AIR and performance review

06-07 March 2018, Lisbon

Day 1 – 06 March 2018

Expectations/perceptions/challenges related to reporting / Challenges and problems identified related to the annual implementation report (AIR) template

At the start the participants did a dotting exercise on the template for the AIR in order to depict the most critical issues in annual reporting on implementation. The participants identified the following main questions / key issues concerning the template for the AIR:

Section 3 Implementation of the priority axis / 3.2 Common and programme specific indicators

- How to justify overachievement?
- Definition of "selected projects". Approved by MC (SC) **or** contracted?
- What does "fully implemented" mean?
- Measurement unit – how to create a common understanding of it?
- Are the recent changes to the temple reflected in SFC2014 already? If not, when?
- What to do if an output indicator is wrongly chosen? E. g. no project addresses that indicator. How to change indicators?
- When to report the fulfilment of indicators? E.g. an investment is completed but is not in use yet because of permits.

Section 9 Horizontal principles

(9. Assessment of the implementation of the cooperation programme / 9.2. Specific actions taken to promote equality between men and women and to promote non-discrimination, 9.3. Sustainable development and 9.4. Reporting on support used for climate change objectives)

- Main message: be honest in reporting (i.e. do not make up things). It has to be seen though, if this approach is acceptable for the Commission or they will push for examples or more details.

Table 5: Breakdown of the cumulative financial data by category of intervention

- An indicative split is presented in the CP but in reality, each project corresponds to several categories. On the other hand, this data is not relevant for the programme. The event could contribute to changing the regulation/template.
- eMS should have this data and possibility to extract it.
- It is difficult to allocate projects to categories; eventually the allocation is hardly more than a guess. The breakdown reported might be quite different from what was planned. How to handle that?
- Is Table 5 in SFC2014 not automatically filled (with data from previous years)?

- Why is there a need to split budgets between countries? These programmes are cooperation programmes. Choosing the location of the MA could be a solution. (Or LP.)
- It would be useful to learn how Commission uses the data reported in this table. It could help programmes to shape their reports.

Requirements for the performance review (David Alba, Evaluation and European Semester Unit, DG REGIO)

General issues

- Performance framework is one of the pillars of result orientation (implementing the programme efficiently and according to plans). But it does not answer the question if the programme had an impact at all.
- Investment Growth and Jobs (IGJ) programmes can be rewarded by means of the performance reserve - not applicable for ETC.
- Getting it wrong can/will lead to corrections/penalties: suspension of payments and /or financial correction by EC. Financial corrections relate to final targets only, not to milestones.
- Serious implementation failure: if indicator(s) does not reach 65% of milestone or final target. There are two cases depending on the number of indicators:
    - up to 2 indicators: enough if one does not reach 65%;
    - more than 2 indicators: at least two do not reach 65%.

Financial correction levels

- Fulfilment over 65%: none
- Between 65 and 60%: 5%
- Between 60 and 50%: 10%
- Less than 50%: 25%

Modification of the performance framework

- There is no legal basis for the Commission to ask MSs to change the performance framework. But MS can become active: in case of incorrect assumptions the performance framework can be modified upon initiative of the MS participating in the programme (the option has been anchored in the Implementing Regulation 215/2014). It is obvious that modifications have to be duly justified (‘clear qualitative and quantitative reasoning supporting the arguments’). In order to be effective for the performance review next year modifications would have to be initiated rather soon.

Q& A

Q: When to count indicators? (When they are delivered? When they are reported? When the report is verified? Or there can be a cut-off date for reports?)
E.g. in the Danube TN programme indicators are counted when JS approved the report.
A: See answer below on agreement among the users of eMS

Q: How does a notification on serious implementation weakness look like?
A: It can be part of the observations on the AIR but may also come separately later.

Agreement on definitions for programmes using eMS

A common definition of the terms 'Selected' and 'Output delivered' is highly appreciated when using a common monitoring system! The Group has agreed on the following definitions:

Selected = Contracted (projects counted as selected are the contracted ones)

Output delivered = Outputs is included in a report which has been approved by JS

Performance (data) audits
(Katja Ecke, Interact)

- Unlike the previous programming period, the performance framework/indicators are now subject to audits.
- System audits will mainly check the **reliability** of indicators reported. This may involve auditing the
    - monitoring system,
    - processes (collecting, monitoring, aggregating, reporting, etc.),
    - verifying indicators (from the beginning, e.g. partners to reporting to Commission).

