementation steps – are aspects such as the development or implementation of strategies and agreements.

#### **Example OP 2014GR16M2OP001/ Competitiveness, Entrepreneurship and Innovation**

The programme identified the following key implementation steps as milestone “Approved project for common indicator 02 Number of enterprises receiving grants”, which complemented the common ERDF output indicator “Number of enterprises receiving grants” implying finalised projects (for final target measurement). This illustrates the project implementation cycle of the programme.

#### **Example OP 2014TC16RFCB022/INTERREG V-A Greece-Bulgaria**

The programme identified the following key implementation step as a milestone “Projects with at least one signed Contract of technical – construction works sub-projects”, which complemented the common ERDF output indicator “Total length of newly built roads, of which: TEN-T” (for final target measurement).

At the MS level, the analysis of the share of key implementation steps in relation to all PF indicators shows that:

- The Netherlands and the United Kingdom show values well above the EU-average with around 30% of all PF indicators being key implementation steps; this goes in line with the above finding of these countries showing high shares of PAX with 1 or more key implementation steps in their PF.
- on the contrary no key implementation steps at all were identified for Austria, the Czech Republic, Denmark, Estonia, Finland and Luxembourg.

The assessment of the use of key implementation steps per type of region shows the following situation:

- Programmes focusing on a single region and those focusing on more than one type of regions show a similar situation of key implementation steps (approx. 12%).
- Programmes focusing on more developed regions show a very low level of key implementation steps (7% of all PF indicators),
- whereas particularly less developed regions show values above the average (15% of PF indicators being key implementation steps).

ETC programmes show, on average, a share of PF key implementation steps ranging within the EU-average of IGJ programmes (12% of all PF indicators of ETC programmes are key implementation steps), although a clear difference between the funds is visible:

- While ERDF programmes have identified 12% of their PF indicators as key implementation steps,
- a third of the PF indicators of the programme funded by ERDF and ENI and the programme funded by ERDF, IPA(e) and ENI in combination are key implementation steps, but
- the programmes funded from the ERDF and IPA(e) have not identified any PF key implementation steps.

Furthermore, the analysis emphasises an increased importance of key implementation steps for INTERREG V-C programmes, since more than 15% of these PF indicators are key implementation steps. Additionally, for ETC programmes no differences in the use of key implementation steps between programmes for single regions and those for multi-regions are identifiable. At the regional level, ETC programmes intended for more developed regions do not use any key implementation steps. Finally, key implementation steps are less important for programmes covering regions in transition.

Thematically, PF key implementation steps are frequently used for PAX following fund-specific IPs in the field of research, technological development and innovation (TO1). This is in line with the findings for output indicators and emphasising the importance of the innovation aspect in the funding programmes. This concentration on innovation and research is also visible for ETC programmes and their PAX. Key implementation steps show a similar focus in the area of low-carbon economy (TO4), with a specific focus on energy efficiency, smart energy management and renewable energy use in public infrastructure (IP 4c). Further details on the number of PF key implementation steps and fund-specific investment priorities are provided in Annex (p.40, figure 38).

## Result indicators

This category of indicators is not recommended for the PF for ERDF and CF programmes because it would be difficult to disentangle policy effects from the effects of external factors. For the ESF result indicators may be used.

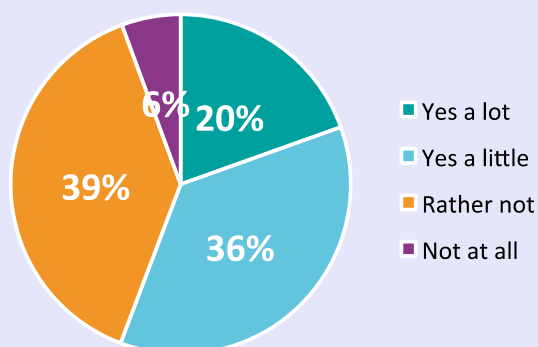
No result indicators were applied by MS in the ERDF and CF programmes analysed. Exceptions are the priority axes featuring ESF funding and / or YEI, where result indicators are included to match them:

- Bulgaria defined two result indicators for its OP "Science and Education for Smart Growth" (funded by the combination of ERDF and ESF) for the PAX of "Education and lifelong learning" (ESF-funded),
- Hungary defined three result indicators for its OP "Territorial and settlement development OP" (funded by the combination of ERDF and ESF) for the ESF-funded PAX of "Human resource developments at local and county level, inducing employment and social cooperation", "Sustainable urban development in cities with county rights" and "Community-led local development (CLLD)",
- 3 programmes in France (funded by the combination of ERDF, ESF and YEI) and the combination of ERDF and ESF<sup>31</sup>) selected 6 result indicators. The programme 2014FR16M0OP008 "Regional programme Picardie 2014-2020" even identified common result indicator 10 "Participants in continued education, training programmes leading to a qualification, an apprenticeship or a traineeship 6 months after leaving" for the PAX "Enhance employability of Picardy's youth through lifelong learning and skill acquisition" (PAX funded from YEI).
- ETC programmes did not use any result indicators in their PF at all.

### Selection of indicators for the performance framework

Setting up a methodology for the selection of indicators and setting of milestones and targets for the performance framework was stated as rather not difficult by 39% of the OPs in the web-survey, 36% indicated to have had little difficulties, 20% had a lot of difficulties and 6% did not have any difficulties at all.

**Figure 18. Did you have particular difficulty with establishing a methodology and criteria to select indicators for the performance framework?**



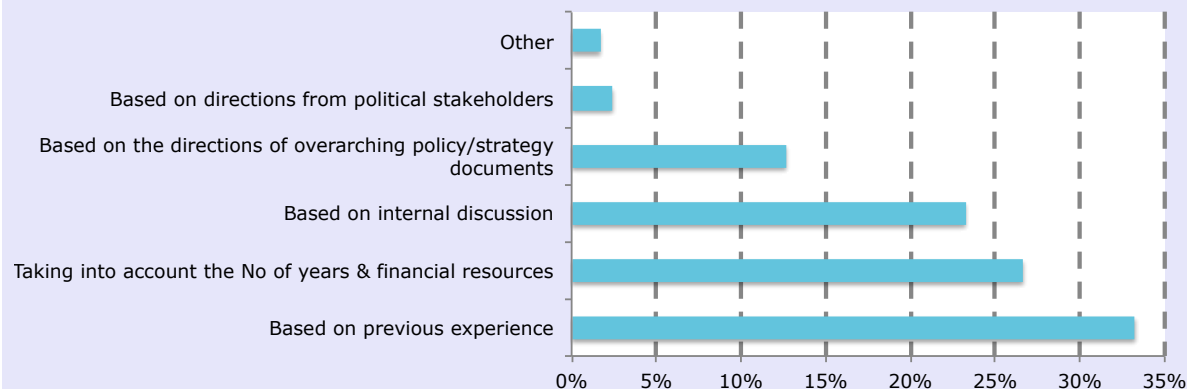
Source: web-survey on performance frameworks 2015

When grouping the findings by programme type, the results indicate that ETC (and in particular cross-border) programmes had somewhat greater difficulties establishing a methodology for selecting indicators for their performance frameworks than IGJ programmes. Among the IGJ programmes, in particular single-fund programmes and national programmes seem to have more difficulties with establishing the performance framework than do other types of programmes. The lower number of national programmes might bias this. Representatives from national programmes in Estonia, Hungary, Romania, Slovakia and Slovenia indicated to have experienced a lot of challenges setting up frameworks. These are all programmes with less history in developing indicators. It appears that OPs in Romania, France, the Netherlands, Estonia, Slovenia and Bulgaria experienced challenges with indicator selection. On the other hand, the results suggest that OPs in the UK and Denmark had no difficulties at all. Overall, the interviews confirm that the elaboration of the performance framework, including the selection of indicators, was largely based on past experience (largely referring to the work on indicators conducted during the previous programme period and not necessarily explicitly to past experience with performance frameworks.

<sup>31</sup> Relevant PAX funded from ESF only

Differentiating by programme type shows that there are only minor differences in how milestones and targets were reported to have been set (findings of the web-survey). In all cases previous experience was felt to be the most important factor. Previous experience was most often indicated in transnational cooperation programmes (45%) and least often indicated in national programmes and multi-thematic programmes (30%).

**Figure 19. How have the milestones and targets been set?**



Source: web-survey on performance frameworks 2015

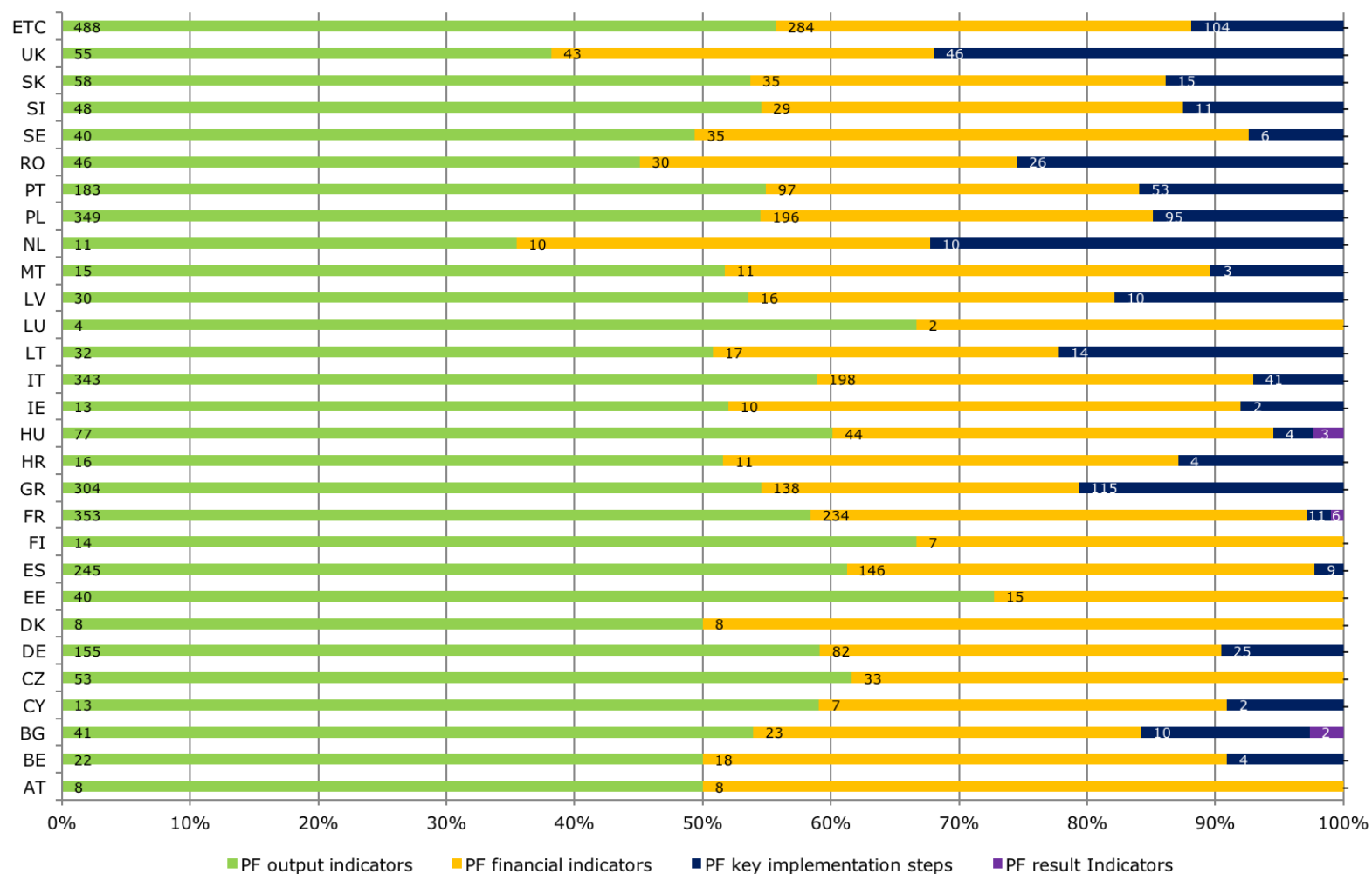
In addition, there are various cases where calculations/models, taking into account the number of funding years and allocated financial resources were developed – the second most important factor for almost all types of programmes as indicated in the web-survey, e.g. France or Portugal. Whereas in most cases these models were elaborated at the programme level, in France a national model was elaborated to be applied across all ERDF and ESF programmes. The principle components of the models were stated to be primarily based on past experience (analysis of 2007-13 OPs, financial resources and timing). In some cases (e.g. France) unit costs were also taken into account. Calculations and models show the highest indications present in cross-border programmes (29%), multi-thematic and multi-category programmes (28%) and regional programmes (27%). Only with transnational programmes were internal discussions (25%) indicated as more important than modelling (20%). For all other programme types internal discussions were indicated as the third most important input to setting milestones and targets (20% – 25%). The cases of the selection of indicators also involved broader discussions with partners and focus groups, intermediate bodies and regional actors were invited to make suggestions on indicators and target values for the performance framework (e.g. Mainland Finland OP). Focus group discussions were organised to receive input from partners and stakeholders. In some cases, the broader discussion also involved collecting information from other Member States. This was the case for the Åland OP, the Lithuanian OP and the French model at the national level.

