MINUTES OF THE EVALUATION NETWORK MEETING
Brussels, 14-15 March 2013

First day of meeting, 14.03.2013

Veronica Gaffey, Head of the Evaluation and European Semester Unit in Directorate-General Regional and Urban Policy, welcomed participants and opened the meeting.

1. AGENDA, MINUTES OF LAST MEETING

Veronica Gaffey presented the agenda of the meeting. The minutes of the previous meeting in November 2012 were approved.

2. OPENING SPEECH

Commissioner Hahn joined the meeting. He referred to the challenging times for EU citizens and the imperative to spend wisely to generate growth. Result orientation will be the key element of the coming programming period to ensure that every euro of taxpayers' money is spent to the maximum effect. He also stressed the importance of good evidence and accurate data to communicate what is achieved with cohesion policy resources.

3. PROGRAMMING PERIOD 2014-2020: COMMON INDICATORS

Adam Abdulwahab started the discussion on indicators with two examples for calculating the indicator of estimated decrease of GHG. Any calculation method is acceptable as long as the measurement unit remains constant.

The discussion continued with the following common indicators:

For Employment increase in supported enterprises, full-time equivalent, the timing does not present a problem, but should not be earlier/later than the calendar year before/after the intervention.

Regarding the indicators for energy and climate change, the following comments were made: residential properties will be replaced by number of households. The measurement unit for energy consumption remains kWh/year

Regarding the indicators for social infrastructure: in countries with a small population (LV, LT), the indicators will still apply to the population figures; using ratio of inhabitants is not recommended, as it cannot be added up and it is difficult to collect data.

Discussing the ETC indicators, it is noted that Indicators 41 and 42 were proposed by Interact.

4. CONCEPTS AND RECOMMENDATIONS PAPER

Kai Stryczynski presented the changes made to the Concepts and Recommendations paper. Following the request by FR, the glossary will be reintroduced. The common indicators will likely be the subject of either a delegated or an implementing act.
5. SYNTHESIS REPORT ON PILOT EXERCISE ON FUTURE RESULT INDICATORS

Veronica Gaffey presented the updated version of the synthesis report on the analysis of pilot projects conducted with regions and managing authorities and stressed in particular the rationale behind this activity and the elements of learning. During the presentation she pointed out the recommendations for the choice of result indicators and the fact that despite some differences the requirements of the ESF and ERDF can be reconciled.

6. PILOT EXERCISE ON FUTURE RESULT INDICATORS

The Greek representative – Christos Drymoussis - presented the main results of the pilot exercise conducted on the “Energy efficiency” priority axis of the sectoral OP Competitiveness & Entrepreneurship. The main lessons drawn from the experience were about the necessity to fine-tune the design of programmes, the requirements for data collection, the necessity to attain concentration in the definition of objectives and a better attention to the results to be attained. With regard to the measures put in place to tackle the problematic aspects, including the arrangements for the ex-ante evaluation of the future OP, an effort has been made to improve the quality of data, in particular as to the statistical validation of baseline values for indicators.

DE posed a more general question (to the EC) about the link between result indicators and the newly proposed logic of intervention. It should be stressed that it is important when setting a result indicator a specific objective should be in place; in this regard, the guidelines clearly differentiate between “policy” monitoring and evaluation, where the task of evaluation is to find out the programme contribution towards solving the set of problems initially justifying the actions.

7. INFORMATION POINT ON THE UPDATED VERSION OF THE EX ANTE EVALUATION GUIDANCE

Marielle Riché, Evaluation Unit, informed the network about the amendments to the Guidance on Ex-ante Evaluation drafted together with DG EMPL. Amongst the points mentioned in the requirements for the final report and its publication, the communication of results from the ex-ante evaluation and the featuring of ex-ante evaluation summaries in the partnership agreement document. Veronica Gaffey pointed out that in the case of multi-fund programmes, the ex-ante evaluation activity can be financed from the budgetary line of either of the Funds involved.

8. EXCHANGE OF INFORMATION ON EXCHANGE OF INFORMATION ON MONITORING AND EVALUATION ACTIVITIES IN MEMBER STATES

MS representatives informed the network about some of the evaluation activities currently undertaken.