- Programmes shall ensure that all actors (PPs, LPs, programme bodies, etc.) have the **same understanding** of indicators (e.g. in programme level guidance documents)
- The link between PPs and LP might be weak in terms of reliability. No legal requirement for this stage.
- These audits shall not link/lead to financial corrections.

Day 2 – 07 March 2018

Requirements for the Annual Implementation Report (AIR) (John Walsh Evaluation and European Semester Unit, DG REGIO)

Their unit processes structured numeric data.

Please note: **The template will be updated in SFC2014 in April. Only the labels will change, not the structure.**

Citizen's summary

- There is no (and will not be) template and it is intentional. It is up to the programmes to decide what information they present to the general public.

Horizontal issues

- Agrees that ETC has enough goals already; no need to make up things here.

Sections 2 and 3.1 Overview of the implementation of the cooperation programme / priority axis

- Concentrate on key messages instead of long texts.
- Even if there is no major progress, programmes should describe their expectations.
- Desk officers read these parts, the Evaluation Unit usually checks numeric data only.

Section 3.2 Common and programme specific indicators

- Previous years are also editable (in case they become available later) but data should be inserted in the reference year.
- If no data is available, cells should be left blank.

Table 2 Common and programme specific output indicators

- The changes in template introduced recently correct an inconsistence between the CPR and the implementing act. Now partial deliveries can be reported (delivered by projects partially implemented) – the option was meant for example to report on a scheme for energy-efficient renovation of buildings or similar types of projects in mainstream programmes.
- One can report on partial implemented or on fully implemented projects – it is either-or.
- Values for previous years should not be changed for previous years in case a project is de-selected
- Forecasts need/should not be projected/split for years (as this can be very difficult); the forecast represents the total until the end of the year.

Q&A Table 2

Q: Can a programme switch approach (between partially implemented and fully implemented)?
A: Possible to switch over time. So old stock may be reported as final and new stock may include partially implemented ones. But it is important to note that the MA signs with the management assurance (in annual accounting) that the Monitoring System is reliable and robust. Thus the switch has to be documented in the Monitoring System in order to ensure a proper audit trail.

Q: What does the Commission do with data from table 2?
A: It is used in the ETC part of the Open data platform. Many indicators (only common output indicators) have already exceeded 400% of the target (forecasted value). Possible reasons: conservative planning, too optimistic project owners, mistakes in reporting data (e.g. wrong measurement unit; m^2 vs. hectare, MW vs. GW, EUR vs. MEUR), wrong entry of data (e.g. decimal point at the wrong place). Four-eye check is thus important in reporting as well.

Annotation: understanding of direct support to SMEs versus indirect support to SMEs

Issue of indirect versus direct support to SMEs –diverging interpretations will lead to distortions. E.g. Central Baltic supports enterprises via an intermediary body.

If an SME receives financing from the programme, it can be understood as *direct* support. But other enterprises benefiting from the intermediary *indirectly* cannot be understood and reported as direct support from the programme. In this regard data from ETC will be compared/combined with those from mainstream programmes and thus should be comparable!

Table 1 Result Indicators

- RI do not have to be reported on an annual basis; if for a particular year no value is available do not state 0 but 'no value'

Q&A Table 1

Q: What to do in case a mistake in the baseline calculation has occurred?
A: The AIR is a historic document; it is best to insert a comment in the 'observation' field; i.e. either that values according to previous method still reported but modification is on the way or that due to this reason values could not be reported

Q: What is the purpose of the table?
A: The intent as to remind the MC what the programme tried to do.

Q: What if the target could not be achieved?
A: It should be explained how the programme contributed at the same time pointing at the scale of the challenge.

Table 5 Breakdown of the cumulative financial data by category of intervention

- Several dimension exit: location, economic, category of intervention.
- How precise is the categorisation? This system is indicative – it's an approximation. There are no firm rules in the guidance. If not possible to split, allocate a project to the predominant category of intervention. This data will be used e.g. for ex-post, e.g. to see which programmes were active in e.g. combating climate change. It is an *information system, not an audit system*.
- Location dimension (John):
  - There has to be one location only, either choose LP's seat or location of physical infrastructure. Thus all partners or all investments cannot be captured – maybe monitoring systems can do that.
  - It is again indicative. Basically 'flagging' the category (e.g. health, transport infrastructure).
  - SFC2014 is not multi-select.
  - The purpose of the location dimension does not really fit Interreg (not representative, can be misinterpreted). It is used for macro-economic modelling, but ETC is not that relevant when it comes to the *economic impact* compared to mainstream programmes.
  - Commission has no problem to use even the location of the MA for this dimension.