In the interviews, the responsible persons for elaborating the performance frameworks generally gave a positive opinion on the selection of PF indicators. They highlighted that the PF is certainly encouraging MS towards result orientation and clear and verifiable targets and can act as a valuable innovation to better define indicators and targets. On the other hand, some caveats and concerns were mentioned by different interviewees. Some mentioned that the PF indicator orientation long term development perspectives may be lost and that targets will generally be set too low in order to avoid loss of funds – thus levelling down the performance of the ESI funds.

Concluding, the analysis of the four categories of indicators shows that output indicators are the most frequently used indicator category, while financial indicators are the second most often used type of indicator for the programmes' performance frameworks and key implementation steps were used to a even lesser extent, mainly in cases where no measureable output is expected by the end of 2018. Result indicators are generally not applied by most of the MS, in line with EC recommendations for ERDF and CF.

#### *Use of four categories of indicators per MS*

**Figure 20. PF indicator types per MS & ETC – share & absolute figures**



Source: Database on performance indicators. 2016.

When comparing the approaches of the different MS, the following situation becomes evident according to indicator categories, which is also highlighted in the previous figure:

- Estonia, Finland and Luxembourg show an above the EU average share of output indicators (in line with PAX that identified more than 1 output indicator for their PF).
- Low figures of output indicators are visible for the Netherlands and the UK. Additionally, Romania and Sweden also show a lower share of output indicators in comparison with the EU-average; the lower share of output indicators in the Netherlands and the United Kingdom corresponds to a share of key implementation steps that are above the EU average. The use of key implementation steps is based on the indicator milestone need to be based on actual, and not projected, realisation. Therefore Member States partly selected key implementation steps for their performance frameworks. The Netherlands, especially, show a specific distribution of different categories of PF indicators (33% output indicators, 33% financial indicators, 33% key implementation steps).
- Apart from countries not using key implementation steps at all, such as Austria, the Czech Republic, Denmark, Estonia, Finland and Luxembourg (all with a clear focus on (common) output indicators), countries namely Greece, Lithuania, Latvia and Romania also show shares of key implementation steps that are slightly above the EU average.
- In Austria, Belgium, Denmark, Ireland and Sweden, a proportion of financial indicators above the EU average are to be observed, being based in the application of complex priorities.
- Result indicators are only used in Bulgaria, France and Hungary, but to a very small extent.
- The majority of MS show PAX for which more than 2 PF indicators were identified; exceptions are France, Hungary and Sweden (higher share of PAX up to 2 PF indicators, than PAX with more than 2 PF indicators).

### *Use of four categories of indicators across programmes of different financial volumes (IGJ and ETC programmes)*

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The analysis of IGJ programmes with different financial funding – i.e. those with up to 500,000,000 Euro (Category a), programmes with financial funding ranging between 500,000,000 and 3,000,000,000 Euro (Category b), and those with more than 3,000,000,000 Euro funding (Category c) – does not show major differences concerning the use of indicator categories for the three types of programmes. Only those programmes with increased financial volumes (category c) show an enlarged share of key implementation steps used for their PF than the other two types of programmes.

The 75 ETC programmes were categorised as follows: Programmes with financial funding up to 100,000,000 Euro (Category a), those with financial funding between 100,000,000 and 300,000,000 Euro (Category b), and programmes with financial funding with more than 300,000,000 Euro (Category c). When examining the use of the four categories of indicators the following picture becomes evident:

- While programmes of categories a and b demonstrate a similar distribution of indicator categories, going in line with the EU ETC average, category c programmes show a lower share of output indicators of 42% (EU ETC: 56%) and a relatively high share of key implementation steps of 28% of all PF indicators (EU ETC: 12%) - in line with findings from IGJ programmes.
- Category a-programmes show a significantly higher share of common output indicators: 28% of all output indicators are common ones; on the contrary: category c programme use common indicators to a much smaller extent of 17% (EU ETC: 23%).
- Financial indicators of all categories cover a similar share of 30% of all PF indicators.
- Result indicators are not relevant at all.

Concluding, a relatively high share of key implementation steps for those programmes with increase funding (IGJ and ETC category c) is visible. Generally, ETC programmes of category c, i.e. highest funding, show a lower overall share of output indicators, because the key implementation steps were used more often.

The use of the four categories of indicators was also analysed in more detail by fund, thematic orientation and categories of regions. However, no patterns going beyond the findings presented in this report emerged.

### **3.2. Appropriateness of milestones and targets (according to Annex II of Regulation (EU) No 1303/2013)**

A second step in providing a synthesis of how the provisions relating to the performance framework are reflected in the programmes and how the requirements from Regulation (EU) No 1303/2013 in relation to milestone and target setting were taken into account is the assessment of the establishment of milestones and targets for the four categories of indicators, with a specific focus on common output indicators and financial indicators. This assessment follows the Annex II criteria of Regulation (EU) No 1303/2013. The indicator evaluation of these criteria is based on the judgment of the study's national experts, who did the assessment of appropriateness of milestones and targets following a standardised guidance<sup>32</sup>. Additionally, findings from the interviews and the web-survey are integrated in the following section where relevant. The following aspects are described in detail, based on the information available at the time of the preparation of the report:

- The general findings on milestones and targets, i.e. the complete picture of the financial and output indicators' milestones and targets of IGJ and ETC programmes in accordance with the Annex II criteria, are illustrated.
- Furthermore, the categories of common output indicators (ERDF/CF and ESF) of IGJ programmes are analysed, including a reflection on the appropriate level for milestones taking into account the rhythm of delivery of outputs in different intervention areas, as thematically illustrated by the common indicators.
- Finally, for financial indicators a reflection on the level for milestones, taking account of the rhythm of delivery of outputs in different intervention areas is included.

Some caveats need to be borne in mind for the analysis in this section. The national experts' judgement – i.e. the assessment of the appropriateness of milestones and targets – is partly based on programme documents which were not yet adopted when analysing them. Furthermore, methodologies were not available for all programmes. The results of this assessment therefore only provide a preliminary overview. The overview encompassed the examination of milestones and targets, in particular, whether they are: realistic, achievable on the progress of a priority; relevant and necessary for monitoring the progress of the programmes; consistent with the nature and character of the specific objectives of the PAx; transparent, with objectively verifiable targets and the source data identified; verifiable, without imposing a disproportionate administrative burden; and whether the indicator's milestones and targets are consistent across programmes.

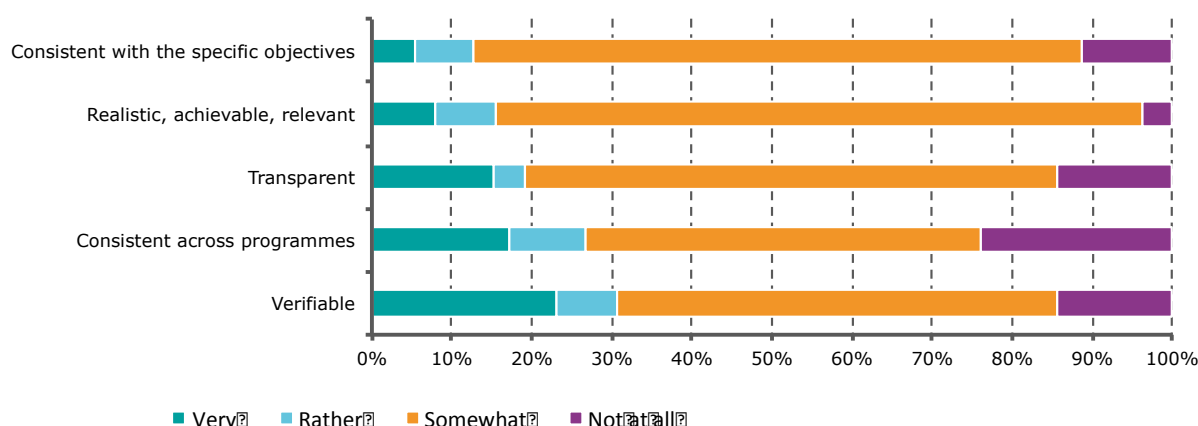
Based on this preliminary review, no serious problems have been detected. However, one will only be able to assess whether the indicators included in the performance framework are indeed appropriate and provide a close link to realities on the ground once there is experience with the actual implementation. It is also noteworthy to stress that the analysis only covers an initial assessment of compliance with the EU regulatory framework. Indeed, a more in-depth examination would exceed the scope of this study and could only be carried out based on experience with the actual implementation.

#### **3.2.1. General findings on milestones and targets**

The web-survey respondents that expressed difficulties in establishing a methodology for indicator selection have indicated more difficulties meeting the requirements of Annex II of Regulation (EU) No 1303/2013 for the milestones and targets. Most programmes indicated that it was "somewhat" difficult meeting these requirements. Generally, the interviewees did not see any specific challenges linked to the requirements of Annex II, neither concerning the use of common output indicators, nor the general compact design of the performance framework (i.e. simple system of indicators and reduction to the essentials).

<sup>32</sup> For methodological details, please see the chapter A.1.1.

**Figure 21. How difficult did you find meeting the requirements of Annex II of the CPR for the milestones and targets?**



Source: web-survey on performance frameworks 2015

## Review of IGJ programmes

When reviewing if milestones and targets are *realistic, achievable on the progress of a priority*:

- For all output indicators included in the database it becomes evident that for the vast majority of the PF output indicators (at least 82%), milestones and targets were considered realistic and achievable. For the remaining ones it is unclear if milestones and targets met this criterion. The assessment of financial indicators resembles the one of the output indicators, though ranging at a certainly higher level (at least 85% of financial indicators considered realistic and achievable).
- When going into detail on output indicators, the results show that the programme-specific output indicators are identified as being a bit clearer (at least 83%) than common output indicators (at least 81%).
- Particularly those PAX funded from the CF and the combination of ERDF, CF and ESF (M3) show milestones and targets of output and financial indicators which are all deemed as being realistic and achievable. Programmes funded from the combination of ERDF and CF (M0) show very clear financial indicators, while some of the output indicators remain unclear.
- The same holds true for those national programmes which are especially focusing on sustainable growth, and those programmes which PAX all refer to more than one thematic objective only.
- Following the web-survey findings it can be seen that setting realistic targets was more of a challenge for transnational cooperation programmes (followed by cross-border programmes and single fund programmes).
- Based on the interview findings, the stakeholders of Croatia mentioned that achieving this criterion was a challenge for the programme.