9. DISCUSSION ON THE FINDINGS OF THE EXPERT EVALUATION NETWORK

Terry Ward (TW) from APPLICA presented to the network the findings of the study on the performance of Cohesion policy carried out by the Expert Evaluation network. IE asked what type of evaluation would be better recommendable at present for the Irish context; PT pointed out that perhaps some of the country specific results are underestimated for the sake of aggregating at the EU-wide level. TW replied that it could actually be the case, although greater effort would be required by MS to better inform about and communicate the results of interventions. On the contrary SE highlighted that often there is a risk of overestimating achievements and therefore results. TW replied that more evaluation is needed, so as to avoid
both under and over-estimation of results. IT asked for some clarification about the concept of “funds-shift” towards measured for jobs support. IE also intervened on this point and cited a recently published study of the Cardiff School of Planning. PL asked about the possible de-commitment of funds due to the low absorption rate in some MS. On this point, HU asked about how to actually combine the “absorption/spending” rules with the requirements and logic of result orientation.

10. CLOSING REMARKS

Veronica Gaffey informed the network about the state of the Communication on the Strategic Report and invited MS to pay particular attention to the quality of the Annual Implementation Reports for 2012 to be submitted by June this year. She also presented the future activities and tasks of the Expert Evaluation network, including the analysis of job creation data.

Second day of meeting, 15.03.2013

11. PERFORMANCE FRAMEWORK.

The Council proposes that the Performance Reserve should be set at 7% (not 5%). The Council would also like the Performance Reserve to be national. Guidance on the framework is being prepared, and will be issued shortly. Jan Marek Ziółkowski from the Evaluation Unit presented the main issues concerning the Performance Framework. The following points were raised in the discussion:

VG: The most challenging areas are:

- the coverage issue, i.e. coverage of 75% of priority expenditure using as few output indicators as possible;
- the number of indicators, i.e. the higher the number of indicators in the Framework, the higher the risk of failure, as only 1 indicator can fail (reach only 95% of its target), according to the latest version of the guidance. The submission of Annual Implementation Reports in June 2019 with a decision due by the Commission on performance by the end of August 2019 leaves no time for negotiations;
- the setting of realistic and appropriate milestones and targets (which can be amended, with the Commission's agreement, if necessary);
- the need to link expenditure data with outputs achieved to get unit cost data;
- implementation is likely to be slower in the next programming period, due to N+3;
- 2018 will be similar to 2011 in the current period in terms of outputs i.e. there will not be much of a trend by then;
- some MS in the Council want to ring fence resources by programme – this is risky because if all the priorities in a programme fail, then the Performance Reserve for that programme will be lost;
- Performance Frameworks should be as simple and sensible as possible – support to Programming authorities in Member States and to the geographic desks in DG Regio will be necessary to ensure this happens.

The following points were raised by the participants, followed by the reaction from the Commission:
FR – Regarding the need for consistency between the Performance Frameworks of each operational programme: If a MS has many OPs then this will be difficult (as in the case of FR). Each Managing Authority will have to comply with certain rules and this may be difficult.

- A MS must outline consistency and coherence in the Partnership Agreement e.g.: when there are similar priorities across projects. In case one regional OP sets high milestone while other for similar priorities does not, it should be able to explain why.

HU- In AIRs will only actual values of output indicators be reports, or also planned values? does the 100% rule also apply to the final targets in the performance framework?

- Only actual values should be reported. The Regulation states that the Commission will take into account external factors and the level of absorption when it will assess failures in the final targets. Eg. If the level of both absorption and outputs is low, the Commission will not propose financial correction.

BG – Important to know from the beginning the severity of the conditions. Will the 75% condition be revised? Will the performance reserve and 7% of available funds be available from the beginning of the Project Period? It is necessary to have some flexibility to reallocate funds across OPs which are not performing to those which are performing better to achieve the overall results of a strategy.

- These points are still under discussion in the Council and within the Commission.

IE – Concerning the Building blocks issue (slide 5), the eligible expenditure in the system: if an audit finds the expense ineligible can this be revisited?

IT – Making a comparison with 2000-2006 programme period, the most difficult part was setting targets. Research on unit costs is not enough. Furthermore, the risk to set a high level of final target (100%) is that many countries will experience difficulties in achieving it. Performance Reserve is part of the system, it could be used to improve programming, it should not be used to improve the programming in the previous period. Italy will have many regional and national projects, and this raises the need to have national governance in programming and monitoring, especially on setting targets and milestones.

Two questions: 1) the link between reward and sanction is not clear. Will the performance review allocate, at the same time, reserve and implement sanctions? Or will sanctions and reward be allocated at a different time?. 2) At the end of the period will there be a financial revision and potentially also allocation of reserve?