Q&A Table 5

Q: How to count operations if multiple dimensions are selected for one operation?
A: Operations might be double-counted but the money shall not be double-counted.
Annotation: but SF2014 does not allow to submit the report e.g. in case that the aggregate number of Technical Assistance is 3.0

Table 6 Cumulative cost of all or part of an operation implemented outside the Union part of the programme area

- Don't ever leave it blank. Insert zero if nothing is to be reported.

Q&A Table 6

Q: Is it to be reported by operation?
A: Difficult to say. But the Commission has elaborated a Q&A document on the AIR template, which will be revised in the next month (April).

Section 4. Synthesis of the evaluations

- COM considers making this section structured (maybe will be optional). But generally it is too early, especially for impact evaluations.

Section 5. Issues affecting the performance …

- Point 5(b) is really optional, i.e. not necessary to fill in for 2017.

Closing Q& A

Q: Is it possible to programme SFC2014 in a way that it pre-fills data for previous years?
A: Considered as a good idea but might not be feasible in the short-term; an intermediate option could be to synchronise the Monitoring System with the tables in SFC2014.
A (Interact): Concerning eMS the tables will be programmed in the coming months – but it might not be in time for the AIR submitted in 2018. Also the planned changes in SFC2014 have to be considered.

Q: My programme collects the category of intervention at level of partners (beneficiaries) – would it be possible to use more than one category of intervention?
A: This is impossible – just to think of a support programme for SMEs with thousands of SMEs as beneficiaries …

Q: We have already started filling the current template in SFC2014. Will data not be deleted when the template is modified?
A: We will see to safeguard that data already entered will not vanish.

Q: What are qualitative indicators? How to fill in these tables?
A: Qualitative indicators means key implementation steps in the performance framework. It is either or - if it is qualitative fill out qualitative if it is quantitative fill out quantitative.

Q: What if the set of categories of interventions requires a modification?
A: It is indicative. Do a simplified modification procedure in the MC – the modifications do not require EC approval.

Final exercise on data management

Pls. find below the highlights from the final exercise.

Q1: How to get and ensure good data?

- Clarification of indicators at the application stage
- Use SMART indicators in order to generate relevant and reliable data; the simpler the better
- Ensure consistency based on handy reporting formats and requirements
- The Final Report is a crucial document – the template should be developed with great care for usability from both sides, i.e. programme management and beneficiary!
- Reporting needs have to be clear from the beginning – and considered in the templates
- Knowledge of the projects is a key asset in order to assess plausibility of reported outputs etc.

Q2: How to ensure a common understanding across all parties working with data?

- Stakeholders should be involved from an early state on (LB, PP, controllers, ...)
- Guidance on indicators as a standard element in workshops, seminars and face-to-face consultations with beneficiaries and controllers and during projects visits, several repetitive loops and regular reminders
- Leaflets on reporting of indicators for each priority
- Work Group on indicators to ensure common and easy-to-understand definitions

Q3: How to efficiently control the quality of data? What are major pre-requirements for sound data management?

- Make sure that a consistent methodology is in place and understood by all key parties (i.e. MA/JS, LB, FLC) – this has to be done at an early stage!
- Foresee regular plausibility and quality checks
- Risk-based combination of desk checks and planned on-the-spot checks to verify sound management of projects
- Comprehensive check at the assessment and contracting phases – if needed foresee option to clarify with LBs
- Foresee room for evidence related to deliverables in the progress reports
- Data storage system is essential – in particular the options to report and extract data for monitoring purposes
- External expertise funded from TA might be useful when developing the methodological elements of data management

Future events related to evaluation, indicators and reporting

- **28-29 June, Edinburgh**: Exchange on operational and impact evaluation. Regulation post 2020- what is new in evaluation.
- **October:** Discuss indicator system post 2020
- **December:** Evaluation – Capitalisation – Communication
- **Beginning 2019:** AIR 2019

More information on the ESIF Open Data platform can be found under:

- The Link to the ESIF Open Data home page : https://cohesiondata.ec.europa.eu/
    - The #ESIFOpenData FAQ: http://ec.europa.eu/regional_policy/en/faq/about_open_data/
    - The INTERREG “country page”: https://cohesiondata.ec.europa.eu/countries/TC#
      => With a button leading the specific INTERREG programme pages
- Our Twitter Account : https://twitter.com/RegioEvaluation
    - And a link to our tweet on our recent seminar: https://twitter.com/RegioEvaluation/status/971403092754419713