At least 89% of the output indicators, milestones and targets were considered *relevant and necessary for monitoring the progress of the programmes*:

- For the residual output indicators, it remained unclear if milestones and targets can be considered relevant; this finding is in line with the assessment of financial indicators.
- When differentiating this analysis for the types of output indicators, i.e. programme-specific and common ones, it can be demonstrated that programme-specific indicators were regarded as being mainly relevant and necessary for monitoring the progress of the programme; for common output indicators this remains often unclear (for 12% of all output indicators).
- Particularly, programmes funded from the CF, the combination of ERDF and CF (M1), and the combination of ERDF, CF and ESF (M3) show milestones and targets of output and financial indicators which are predominantly deemed relevant and necessary for monitoring the progress of the programmes.
- The same holds true for those national programmes focusing especially on human capital, sustainable growth and smart growth, and those programmes which PAX all refer to more than one thematic objective only.

When reviewing whether milestones and targets are *consistent with the nature and character of the specific objectives* of the PAX:



- The analysis shows that consistency is given for more than 90% of output indicators, and for at least 77% of the financial indicators, the latter representing a significantly lower share. Common output indicators and programme-specific output indicators have similar characteristics.
- Predominantly programmes funded from the CF and the combination of ERDF, CF and ESF (M3), and those programmes funded from the combination of ERDF and CF (M1) show milestones and targets of output and financial indicators which are often deemed to be consistent with the specific objectives.
- The same holds true for national programmes focusing on human capital, as well as transport and infrastructure programmes, and the programmes which PAX all refer to more than one thematic objective only.
- Following the web-survey findings it can be seen that consistency with the nature and character of the specific objectives of the priority was more challenging for transnational programmes and national programmes than for other types of programmes.

When reviewing the question if milestones and targets are *transparent, with objectively verifiable targets and the source data identified*, the assessment shows the following:

- Milestones and targets are deemed transparent, with objectively verifiable targets and the source of data identified for more than 80% of the output indicators, covering both programme-specific and common output indicators; for financial indicators a similar, certainly more positive picture, is visible as at least 88% of indicators have set transparent milestones and targets.
- Mostly programmes funded from the CF, the combination of ERDF, CF and ESF (M3) and the combination of ERDF, CF, ESF and YEI (MA) show milestones and targets of output and financial indicators which are all deemed as being transparent with objectively verifiable targets.
- The same holds true for those national programmes focusing on human capital, although for the main category of national programmes in total, web-survey respondents reported transparency to be a greater challenge than for other types of programmes.
- Mostly those programmes which PAX all refer to more than one thematic objective only show milestones and targets of output and financial indicators which are all deemed as being transparent with objectively verifiable targets.

Milestones and targets for at least 85% of output indicators and nearly 90% of financial indicators were considered *verifiable, without imposing a disproportionate administrative burden*:

- Common output indicators and programmes-specific output indicators show similar characteristics, although programme-specific output indicators are to a certain degree clearer (at least 88%) than common output indicators (17% remaining unclear).
- Principally programmes funded from the combination of ERDF, CF and ESF (M3) show milestones and targets of output and financial indicators which are all deemed as being verifiable without imposing a disproportionate administrative burden.
- The same holds true for those national programmes focusing on human capital, as well as those supporting smart growth, and those programmes which PAX all refer to more than one thematic objective only.
- This criterion was most frequently indicated as very difficult by the respondents of the web-survey. In particular, multi-thematic programmes (raising the issue of coordination), multi-category programmes and regional programmes (raising the issue of the availability of statistics at regional level) seem to be challenged by this criterion.

An exception – lying in the appropriateness of especially this criterion for indicators, as this might not always be the case – is the criterion requiring the *indicator's milestones and targets to be consistent across programmes*:

- Only around 70% of output and financial indicators were regarded as being totally clear in this context; the remaining share of output indicators was either not understood properly or reported as not meeting this requirement of Annex II; furthermore, this criterion was not relevant for 6% of the output indicators because they refer to Member States with only one programme, therefore the consistency of milestones and targets to other programmes of the MS was deemed not relevant. In the case of financial indicators 17% of indicators were not understood properly (national expert's judgment = unclear), 5% were not meeting this requirement and for 6% of indicators this criterion was not relevant due to reasons as outlined for output indicators.
- Common output indicators were generally considered meeting this criterion to a larger extent than programme-specific ones.
- Also the web-survey respondents ranked this criterion as a very difficult one.



## Review of ETC programmes

When reviewing if milestones and targets are *realistic, achievable on the progress of a priority*:

- For all ETC output indicators included in the database, it becomes evident that for more than 90% of the PF output indicators milestones and targets were considered realistic and achievable; for the remaining ones it was either not possible to identify if milestones and targets meet this criterion or the situation remained unclear.
- In comparison to the IGJ programmes, for ETC programmes the positive judgment ranges at a higher level.
- When comparing this analysis with milestones and targets of financial indicators it becomes apparent that these are less clear (at least 83%) when compared to those of the output indicators, though ranging at a similar level alike to IGJ financial indicators.
- When going into detail on output indicators it becomes evident that common and programme-specific output indicators have similar characteristics, although common indicators range at a slightly higher level than programme-specific ones.

For more than 90% of the output indicators milestones and targets were considered *relevant and necessary for monitoring the progress of programmes*, ranging above the judgment on financial indicators (slightly more than 80% meeting this criterion).

- When differentiating this analysis for the types of output indicators, i.e. programmes-specific and common ones, it becomes clear that again the milestones and targets of the common indicators were generally considered meeting this criterion to a larger extent than programme-specific indicators.
- Especially INTERREG V-C programmes have output and financial indicators all being considered relevant and necessary for monitoring progress of the programme.

Milestones and targets of all ETC output indicators are mainly deemed *consistent with the nature and character of the specific objectives* of the priority.

- This judgement is a slightly different than the one for financial indicators as only three quarters of financial indicators are deemed consistent with the nature and character of the specific objectives.
- Common output indicators were identified as being particularly consistent with the specific objectives, the value of programme-specific indicators ranges at a slightly lower level.

When reviewing the Annex II criterion if milestones and targets are *transparent, with objectively verifiable targets and the source data identified* the analysis shows that at least 87% of output indicators and at least 80% of financial indicators were identified as clear. The situation of common and programmes-specific indicators remains at a similar level.

The criterion of indicator milestones and targets being considered *verifiable, without imposing a disproportionate administrative burden*, shows that the majority of output indicators are regarded as clear; when comparing this analysis with milestones and targets of financial indicators it can be seen that these milestones and targets are to a certain extent less clear as for a relevant share of nearly 20% of financial indicators it remains unclear if milestones and targets are verifiable, without imposing a disproportionate administrative burden.

The criterion of the indicator's milestones and targets being *consistent across programmes* is deemed not relevant for ETC programmes.

Concluding, the review of the quality of indicator milestones and targets identified an overall high quality of indicators in relation to Annex II criteria of Regulation (EU) No 1303/2013. In particular programmes funded from the CF and the combination of ERDF, CF and ESF (M3) show milestones and targets of output and financial indicators of good quality, going in line with Annex II requirements. Apart from demonstrating a good rating in relation to the majority of the criteria, indicator consistency across programmes was identified as a very difficult topic, especially for programme-specific indicators. Output indicators of ETC programmes received a very good rating, while milestones and targets of financial indicators were partly reported to be less clear, though ranging at a comparable level as the IGJ financial indicators.

### 3.2.2. Findings on common output indicators [IGJ programmes only]

The next paragraphs will focus on common indicators (differentiated by funds) used in IGJ programmes and their milestones and targets according to Annex II of Regulation (EU) No 1303/2013.

In the subsequent section, the following aspects will be assessed:

- a.) The appropriateness of common indicators according to the Regulation
- b.) The rhythm of delivery of common indicators, i.e. if by 2018 a low, a moderate, a high, or a very high share of the target will be reached.

#### *The appropriateness according to the Regulation*

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The following briefly presents the overall findings on milestones and targets of PF indicators meeting the requirements of Regulation (EU) No 1303/2013. The assessment is differentiated between ERDF/CF common indicators and CF common indicators and highlights fund specifics

#### **ERDF/CF common output indicators**

When analysing if milestones and targets are *realistic, achievable pertaining to the progress of a priority*, common ERDF output indicators and their milestones/targets received mainly a good indicator judgment<sup>33</sup>. Although some distinctions need to be made. In particular, common indicators - nearly solely funded by multi-fund programmes (ERDF in combination, with one exception) - focusing on road construction or upgrade (common indicators 13 and 14), improved wastewater treatment or flood protection measures (19, 29) and energy aspects (30, 33) received a low indicator judgment; due to the following reasons: a.) differing values available in programme document and ex-ante evaluation, b.) missing information allowing a serious judgment on the question if the indicator is realistic or c.) not fully developed targets available. Similar indicator judgments were visible for common indicators focusing on the number of enterprises receiving grants (2) and the number of enterprises cooperating with research institutions (26); additionally, the indicator depicting the population living in areas with integrated urban development strategies (37) remained unclear based on the availability of information and/or the findings from the ex-ante evaluation. The indicator judgement on milestones and targets of ERDF common indicators being realistic and achievable shows a quite weak judgment on those common indicators. As reported by programmes funded from the combination of ERDF, CF, ESF and YEI (MA) this is, amongst others, based on the ex-ante evaluations partly doubting the indicators being realistic.

When reviewing whether milestones and targets are *relevant, capturing essential information on the progress of a priority* the ERDF common output indicators generally show a good judgment across all programmes. Some indicators show moderate indicator judgments, such as selected transport indicators on reconstruction or upgrade of railway lines including also TEN-T (12, 12a) as reported in ERDF programmes or new or improved tram and metro lines (15), as reported in programmes funded from the ERDF and ESF (M2) in combination. Based on missing information available, selected indicators got a low indicator judgment in relation to this criterion, especially those focusing on wastewater treatment (19, funded by: ERDF, ESF and YEI (M0)), additional energy users connected to smart grids (33, funded by: ERDF and ESF (M2)) or renewable energy production (30) funded by the combination of ERDF, CF, ESF and YEI (MA).

When reviewing whether milestones and targets are *consistent with the nature and character of the specific objectives* of the priority, generally a good indicator judgment is visible, although the common indicators funded by the combination of ERDF, CF, ESF and YEI (MA) are deemed of lower quality in relation to the consistency with the specific objective(s) - based on the information available from the ex-ante evaluations. However, no specific thematic vulnerability (specific indicators that were all poorly rated) can be identified.

Apart from the generally good judgment when assessing if common output indicator milestones and targets are *transparent, with objectively verifiable targets and the source data identified*, as well as, where possible, publicly available data, some indicators show a moderate or even low indicator judgment. Here, no specific fund or fund combination pattern can be identified, although indicators of programmes funded by the ERDF, CF and ESF in combination (M3) and those funded from the combination of ERDF, CF, ESF and YEI (MA) show a pervasively good indicator quality.

The criterion of whether milestones and targets are *verifiable, without imposing a disproportionate administrative burden*, obviously caused some problems and introduced certain question marks, as some quite low indicator judgments are visible: for example, for common indicators in the transport sector (common indicators 14a or 16) or in the sector of waste and water (different funds and combinations of funds). Low judgment is, amongst others, based on the increased efforts

<sup>33</sup> When referring to "good indicator judgment": 66-100% clear, moderate indicator judgment: 33-66% clear, low indicator judgment: 0-33% clear; n/a ... indicator judgment not meaningful.

required for additional data collection and the need of a technical methodology to collect data and missing information. Amongst others, sensitivity of data as well as vague sources and reporting frequencies were the reasons for lower indicator judgment in this criterion.

As identified in the general overview of the appropriateness of milestones and targets, as well as the in-depth review of common ERDF output indicators, some critical aspects for the criterion of whether milestones and targets are *consistent across programmes*, are raised. The consistency across programmes only applies where appropriate (following the requirements from the CPR). Apart from the general situation that for all common indicators used by MA-funded programmes this criterion is not applicable (judgment "d") as there is only one OP per Member State available<sup>34</sup>, common indicator 10 "Additional households with broadband access of at least 30 Mbps" and indicator 14a "Total length of reconstructed or upgraded roads, of which: TEN-T" show a partly negative indicator judgment. Reasons are missing information as in selected cases the consistency across programmes could not be concluded from the available sources or the fact that often indicator milestones and targets are very specific for the programmes.