- Reward and sanction procedures are separate. Performance review is automatic, suspension is not. If a priority does not attain the reserve, it does not necessarily fail. There is only 1 revision point. The Council has inserted many conditions to achieve serious failure that it is very difficult to incur. In addition, the Commission will have to have notified the MS 6 months in advance, and the MS will have to have failed to take action.

ES – Regarding key implementation steps, need for examples on milestones and indicators. It is easy to set milestones and indicators for the infrastructure sector but not for other sectors

- Key implementation steps should only be used if no outputs are available at the end of 2018, e.g. in major infrastructures. In this case, major projects approved or contracts awarded could be considered as a key implementation step.
LV – Milestone setting must be neither too high nor low. Will sanctions be applied if there is a significant overachievement, what is the threshold for the "significant overachievement"? It will be useful for MS to have a description on how to calculate target and milestone.

- There is no sanction for significant overachievement, it is difficult to answer. Calculation for the milestones will be discussed during the negotiations.

AT – The new system adds more administrative burden to the MS. It is important to understand that indicators and values offer just a narrow picture of the whole implementation. Qualitative indicators should also be taken into consideration. There is risk that MS will deliberately underestimate targets, so as to make certain these are achieved.

- Qualitative indicators should not be taken into account as they are not under the control of the managing authorities.

PT – Concerning the criteria for serious failure, what is the margin for a target to be considered fulfilled? Which is the level of flexibility between funds and categories of regions?

- Every priority must have one financial indicator and 3-5 output indicators are recommended with as few as possible. Under the current version of the guidance, if one out of these indicators falls to 95%, the programme is still considered as performing; otherwise there is no achievement. If two indicators fall below 75%, it is considered a serious failure. Flexibility between funds and categories of regions is under discussion in Council but the Commission does not support such flexibility.

LUX – Do milestones and targets also apply for technical assistance? Which is the best financial indicator to use?

- Milestones and targets also apply for technical assistance. The financial indicator to be selected should represent the certified expenditure of the priority.

UK – Concerning double counting, how to ensure it will not happen for the performance framework?

- The Commission must rely on the systems of the MS

FR – If a MA fails to achieve an output, which is the margin for manoeuvre?

- MS have much more space for manoeuvre than the Commission. There is no sanction in the Regulation if the rule of 3 months is not respected. But this point will be further clarified.

GR – Concerning output indicators, does the proportionality principle apply?

- Proportionality does not apply here. MS must capture majority of expenditure in Priorities. In this case MS have concentrated expenditure

PL - Will REGIO and EMPL coordinate the work on performance framework?

- Yes, guidelines and criteria across funds will be the same. Decision will be automatic.

IT – Will the 95% threshold be in the guidelines? Can it be negotiated?
- It will be in the Commission guidelines and once the threshold is fixed it must be applied to ensure equal treatment.

LV – When will the guidance be available?

- As soon as possible. It is important to keep in mind that performance framework is embedded in the programmes and reflects what will be achieved by 2018.

12. STRATEGIC REPORT

The Strategic Report comprises a communication, staff working document and 13 thematic fact sheets containing qualitative data.

Alida Staicu from the Evaluation unit presented the system of reporting against core indicators pointing out the lack of consistency of some of the datasets sent by the MS. John Walsh continued providing an exercise of comparisons between funds allocated and reported achievements per country. It should be noted that in this exercise, some MS were left out. In the future, the communication will be improved, to include further information and not only financial.

The core indicators are imperfect, but they will be used until closure of current programmes. They represent the only physical data that the Commission have to analyse progress.

In five cases data updated to the mid of 2012 was received: CZ, BG, EE, RO, CY. Some other countries sent different data to those uploaded in AIRs, and this fact is alarming. This inconsistency will have to be tackled before the Strategic Report is issued in June.

13. YAMMER

Alain Vanden Borre of DG REGIO's communication unit presented the platform which is based on membership, with the Evaluation Unit in DG REGIO as the administrator. As the Evaluation Network only meets up 2-3 times per year, the intention here is to foster conversation between the Commission and the MS, but also between MS themselves. The system provides the possibility to upload documents, including the agenda and the supporting documents for the Evaluation Network.

13. CLOSING REMARKS

Veronica Gaffey appreciated the discussions as they were interesting and useful. The next meeting will likely take place in May 2013. There, more information will be provided on the scoping of the Ex post evaluation for 2007-2013 and the Guidance on Performance Framework.