### ESF common output indicators

In programmes with both ERDF and ESF funding, ESF common indicators show a relatively good indicator judgment, as well as milestones and targets<sup>35</sup>. They were found by the project team to be *realistic and achievable*. Although, some exceptions are observed. Common indicators from programmes funded by the combination of ERDF and ESF (M2) – covering a share of 6% of non-adopted OPs – demonstrate a low indicator judgment. This judgement is mainly based on the indicator milestones and targets being unclear due to missing information or the judgment of the ex-ante evaluation highlighting certain weaknesses. Common indicator 22 "Number of projects targeting public administrations or public services at national, regional or local level", presents an interesting finding: The judgment for the indicators of programmes funded from the ERDF, ESF and YEI (M0) and those funded from the combination of ERDF, CF and ESF (M3) are quite good, while the programmes combining funding from ERDF and ESF (M2) register a low indicator judgment because a large proportion of indicators was regarded as being unclear.

A diverse picture is visible for ESF common indicators in relation to the question, if milestones and targets are *relevant and necessary for monitoring the progress of the programmes*. Generally, seen as quite good indicator judgment for the majority of indicators. A couple of indicators as reported by the programmes funded from the combination of ERDF and ESF (M2) got a low indicator judgment for common indicators 10 "With upper secondary (ISCED 3) or postsecondary education (ISCED 4)", 11 "With tertiary education (ISCED 5 to 8)", 14 "Participants who live in a single adult household with dependent children" and 22 "Number of projects targeting public administrations or public services at national, regional or local level". Again, this judgment is mainly routed in missing information on the indicator and findings of the review of ex-ante evaluations which led to the indicator being rather unclear.

When reviewing whether milestones and targets are *consistent with the nature and character of the specific objectives* of the priority, a similar picture becomes evident as mainly judgements for programmes funded from the combination of ERDF and ESF (M2) are of a lower quality – this judgement follows through the whole assessment of ESF indicators. It should be highlighted again, that a set of these programmes funded by ERDF and ESF in combination has not yet been adopted by the EC, which partly led to uncertainty during programme assessment.

When reviewing whether milestones and targets are *transparent, with objectively verifiable targets* and the source data identified and, where possible, publicly available, the general quality of the common ESF output indicators is good. Although a couple of exceptions (primarily in programmes funded from the combination of ERDF and ESF (M2)) need to be emphasised, these are that selected common indicators partly received a moderate or even low indicator judgement based on missing information such as unspecified data source.

When reviewing whether milestones and targets are *verifiable, without imposing a disproportionate administrative burden*, there are concerns of indicator quality for similar common indicators. The main reasons being unclear data sources and concern regarding the monitoring system being inadequate.

When reviewing whether milestones and targets are *consistent across programmes*, where appropriate, it becomes apparent that the judgment to a certain extent shows a lower indicator quality, based on the national experts' judgment. Five indicators are rated with low judgement:

<sup>34</sup> Particularly with common indicator 2 "Number of enterprises receiving grants", and common indicator 9 "Increase in expected number of visits to supported sites of cultural or natural heritage and attractions";

<sup>35</sup> When referring to "good indicator judgment": 66-100% clear, moderate indicator judgment: 33-66% clear, low indicator judgment: 0-33% clear; n/a ... indicator judgment not meaningful.

common indicators 8 "Above 54 years of age who are unemployed, including long-term unemployed, or inactive not in education or training" (funded from the combination of ERDF, CF, ESF and YEI (MA)); followed by common indicators 10, 11, 14 and 22 (all funded from the combination of ERDF and ESF (M2)). The consistency across programmes remains unclear based on the information not being available in an inadequate form to assess this criterion.

Concluding, the analysis of ERDF-/CF-indicators and their milestones and targets according to Annex II of Regulation (EU) No 1303/2013 stated a generally good quality of indicators. On the contrary, the discussion of ESF-indicators and their milestones and targets according to Annex II of Regulation (EU) No 1303/2013 showed a diverse picture of indicators where certain aspects remain unclear.

ERDF common indicators with a generally increased indicator judgement of lower quality and/or cases where one or another criterion is not appropriate, are as follows: Common indicator 23 "Surface area of habitats supported in order to attain a better conservation status", common indicator 24 "Number of new researchers in supported entities", common indicator 28 "Number of enterprises supported to introduce new to the market products" and common indicator 29 "Number of enterprises supported to introduce new to the firm products". Additionally, indicator 33 "Number of additional energy users connected to smart grids" and common indicator 40 "Rehabilitated housing in urban areas" with numerous aspects, which identified a lower indicator judgement. For ESF indicators a low quality and indicator judgment is visible for common indicators 8 "Above 54 years of age who are unemployed, including long-term unemployed, or inactive not in education or training", 11 "With tertiary education (ISCED 5 to 8)", 12 "Participants who live in jobless households" and 14 "Participants who live in a single adult household with dependent children".

When taking a closer look at the criteria, it is visible that for ERDF programmes the consistency across programmes proved most challenging (but this was only applicable "where appropriate", cf. Annex II of Regulation (EU) 1303/2016). In contrast to ERDF-/CF-indicators, there is no Annex II criterion which is deemed especially difficult for ESF common indicators, although, a general challenge in meeting quality aspects for milestones and targets for certain indicators and programme types (combination of funds) can be recognised.

### *The rhythm of delivery*

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Apart from the fact of milestones and targets meeting the requirements of Regulation (EU) No 1303/2013, the rhythm of delivery was analysed for common output indicators as well, i.e. the tracking of whether by 2018 only a low share (category I, 0-20%), a moderate share (category II, 20.1-30%), a high share (category III, 30.1-40%) or a very high share of the target will be reached in 2018 (category IV, >40%).

#### **ERDF/CF common output indicators**

As discussed, programmes funded from the ERDF often use a relatively high number of common output indicators in their PF:

- 41 different output indicators are used by the ERDF funded programmes of which nearly 50% show a low share of targets to be reached in 2018: these indicators cover, amongst others, road and railway indicators, which usually reach their targets quite late in the programming period;
- around 21% of all indicators show a moderate share of targets to be reached in 2018, including, for example, waste and water indicators (ERDF common indicators 17 and 18), and
- 17% of the common output indicators show a high share of target to be reached in 2018, including, amongst others, flood protection measures as covered under common indicator 20;
- approximately 12% of ERDF common output indicators funded from the ERDF alone show a very high share of the targets already to be reached in 2018, covering for example indicator 9 "Increase in expected number of visits to supported sites of cultural or natural heritage and attractions", but also indicator 16 "Total length of new or improved inland waterway".

The programme funded from the CF uses four common output indicators in its PF, three of them show a moderate share of targets to be reached in 2018, and one indicator shows a low share of target to be reached in 2018.

For programmes funded from the combination of ERDF, ESF and YEI (M0) different approaches are recognisable:

- whereas common output indicators, covering for example the number of enterprises receiving support (both non-financial and financial) show a quite high share of targets already to be reached in 2018,
- indicators illustrating the achievements of flood protection measures or of rehabilitated land show a rather low share of targets to be reached in 2018.

For programmes funded from the combination of ERDF and CF (M1) mainly a low share of targets to be reached in 2018 is visible (more than 40% of common indicators), although nearly a quarter of indicators already show a very high share of the targets to be reached in the year 2018 (e.g. common indicators focusing on waste recycling or water supply).

A similar situation is observable for programmes funded from the combination of ERDF and ESF (M2). More than 80% of common indicators used register a low or only moderate share of targets to be reached in 2018. Only 8% of common indicators plan to achieve very high shares of targets by 2018 – examples are common indicators dealing with wastewater treatment or protection measures.

The programmes funded by the combination of ERDF, CF and ESF (M3) generally use a low number of common indicators with quite different approaches concerning the share of targets to be reached in 2018:

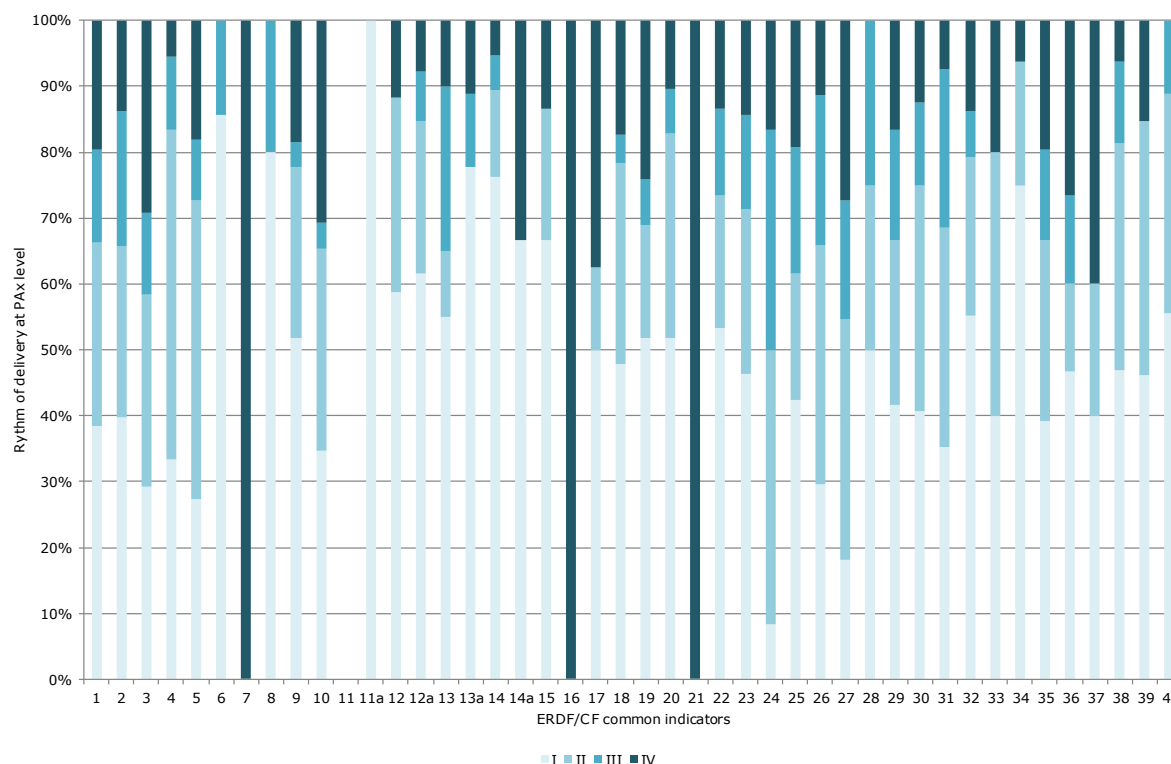
- an example for an indicator with a low share of its target to be reached in 2018 is common indicator 22 "Total surface area of rehabilitated land",
- an example for a moderate share of its target to be reached is indicator 38 "Open space created or rehabilitated in urban areas" and
- indicator 12a "Total length of reconstructed or upgraded railway line, of which: TEN-T" shows a high share of target to be reached in 2018. 3 common indicators in total show a very high share of the target to be reached in 2018 already, of which one is common indicator 14a "Total length of reconstructed or upgraded roads, of which: TEN-T".

Common indicators used by programmes funded by the combination of ERDF, CF, ESF and YEI (MA) mostly have a relatively slow uptake, i.e. show a low share of target to be reached already in 2018. Exceptions are common indicator 35 "Capacity of supported childcare or education infrastructure" with a moderate share of target to be reached in 2018 and common indicator 37 "Population living in areas with integrated urban development strategies" with a very high share of target to be reached already in 2018.

Analysing the rhythm of delivery at the level of PAX (not differentiating between funds or combinations of funds), common indicators 7 "Private investment matching public support to enterprises (non-grants)", 16 "Total length of new or improved inland waterway" and 21 "Population benefiting from forest fire protection measures" show the fastest uptake, i.e. a very high share of target to be reached already in 2018.

On the contrary, ERDF/CF common indicator 11a "Total length of new railway line, of which: TEN-T" shows a low share of the target to be reached in 2018. Generally, ERDF/CF common indicators focusing on transport aspects (11- 15) partly show quite low shares of the target to be reached in 2018. On the contrary, common indicator 16 "Total length of new or improved inland waterway" intends to reach already a high share of its target in 2018.

**Figure 22. Rhythm of delivery – ERDF Common indicators, level of PAX**



Source: Database on performance indicators. 2015; I ... low share of target to be reached in 2018 (0-20%), II ... moderate share of target to be reached in 2018 (20.1-30%), III...high share of target to be reached in 2018 (30.1-40%), IV...very high share of target to be reached in 2018 (>40%)

Concluding, the average milestone is 25% for all common output indicators but notably for common output indicator 7, 16 and 21, the average milestone is very high (more than 40% of the final target already to be reached in 2018). Then, common indicators 1, 3, 10, 14a, 17, 24, 25, 27, 31, 35, 33, 36 and 37 follow which are still above the average of target to be reached in 2018. The analysis of the range of the rhythm of delivery per output indicator showed that the range is significantly wider for example for common indicators 10 and 33, while the range is quite close for indicators 6, 9 and 28. There seem to evolve no clear patterns as of which type of indicators (expressed in terms of content of indicators, combination of funds, etc.) is determining the spread of rhythm.

### ESF common output indicators

For ESF common output indicators, the following findings emerged:

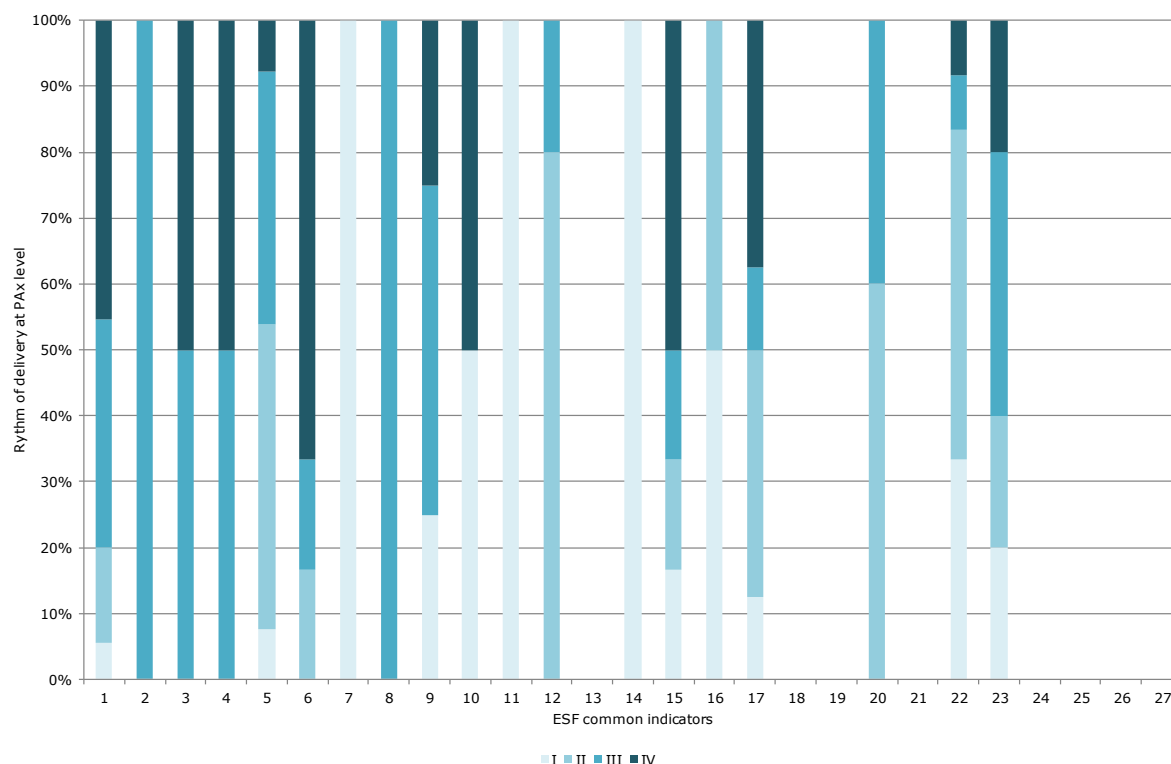
- For programmes funded from the combination of ERDF, ESF and YEI (M0) it is visible that the ESF common output indicators applied are expected to achieve a very high share of their target already in 2018.
- For ESF common indicators as available in the programmes funded from the combination of ERDF and ESF (M2), it is observable that again a high share of common output indicators is expected to meet high shares of targets already in 2018, although a certain variety between indicators is visible.
- The two ESF common indicators used by programmes funded by the combination of ERDF, CF, ESF and YEI (MA) have a fast uptake, being in contrast with the situation of ERDF common indicators as described above.

Analysing the rhythm of delivery at the level of PAX (not differentiating between funds or combinations of funds), a number of indicators show a quite high share of target to be reached in 2018: Nearly 70% of PAX having identified Indicator 6 "Below 25 years of age" in their PF show a very high share of the target to be reached in 2018.

On the contrary, ESF common indicators 7 "Above 54 years of age" and 14 "Participants who live in a single adult household with dependent children" show a low share of the target to be reached in 2018.



**Figure 23. Rhythm of delivery – ESF Common indicators, level of PAX**



Source: Database on performance indicators. 2015; I ... low share of target to be reached in 2018 (0-20%), II ... moderate share of target to be reached in 2018 (20.1-30%), III...high share of target to be reached in 2018 (30.1-40%), IV...very high share of target to be reached in 2018 (>40%)

Summarising, the average milestone is 34% for all ESF common output indicators used in the performance frameworks, but notably for common ESF output indicator 3 the average milestone is very high; on the contrary, the average milestones for common indicator 7 is extremely low (5% of target covered by milestone). The analysis of the range of milestones per common output indicators shows that the range is of common output indicators 9, 12 and 17 is quite narrow, Common output indicator 10 shows a wide range of the rhythm of delivery. When looking at the rhythm of delivery for the different indicators the picture remains rather heterogeneous. There seem to evolve no clear patterns as of which type of indicators (expressed in terms of content of indicators etc.) is determining the spread of rhythm.

Concluding, when analysing ERDF and ESF common indicators in the frame of the rhythm of delivery an average milestone of 25% to 34% was observed, with ESF output indicators showing a higher share of the target already to be reached in 2018. For both funds a quite diverse picture across the common indicators is visible for the rhythm of delivery. Also when analysing the range of milestones per common indicator, the picture remains quite heterogeneous and no clear pattern seems to emerge.

### 3.2.3. Findings on financial indicators – level for milestones and rhythm of delivery

Financial indicators – already identified as the second most important type of indicator for the programmes' performance frameworks – are now analysed according to the rhythm of delivery, i.e. if by 2018 a low share of the target will be reached (category I, 0-20%), a moderate share (category II, 20.1-30%), a high share (category III, 30.1-40%) or a very high share of the target will be reached in 2018 (category IV, >40%).

When summarising the financial indicators as included in IGJ programmes across the analysed programmes and EU Member States,

- approximately 29% of programmes and 21% of MS show financial indicators with a low share of the target to be reached in 2018, visible for example in Austria or Poland;
- the majority of more than 55% programmes and MS show a moderate share of the target to be reached in 2018, such as for example Germany, Hungary or Lithuania;
- around 10% of programmes and 14% of MS show a high share of target to be reached in 2018, for example Denmark or Finland; and

- around 4% of programmes and 11% of MS show a very high share of the target already to be reached in 2018, covering Estonia and Cyprus. Generally, PAX having financial indicators belonging to Category III and IV are expected to be committed to a lower risk of de-commitment due to the n+3 rule than the others.

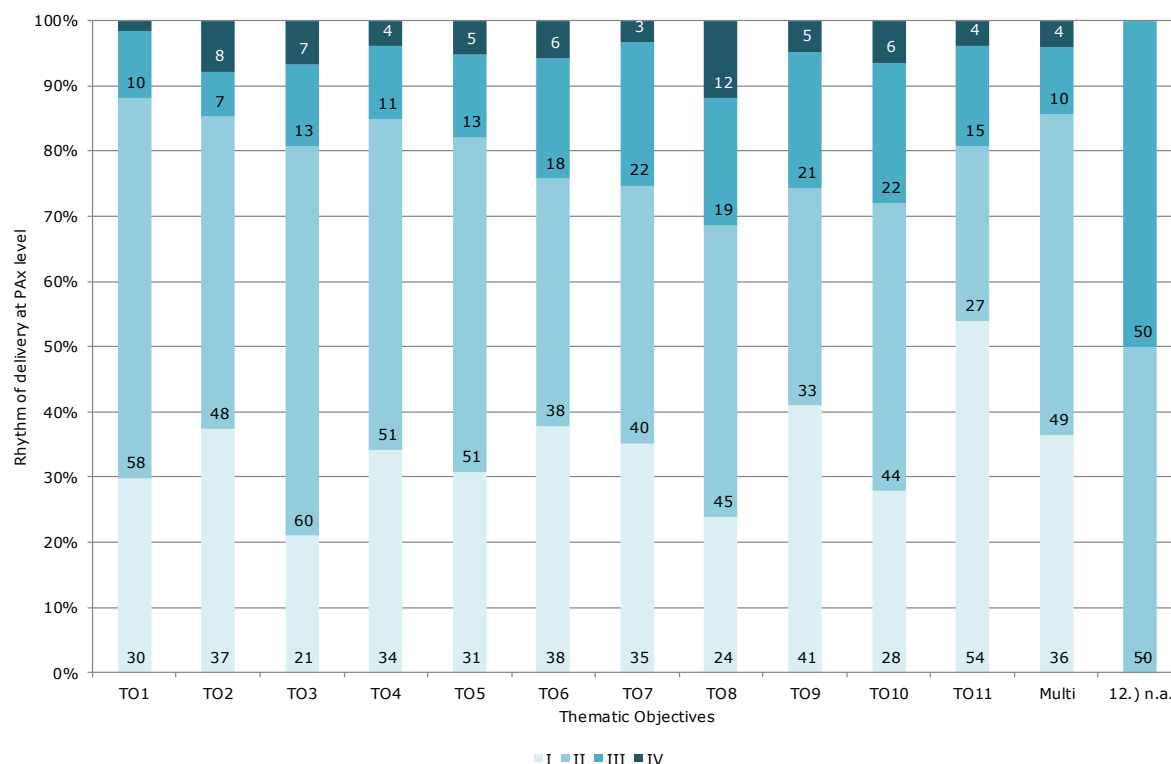
No specific findings are noticeable for the different funds or combination of funds of IGJ programmes – financial indicators are expected to reach a moderate share of their target in 2018. Deviations are visible for ERDF programmes (high share of target already reached in 2018) and the programmes funded from ERDF, CF and ESF in combination (M3), for which financial indicators are expected to achieve a high share of target in 2018.

The same holds true for financial indicator per thematic category of IGJ programme – besides a rather low share of the target already reached in 2018 for transport programmes – no specific findings are evident. The lower share of the target reached in the case of transport and infrastructure programmes is in line with the findings already discussed in previous chapters: transport and infrastructure projects, such as the construction of new roads and railroads, are usually finalised at the end of the programming period, which contributes to their late nature.

Reviewing the share of the target to be reached by 2018 at the level of the priority axis, the following differences between thematic objectives can be identified:

- Financial indicators across all thematic objectives show mainly low to moderate shares of the target to be reached in 2018, as for all TOs the shares of category I and II cover 70% to 80%.
- An exception is the allocation for some outermost regions as e.g. in Spanish, French and Portuguese programmes not referring to any thematic objective ("12.) n.a." in the figure below) as these show slightly faster uptake.
- Financial indicators of 12% of PAX under TO8 "Promoting sustainable and quality employment and supporting labour mobility" show a very high share of the target already reached in 2018.

**Figure 24. Share of target to be reached in 2018 at the level of PAX, across thematic objectives (IGJ programmes)**



Source: Database on performance indicators. 2015; I ... low share of target to be reached in 2018 (0-20%), II ... moderate share of target to be reached in 2018 (20.1-30%), III...high share of target to be reached in 2018 (30.1-40%), IV...very high share of target to be reached in 2018 (>40%)



All IGJ programmes focusing on different categories of regions show similar progress in reaching the targets of their financial indicators, although mono-region programmes show a slightly faster uptake than multi-region ones.

Financial indicators as identified for ETC programmes are usually expected to meet just a low share of their total target in 2018. Only 9% of ETC programmes (7 programmes in absolute figures) show a moderate share of financial indicators' target already to be reached in 2018 and just one programme is expected to have a high share of its financial indicators' target already reached in 2018. The findings of the analysis neither show any differences across funding sources nor for different types of categories supported by the programmes.

### **Assessment if indicators in the PF correspond to more than 50% of the allocation of the priority axis**

In order to assess if the output indicators and key implementation steps set out in the performance frameworks correspond to more than 50% of the financial allocation to the priority axis (see Commission Implementing Regulation (EU) No 215/2014, Article 4 (b)), the methodologies as prepared by the programme authorities were reviewed by the project team.

The project team was provided with 120 methodologies in total, covering all MS and representing additional information for nearly 60% of all IGJ programmes.

Further, these methodologies correspond to 764 PAX reviewed under this study (no methodologies available for 87 IGJ programmes, i.e. 40% of all programmes), some of which referring to programmes that had not yet been adopted.

Additionally, for Spain, a centrally defined methodology for all programmes was available (methodology not available at the level of the single programme).

The majority of PAX are in line with the requirement of output indicators and key implementation steps corresponding to more than 50% of the financial allocation to the PAX. The review shows the following preliminary findings at the level of the PAX:

- For the majority (90.7%) of PAX, the PF output indicators or key implementation steps correspond to more than 50% of the allocation to the PAX:
  - For 16.9% of all PAX (129 IGJ PAX in absolute figures) it was just indicated that the indicators refer to more than 50% of allocations (no definite percentage value indicated). Mainly in Luxembourg, Latvia, Malta, Romania and Slovenia it was indicated that the indicators refer to more than 50%, although no definite share was given or could not be clearly identified from the information available by the project team.
  - For 73.8% (564 IGJ PAX in absolute figures), the definite percentage was indicated, ranging between 50.1 and 100% of the financial allocation of each PAX. Especially in Germany, Greece and Poland the majority of PAX has clearly identified the financial allocation to which the PF output indicators and key implementation steps respond to (definite values): in all three MS, for approximately 90% of all PAX, the indicators in the PF are representative of more than 50% of the allocation of the priority axis.
- For 0.5% of all PAX (4 PAX in absolute figures) the percentage value identified in the methodology ranges slightly below or exactly up to 50% of total allocation, but does not correspond to more than 50% of the allocation of the PAX. Those programmes which indicators of the PF correspond to a lower share than 50% of the financial allocation to the priority axis can be found in Bulgaria (PF of one PAX of OP 2014BG16RFOP001 "Regions in Growth" is representative for exactly 50% of the allocation) and France (3 programmes<sup>36</sup>, 1 PAX each, for two of them the PF is representative for exactly 50% of the allocation).
- No or unclear information on the PF indicators and their correspondence to the financial allocation is available for more than 8.8% of all PAX (67 IGJ PAX in absolute figures).

When considering the calculation method (if indicated in the methodologies) applied by the various programmes, it gets visible that a.) past experience from the former funding period 2007-13 as well as b.) unit costs were applied by the programme to identify the share of financial allocation represented by the PF output indicators and key implementation steps.

### **3.3. Conclusions**

The analysis covering the use of the four categories of indicators covers a large number of PF indicators- all in all nearly 5400 indicators were included in the performance frameworks of the programmes analysed. The analysis highlights the frequent use of financial and output indicators in the analysed performance frameworks (in line with EC requirements): as 55,89% of all PF

<sup>36</sup> 2014FR05M0OP001, 2014FR16M0OP002 and 2014FR16M0OP008 (1 PAX each)

indicators are output indicators and 32,60% are financial indicators, while only 11,31% of PF indicators are key implementation steps and 0,2% are result indicators. Lower shares of output indicators often correspond to a share of key implementation steps above the EU average. It should be mentioned that within the EU average, key implementation steps are used to a lesser extent and mainly in those cases where no measureable output is expected by the end of 2018. Key implementation steps – which have to be applied where no output can be achieved at the milestone stage – and result indicators were used to a much lesser extent.

Generally, the majority of PAX of IGJ programmes (55%) identified 2 or more output indicators in their performance frameworks.

Key implementation steps were not used very often in programmes. In total, 397 PAX (IGJ: 315 PAX; ETC: 82 PAX) out of the total of 1,565 PAX with a PF, have identified key implementation steps in their PF. This means that for 75% of all PAX of IGJ programmes no key implementation steps were identified. 15% of all PAX of IGJ programmes have identified one key implementation step, while 22% of all PAX of the ETC programmes have identified one key implementation step in their performance framework. Generally, a diverse picture of key implementation steps is visible across the EU: High numbers of key implementation steps are visible in Greece and also in Bulgaria.. While all MS and groups of IGJ programmes (fund combinations, thematic orientation, categories of region) use output and financial indicators in their performance frameworks, the key implementation steps are not used by Austria, the Czech Republic, Denmark, Estonia, Finland and Luxembourg. The highest proportion of key implementation steps (19%) in performance frameworks can be found in PAX under thematic objective 7 (Promoting sustainable transport and removing bottlenecks in key network infrastructures). This reflects the mainly long-term nature of transport investments.

Result indicators are only used to a very small extent (in Bulgaria, France and Hungary) and only for priority axes involving the ESF. This is in line with the guidance given by the Commission.

Common output indicators of ERDF/CF and ESF and programme-specific output indicators are used equally across the EU, meaning that approximately 50% of all output indicators are common ones. Extraordinary high values (i.e. high shares of common output indicators used in the PFs) are visible for Austria, Denmark, Luxembourg and Sweden. The analysis of ETC programmes shows that nearly one quarter of the output indicators selected are common output indicators.

The findings suggest that setting milestones and targets for the indicators was mostly a straight forward task, based on previous experience. Since the performance framework is a new regulatory requirement, "previous experience" here could refer to defining targets or monitoring outputs in the previous period. This is followed by calculation and forecasting, taking into account the number of years and financial resources and internal discussion within the team. Overarching policy/strategy documents and direction from political stakeholders was reported to play only a minor role, making the performance framework more of a technical tool for steering implementation.

The review of the quality of indicator milestones and targets identified an overall high quality of indicators in relation to Annex II criteria of Regulation (EU) No 1303/2013. Apart from demonstrating a good rating in relation to the majority of the criteria, indicator consistency across programmes was identified as a very difficult topic, especially for programme-specific indicators. Output indicators of ETC programmes received a very good rating, while milestones and targets of financial indicators were partly reported to be less clear, though ranging at a similar level as the IGJ financial indicators. However, it was not always clear whether criteria were met by the PF indicators, due to missing evidence to assess their status (as highlighted).

The analysis of the rhythm of delivery for common output and financial indicators shows interesting findings and underlines the differences in the nature of common indicators, as for example, the slow uptake of transport indicators was reported illustrating the long-term implementation nature of transport projects during programme implementation. This can be also confirmed when analysing the level of delivery at the level of PAX, as e.g. ERDF/CF common indicator 11a "Total length of new railway line, of which: TEN-T" shows a low share of the target to be reached in 2018. On the contrary, common indicators 7 "Private investment matching public support to enterprises (non-grants)", 16 "Total length of new or improved inland waterway" and 21 "Population benefiting from forest fire protection measures" show the fastest uptake, i.e. a very high share of target to be reached already in 2018.

For the majority of financial indicators, a moderate share of target is planned to be reached in 2018. All IGJ programmes focusing on different categories of regions show similar progress in

reaching the targets of their financial indicators, although mono-region programme show a slightly faster uptake than multi-region ones. Financial indicators across all thematic objectives show mainly low to moderate shares of the target to be reached in 2018, as for all TOs the shares of category I (i.e. low share of the target to be reached in 2018, 0-20%) and II (i.e. moderate share of target to be reached in 2018, 20.1-30%) cover 70% to 80%.

The findings show that the PF was mainly elaborated and implemented as planned and the involved stakeholders (mainly administration) have generally a positive opinion on the PF and the selection of PF indicators, as the new element was perceived as certainly encouraging MS towards result orientation and clear and verifiable targets and could act as a valuable innovation to better define indicators and targets. On the other hand some concerns were mentioned covering the danger of losing programmes' long term perspectives and setting of too low targets. However, this could only be confirmed at this stage for a few cases in the data analysis and review of the appropriateness of milestones and targets according to Annex II criteria, as PF indicators are generally deemed appropriate meeting these criteria as included in Regulation 1303/2013.

## 4. ESTABLISHMENT OF PERFORMANCE RESERVE

Following Regulation (EU) No 1303/2013, a performance reserve consisting of 6% of the resources allocated to the ERDF, ESF and the Cohesion Fund under the IGJ Goal should be established for each Member State. The aim of this reserve is to assist the facilitation of the focus on performance and attainment of the objectives of the Union strategy for smart, sustainable and inclusive growth. Resources allocated to ETC, the YEI and TA at the initiative of the Commission are excluded for the purpose of calculating the performance reserve. Furthermore, no performance reserve is established for programmes under the SME initiative nor for TA programmes and/or priority axes focusing on technical assistance or funded from YEI (Regulation (EU) No 1303/2013, (23), 323). Against this background, a flexibility of 5-7% at the level of PAX is provided for in the regulatory framework in order ensure that the 6% can be complied with at national level.

This chapter corresponds to the study's task 2 and provides an overview of the pre-allocation of the reserve across programmes under the IGJ objective, covering all programmes analysed during this study, i.e. 282 programmes financed by the ERDF and the CF, including multi-fund programmes, in total, which have all defined PF indicators as required by Regulation (EU) No 1303/2013: The analysis assesses in which intensity different Member States, programmes and categories of regions have made use of the flexibility to set a performance reserve ranging between 5% and 7% of the allocation to each PAX within a programme (see chapter 4.1).

The findings as presented in this chapter are mainly based on the review of the relevant sections of all PAs, programmes, ex-ante evaluations as well as on additional information as received by the MS and the EC. Additional insights were gained through the results of the interviews with representatives from programmes and the national levels and the web-survey.

### 4.1. Allocations by Member State and types of programmes

As the study mainly includes programmes already approved by the Commission, the general compliance with Regulation (EU) No 1303/2013 was initially confirmed. Small deviations are briefly illustrated in the paragraph below. For greater detail, the assessment of the use of lower and higher thresholds per Member State, per fund and per region, was completed. Additionally, a reflection on the flexibility in relation to the thematic objectives applied is included.

In line with regulatory requirements, the performance reserve allocated to priority axes in all IGJ programmes analysed in this study, except for those priority axes, where no performance reserve was legally required, represented between 5% and 7% of the allocation to the priority axis.

If different combinations of Funds are taken into account, the ERDF programmes have an average performance reserve of 6.3%, the CF programme and the programmes combining ERDF and ESF (M2) have a performance reserve of 6.1% and all other programmes of other fund combinations show an average performance reserve of 6.2%. For the analysis of the different allocations to the performance reserve at the level of PAX, categories of performance reserve levels were generated: Performance reserve 5-5.9%, 6-6.9% and 7%.

The analysis shows the following:

- 3,8% of PAX (i.e. 48 PAX) have a performance reserve of 5-5.9% – out of which 19 PAX (39,6% of the PAX of this category) have a performance reserve of exactly 5%.
- 91,6% of PAX (i.e. 1,162 PAX in absolute numbers) of IGJ programmes show a performance reserve of 6-6.9% of the allocation.  
From these PAX, 211 PAX have a performance reserve of exactly 6.00%.
- 4,6% of PAX (i.e. 59 PAX) have a performance reserve of 7% of the allocation.

This shows that 16.6% of all PAX with a performance reserve have identified a performance reserve of exactly 6.0%. All other PAX show at least a slight deviation. Besides, the analysis shows that a higher degree of flexibility – i.e. performance reserve of 5% or 7% - in setting the amount of performance reserve provided by the Common Provision Regulation has been used only in a relatively small number of cases

- In the Czech Republic, Germany, Greece and Hungary, 5-6% of the PAX covering 8 OPs (1 PAX of 1 OP in absolute terms in the Czech Republic, 4 PAX of 2 OPs in absolute terms in Germany, 7 PAX of 3 Greek programmes in absolute terms and 2 PAX of 2 Hungarian programmes in absolute terms) used the flexibility to choose a performance reserve per PAX belonging to the category of 5-5.9% of allocation, but none of these PAX identified a

performance reserve of exactly 5%. In Greece 3% of PAX (corresponding to 3 PAX, covering 1 OP) chose a performance reserve of 7%.

- In Italy and Poland, 7% and 11%, respectively, of the PAX, (12 PAX covering 5 OPs in absolute terms in Italy, 22 PAX covering 10 Polish programmes in absolute terms) flexibility in choosing a performance reserve per PAX belonging to the category of 5-5.9% of allocation. Out of these, 6 PAX of Italian programmes and 13 PAX of Polish programmes identified a performance reserve of exactly 5% of the allocation. In Poland another 11% of PAX chose a performance reserve of 7% of the allocations (21 PAX, 9 OPs). In Italy, 3% of PAX chose a performance reserve of 7% (5 PAX, 2 OPs).
- 22% of the Spanish PAX (30 PAX in total covering 5 OPs) chose a performance reserve of 7%.

The decision to set the performance reserve mostly around 6% of the priority allocation suggests that resulting deviations were mostly due to the need of including in programmes the performance reserve corresponding to the amounts allocated in programmes or priority axes, which do not have the performance reserve (SME initiative and Technical Assistance).

When reviewing sub-sets of national programmes, i.e. those focusing on smart growth, sustainable growth, etc. the following gets visible:

- The analysis shows that both types of programmes, those focusing on human capital and those supporting sustainable growth, have not used the flexibility that would be allowed by Regulation (EU) No 1303/2013, as all PAX of these programmes have a performance reserve of 6-6.9% of the allocation<sup>37</sup>. Although it needs to be highlighted that just 3 PAX of human capital programmes and 7 PAX of sustainable growth programmes show a performance reserve of exactly 6%, all others show a variation within the category of 6-6.9% of the allocation.
- Transport and infrastructure programmes have nearly 10% of PAX with a performance reserve of 5-5.9% of the allocation, illustrating an increased share in comparison to the other thematic types of programmes. Although it needs to be highlighted that just 2 of these PAX show a performance reserve of exactly 5%, all others show a variation within the category of 5-5.9% of the allocation.
- In contrast to these findings are programmes supporting smart growth: 16% of PAX have a performance reserve of 7% representing a clearly increase share in comparison to the other programmes.

## 4.2. Conclusions

The decision to set the performance reserve mostly around 6% of the priority allocation suggests that resulting deviations were mostly due to the need of including the performance reserve corresponding to the amounts allocated in programmes or priority axes, which do not have the performance reserve (SME initiative and Technical Assistance).

The analysis shows that only Germany, Spain, Greece, Hungary Italy and Poland made use of the flexibility by applying a performance reserve ranging between 5% and 7%; a higher degree of flexibility (i.e. at the extremes of 5% or 7%) was used in a total of 29 OPs or 8,4% of all priority axes. All other PAX levels were at 6% of total allocations.

The situation of mono and multi-funded programmes is quite similar, the same applies for mono-region and multi-region programmes.

Thematically PAX with a performance reserve at the extremes of either 5% or 7% often refer to supporting the shift towards a low-carbon economy or to strengthening research, technological development and innovation, ICT or the competitiveness of SMEs; furthermore 10% of PAX with a performance reserve of 7% refer to social inclusion and the combat of poverty and discrimination.

<sup>37</sup> The percentage range refers to the category to which the programme PAX belongs to

## 5. CONCLUSIONS: MAIN BENEFITS AND CHALLENGES

The performance framework is a key component of the increased result orientation brought about by the 2014-2020 reform. It is to a large degree a new element which helps to focus programmes and underlines the importance of indicators with a view to monitor progress towards the achievement of objectives. The importance of the performance framework lies in improving programme management. Notwithstanding, the requirements of the performance framework seek to ensure that programmes deliver what is under the MAs' control. This includes the implementation of the programmes as planned, the achievement of objectives, and the ability to anticipate and tackle problems. The performance framework, therefore, aims to ensure monitoring progress that help programmes achieving their set objectives and targets, and thereby, promoting good performance<sup>38</sup>. However, while there are clear benefits to the performance framework, there are also a number of caveats and challenges. These challenges will require attention in the years to come, and a careful consideration with regard to the limitations of the performance framework when applied across programmes and MS.

### 5.1. General findings

**Performance frameworks were built on a sound basis mainly relying on previous experience.** The analysis shows that the drafting teams had a strong role in the development of the performance frameworks. Depending on the national set-up for ESIF management, national coordination bodies and intermediate bodies are also influential. There was generally a close interaction between national and programme levels, with the national level providing in many instances methodologies and technical support to the programme levels. The work undertaken was largely based on past experience in the field of indicators and programme specific documents. The responsible players perceived the EU implementing Regulation as mainly clear.

Past experience was the most important guide for the selection of indicators and defining milestones and targets for the performance frameworks. In addition, various types of estimations and forecasting (e.g. taking into account the number of funding years and allocated financial resources) were used to ensure that the milestones and targets reflect the funding sources available and the implementation time scale. In most cases, discussion with experts or within relevant groups played a role in fine-tuning the figures. This underlines the efforts undertaken by the programmes to establish the performance frameworks on a solid basis.

**The development of the performance framework has generated considerable debate and exchanges - various feedback loops and revisions played an important role.** Dialogue and feedback were important when designing the performance framework. The timing and different actors of these feedback loops have to be distinguished as the analysis highlights not only the importance of central coordination but also the influence of the Commission and the ex-ante evaluators on the review of performance frameworks:

- Feedback/review during the set-up process – both the national coordinators and the ex-ante evaluators seemed to have had a significant influence on the continuous revision of the performance framework and the indicators. This is due to the new role of the ex-ante evaluation, being designed as an accompanying intervention.
- Feedback/review after submission of the programme – the Commission played a major role here as 80% of programmes changed parts of their performance framework after EC review. Furthermore, it should be noted that the EC also had an important feedback role during the set-up phase of the performance frameworks (i.e. during the set-up process, as highlighted above).

Multi-fund programmes as well as programmes with complex priorities have changed their performance frameworks more often based on the dialogue with the Commission, when compared to the EU average. The modifications after the review of different stakeholders, such as the Commission or the ex-ante evaluators underlines the novelty of performance frameworks as a mandatory element of 2014-2020 ESIF, and the increased importance of indicators, milestones and targets.

Generally all forms of feedback have been used to revise elements of the performance framework – notably the milestones and the targets as well as the indicators. However, exchanges with other

<sup>38</sup> Bachtler, John (2013) *Which way forward for Cohesion Policy Programmes in 2014-2020?* In: Nordregio News Issue 1, 2013 – What Future for EU Structural Fund Programmes? Online Source.

MAAs and experiences in other Member States have been reported as hardly playing a role, even though learning from other experiences is frequently requested by MS.

Although there is some criticism, the guidance received from the EC in this context was appreciated. In particular, the guidance fiche on performance framework was well received, subsequently the Commission Implementing Regulation and the draft guidelines for programmes were perceived as useful guidance documents.

**Developing the performance framework for complex priorities and specific delivery modes was not an easy task** – both with respect to dealing with the complexity of the task and the resources needed to accomplish it. Identifying indicators which sufficiently reflect the scope of complex priorities without increasing the total number of indicators was challenging. Additionally, the definition of milestones and targets was more challenging for complex priorities than in other cases due to the higher frequency of uncertainties involved in these instances. For specific delivery modes, challenges while elaborating the performance frameworks especially in relation to financial instruments were highlighted.

**The necessity to set up arrangements at the national level for ensuring consistency in the functioning of the performance framework has been taken seriously, with various actions taken to ensure coordination.** A majority of MS used coordination mechanisms to ensure consistency in the functioning of the performance framework in line with Article 15 of Regulation (EU) No 1303/2013. Generally the study identified a large variety of approaches to establish consistency in the functioning of the performance framework, depending greatly on the national set-up of bodies and responsibilities. Various actions were taken at the MS level to ensure consistency across programmes and funds, which was partly confirmed by the methodologies available at programme level. Seminars, national guidelines, regulations and generally harmonised procedures (e.g. uniform definitions of indicators across a MS) were often applied in the EU MS: Nearly 70% of all MS applied harmonised procedures, 57% of MS had national guidelines, around 54% of MS held seminars and approximately one third of all EU MS had regulations to ensure consistency in the functioning of the performance framework. Differences in approaches are mainly not visible for programme types, but are across MS. A majority of MS and MAs found these mechanisms useful.

**Financial and output indicators are most frequently used in performance frameworks** (in line with EC requirements). The analysis of indicators used in the performance framework shows that 88% were financial and output indicators. All MS and groups of IGJ programmes (fund combinations, thematic orientation, categories of region) use output and financial indicators in their performance frameworks. Generally, 45% of all PAX of IGJ programmes have identified one output indicator only for their PF, the remaining 55% of PAX identified 2 or more output indicators in their PF. Lower shares of output indicators usually correspond to a higher than EU average share of key implementation steps. Generally, the majority of PAX of IGJ and ETC programmes identified more than 2 PF indicators in their performance frameworks. Overall, more than 65% of all PAX have identified more than 2 indicators for their performance framework, whereas the remaining 35% have only 2 indicators.

**Key implementation steps are used to a lesser extent.** They are applied mainly in those cases where no measureable output is expected by the end of 2018. In total, 397 PAX (IGJ: 315 PAX; ETC: 82 PAX) out of the total of 1,565 PAX with a PF, have identified key implementation steps in their PF. This means that for 75% of all PAX of IGJ programmes no key implementation steps were identified. High numbers of key implementation steps are visible in Greece as well as in Bulgaria. Key implementation steps are not used in Austria, the Czech Republic, Denmark, Estonia, Finland and Luxembourg. The highest proportion of key implementation steps (19%) in performance frameworks can be found in PAX under thematic objective 7 (Promoting sustainable transport and removing bottlenecks in key network infrastructures). This reflects the mainly long-term nature of transport investments.

**Result indicators were only used for the ESF.** In line with the guidance given by the Commission, result indicators are only used for the ESF. This is in line with the Commission's assessment that "result indicators may not be appropriate for the performance framework because of the timing of when results can be achieved and –depending on the nature of the indicator- the need for evaluation to disentangle the effects of the policy from those of factors external to the



programme"<sup>39</sup>. Result indicators are used in programmes of Bulgaria, France and Romania, but even in these MS these indicators were used to a very small extent.

**Common output indicators and programme-specific output indicators are used equally across the EU.** Approximately 50% of all output indicators are common ones. High numbers can be found in Austria, Denmark, Luxembourg and Sweden. The analysis of ETC programmes shows that nearly one quarter of the output indicators selected are common output indicators. This demonstrates the pertinence of common output indicators for monitoring progress towards the achievement of objectives.

**Setting milestones and targets for the indicators was mostly a straight forward task,** based on previous experience. Since the performance framework is a new regulatory requirement, "previous experience" here could refer to defining targets or monitoring outputs in the previous period. This is followed by calculation and forecasting, taking into account the number of years and financial resources and internal discussion within the team. Overarching policy/strategy documents and direction from political stakeholders was reported to play only a minor role, making the performance framework more of a technical tool for steering implementation.

**The quality of indicator milestones and targets is overall high** concerning the Annex II criteria of Regulation (EU) No 1303/2013. Overall, indicators demonstrated a good rating by the national experts in relation to the majority of the criteria. However, indicator consistency across programmes was identified as a very difficult topic, especially for programme-specific indicators. Output indicators of ETC programmes received a very good rating. Milestones and targets of financial indicators were reported to be less clear, though ranging at a similar level as the IGJ financial indicators.

**The rhythm of delivery for common output and financial indicators is realistic.** The analysis underlines the differences in the nature of the interventions being monitored by those indicators, as for example the slow uptake of transport indicators was reported illustrating the implementation nature of transport projects during programme implementation. This can be also confirmed when analysing the level of delivery at the level of PAX, as e.g. ERDF/CF common indicator 11a "Total length of new railway line, of which: TEN-T" shows a low share of the target to be reached in 2018. On the contrary, common indicators 7 "Private investment matching public support to enterprises (non-grants)", 16 "Total length of new or improved inland waterway" and 21 "Population benefiting from forest fire protection measures" show the fastest uptake, i.e. a very high share of target to be reached already in 2018.

For the majority of financial indicators, a moderate share of target is planned to be reached in 2018. Financial indicators across all thematic objectives show mainly low to moderate shares of the target to be reached in 2018, as for all TOs the shares of category I (i.e. low share of the target to be reached in 2018, 0-20%) and II (i.e. moderate share of target to be reached in 2018, 20.1-30%) cover 70% to 80%.

**Overall, the performance frameworks were elaborated and implemented as planned.** The involved stakeholders (mainly administration) generally have a positive opinion on the PF and the selection of PF indicators, as the new element was perceived as certainly encouraging MS towards result orientation and clear and verifiable targets and could act as a valuable innovation to better define indicators and targets. On the other hand some concerns were mentioned covering the danger of losing programmes' long term perspectives and setting of too low targets. However, this could only be confirmed at this stage for a few cases in the data analysis and review of the appropriateness of milestones and targets according to Annex II criteria, as PF indicators are generally deemed appropriate meeting these criteria as included in Regulation 1303/2013.

**The majority of MS have not made full use of the flexibility to set a performance reserve at the extremes of 5 or 7% at the level of the priority axis.** The decision to set the performance reserve mostly around 6% of the priority allocation suggests that resulting deviations were mostly due to the need of including in programmes the performance reserve corresponding to the amounts allocated in programmes or priority axes, which do not have the performance reserve (SME initiative and Technical Assistance).

The analysis shows that only Germany, Spain, Greece, Hungary Italy and Poland made use of the flexibility of using a performance reserve at the extremes of 5% and 7%; this flexibility was used in a total of 29 OPs. All other PAX levels were around 6% of total allocations. The situation of mono

<sup>39</sup> European Commission (2015) Guidance Fiche Performance Framework Review and Reserve in 2014-2020. 7 January 2015. p. 9



and multi-funded programmes is quite similar, the same applies for mono-region and multi-region programmes.

## 5.2. Strengths: Expected benefits for a better result orientation & value added of the performance framework

**Performance frameworks are perceived as beneficial for a stronger result orientation and guidance of programmes.** The web-survey results demonstrate that only a minority of 10% of the respondents mentioned experiencing no benefit from the performance framework. All others identified certain positive aspects of the performance framework in the context of a better result orientation of programmes and Partnership Agreements. The set-up of the performance frameworks is largely expected to be beneficial for guiding the programmes during their implementation and has been deemed useful for setting realistic targets and performance expectations.

The expected benefits identified are summarised in the following paragraphs:

- The performance framework is one of three pillars of result orientation of ESI Funds, focusing on measureable milestones and targets ensuring that programmes' progress is achieved as planned and that the programme is kept on course in achieving its objectives. This has been mentioned by different interviewees and web-survey respondents as a benefit of the performance framework. **Better steering and guiding** of programme implementation through the means of the performance framework and the identified performance reserve is a relevant benefit. The performance framework's characteristic as a control mechanism to anticipate and tackle problems as soon as they arise has also been referred to. In this context, generally, a positive view of the concept of the performance framework was communicated by the interviewees as well as by the web-survey respondents. For example, 34% of the programmes mentioned better steering and guiding during the programme implementation phase as the main benefit of the performance framework.
- In addition, authorities perceive the inclusion of the performance framework as an added value in the programmes, as it helped to define realistic targets and expectations (30% of programmes mentioned this as the main benefit of the performance framework in the web-survey, in particular single-fund programmes and transnational cooperation programmes). The general compliance with Annex II criteria of Regulation (EU) No 1303/2013 was also confirmed by the main findings of data analysis, as highlighted by the positive expert judgment. This is especially evident for common output indicators, although the task of aligning the indicator targets with Annex II criteria was deemed difficult by a group of web-survey respondents and interviewees.
- 17% of web-survey respondents saw a main benefit of the performance framework in its role to help **focussing the programme** (thematically).
- Strengthened coordination and the possibility of building **synergies between ESI-Funds** are also perceived as added values of the performance framework. The programmes learned from their methods while establishing the frameworks, as for example highlighted for the Netherlands as interviewees perceived the PF as a valuable innovation to better define indicators and targets.
- **Dialogue and internal discussions and reflections** between various stakeholders at the national and European level has been fostered, demonstrating an active role of the programme drafting teams (underlining the same division of labour for the development of the performance frameworks as for drafting programmes and Partnership Agreements) and of the ex-ante evaluators (development of the methodology & identification of milestones and targets). Ex-ante evaluators and the Commission have made important contributions regarding the indicator system of the performance frameworks. The need to establish a performance framework has triggered reflections and discussions on the setting of objectives, monitoring of progress and on the implementation of an increased focus on results within Member States and with the Commission. This is demonstrated by the various activities undertaken within Member States to coordinate and ensure consistency in the functioning of the performance framework.
- The development of the performance framework depended to a large degree on **past experience** and, therefore, builds on material from former funding periods and monitoring data: 2007-13 monitoring data and experiences from responsible bodies were reviewed and analysed in the context of the changed conditions of funding. However bearing in mind that this finding demonstrates a certain risk of creating an artificial path dependence in the funding policy, as programmes might fund those aspects which worked quite well in the past and based on past analysis and orientation of actions.

- The performance frameworks use in many cases **harmonised indicators**, demonstrated by the frequent use of common output indicators in the analysed performance frameworks: specifically Austria, Denmark and Luxembourg use mainly common output indicators in their PF. Furthermore in Bulgaria, Spain, Greece, Croatia, Ireland, the Netherlands, Sweden and the UK more than 60% of all PF output indicators are common.
- On the other hand, the advantage of **programme-specific performance frameworks** is their adjustment to the specific programme context and the reflection of individual characteristics of each region and programme.

Summarising, the value added of this new, mandatory element cover the following aspects:

- The tendency of programming towards result orientation has been strengthened.
- The setting of milestones and targets had to be put on a sounder basis and thus increased the quality of planning. It may also lead to a smoother implementation of the programmes (less programme revisions to be expected).
- For a number of MS the performance reserve is an incentive for a more effective and efficient performance of the ESI funds.
- The role of common output indicators – as 50% of all PF output indicators are common output indicators – has been strengthened and therefore an overall comparability of performance over all programmes has increased.

### 5.3. Weaknesses: Main challenges

Apart from the general findings covering the well-functioning process of elaborating the performance reserve, a set of challenges and weaknesses pertaining to the performance framework were also identified during the analysis, covering the following aspects:

- The elaboration of performance frameworks has been perceived as rather complex depending on the complexity of the programmes themselves<sup>40</sup> and was thus mainly handled by experts at a technical level. This may limit the **ownership** of the performance framework at the political level and thus the potential it can have for guiding the programme implementation.
- Tight **timeframe** and **modifications in guidelines**: Some interviewees mentioned the late delivery of guidelines from the EC which compromised the timeframe allocated to them for elaborating the performance framework.
- There is risk that the MS have set indicator targets at a low level to ensure that they will be reached, which may result in rather **conservative targets**. As interviewees have highlighted, performance frameworks tend to favour programmes that define conservative targets but does not provide the opportunity to analyse the reasons, why targets have not been achieved, and learn from them. Thus, the focus is not put on the content covered by the indicator but simply on achieving the target value. However, this perception from the interviews was not confirmed by the preliminary analysis of indicator milestones and targets, which can mainly be regarded as being in line with Annex II criteria (for details see chapter 4.2.). It will only be possible to assess whether this risk has actually materialised once experience with the actual implementation is available.
- The **dilemma of result orientation** and 'indicator fixation' exists, in cases where indicators in the PF have been steering the programming rather than being a vehicle for the assessment of results. Some MAs deem the PF rather as control mechanism than a proper way to assess the results of programmes. In addition, difficulties associated with the **long-term evolution of results** which cannot be properly captured also given the unpredictability of external influential factors were highlighted. However, it has to be borne in mind that the indicators in the performance framework were not designed to follow progress towards results, as results may be influenced by other factors beyond the MA's control, so here there appears to be a confusion between results and the purpose of the performance framework.
- This seems to be a more general issue of performance management systems since incentives need to be linked to indicators that are under the control of the responsible organisation. This leads to a slimming down of the potential focus of the performance framework which may not capture the full scope of the PAX. Especially in intervention areas with complex and rather qualitative effects – e.g. in the field of innovation, the identification of proper indicators and the consequent weakness of picturing the result in a quantifiable way, shows the limitation of the PF. Striking the right balance between shorter-

<sup>40</sup> The more investment priorities and different objectives the programmes were following the more complex they are.

term output-based indicators, milestones etc. on the one hand, and the drive for long-term results, supported by evaluation and policy learning, on the other remains a challenge.

#### **5.4. Particularities: Complex priorities and specific delivery modes**

As regards specific challenges and particularities for complex priorities, the Guidance Fiche Performance Framework Review and Reserve in 2014-2020 (EC, 2013) and the Commission Implementing Regulation (EU) No 215/2014 laying down rules for implementing Regulation (EU) No 1303/2013 were perceived as most useful for the purpose of setting up the performance framework under complex priorities. In the web-survey, the question of the documents being clear raised some ambiguity: 60% of respondents perceived them as rather clear, while approximately 40% perceived them as rather unclear.

For the majority of MS no special issues relating to the performance framework under complex priorities was observed. It was frequently mentioned that, in these cases, there were more indicators per type to be defined (e.g. financial ones), but no major challenges were experienced while developing the performance framework of complex priorities. It is noteworthy, though, that performance frameworks for complex priorities have been changed more often based on the dialogue with the Commission when compared to the EU average.

In other cases, some challenges were identified and are listed below:

- Difficult definition of milestones and targets for multi-region priorities, e.g. due to low funding sources
- Conflicting requirements between the financial allocation of the different categories of regions and the need to respect the 50% rule at the level of each category, making the aspect of complexity the most challenging one in the eyes of one Romanian interviewee.
- Challenging selection of indicators for multi-thematic priorities, reflecting the majority of thematic aspects of the PAX
- There were no specific challenges mentioned for multi-fund priorities, since the indicators were defined for each specific fund separately because they covered different interventions and therefore no challenges occurred.

Challenges when setting up performance frameworks involving specific delivery modes were partially linked to the difficulty of identifying relevant indicators while keeping the overall number of indicators to a minimum, keeping the ones established by the programmes' legal basis.

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