

# Experience with Implementation of Monitoring Indicators Occurred During the Audits of Structural Funds

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# Purpose of the presentation

- 1. Brief introduction to the monitoring system** (legal framework, structure of monitoring indicators; types of monitoring indicators).
- 2. Presentation of main observations concerning the two audits recently carried out by SF Department** (errors with implementation, presenting and evaluation of monitoring indicators; errors with monitoring of the effectiveness of aid).
- 3. Obtaining experience/opinion to these questions** (assurance of our correct judgment – non-compliance with the audit body; utilization of correct legal regulations; auditing of the similar questions during the performance audits).

# What are indicators?

- **An indicator** can be defined as the measurement of an **objective** to be met, a **resource** mobilised, an **effect** obtained, a **gauge** of quality of a context variable.
- **An indicator** produces **quantified information** with a view to helping actors concerned with public interventions to communicate, negotiate or make decisions.

# Legal Framework 1.

- **Council Regulation (EC) 1260/1999** laying down general provisions on the Structural Funds
  - **Art. 36 Monitoring Indicators**
  - **Art. 36 (2a)** : „*These indicators shall show, for the assistance in question: (a) the specific targets, quantified where they lend themselves to quantification, for the measures and priorities, and their mutual consistency,...*“
  - **Art. 34 Management by the Managing Authority**
  - **Art. 34 (1(a) and 1(c))**: „*The managing authority shall be responsible for the efficiency and correctness of management and implementation, and in particular for: (a) setting up a system to gather reliable financial and statistical information on implementation, for the monitoring indicators referred to in Article 36, ... (c) drawing up and, after obtaining the approval of the Monitoring Committee, submitting to the Commission the annual implementation report;*“.

# Legal Framework 2.

- **Council Regulation (EC, Euratom) 1605/2002** on the Financial Regulation applicable to the general budget of the European Communities.
- **Art. 27 (3):** „*Specific, measurable, achievable, relevant and timed objectives shall be set for all sectors of activity covered by the budget. Achievement of those objectives shall be monitored by performance indicators for each activity ...*“.

# Legal Framework 3.

- The system is based on principle of setting **measurable indicators to monitor the implementation and effectiveness of the programme** in relation to the set objectives.
- Indicators measuring the effects of the whole **programme**, each **priority** and each **measure** have been determined.
- Approval of Monitoring Committee (incl. the changes).

# Monitoring Indicators Structure

- The programme, priority and measure indicators are represented of these four types: **input, output, results and impact indicators**.
- **Input Indicators**: refer to the budget allocated to each level of assistance.
- **Output Indicators**: refer to numbers of persons, institutions and projects aided through the OP.
- **Result Indicators**: relate to the direct and **immediate effects** brought about by the assistance.
- **Impact Indicators**: refer to the **consequences of the programme**, proving the sustainability and **net effect rate of assistance**.

# Audit of „Human Resources Development OP“

- HRD OP sets out the priorities and measures of the HRD sector for the implementation of assistance within the EU SF Objective 1 Framework
- Co-financing from the ESF (recommendation of EC for shortened period 2004-2007)
- **Global objective:** A high and stable level of employment based on a qualified and flexible workforce, the integration of socially excluded groups of population, and competitiveness of enterprises while respecting the principles of SD
- 4 priorities and 10 measures
- **MA, IB and FB:** Ministry of Labour and Social Affairs



# Observation „Using of statistical data“ (1)

- **Impact indicators:** Czech Statistical Office (CZSO) provides data for global impact indicators at the programme level.
- **It is not possible to differentiate the influence of OP from other economical influences.**
- Art. 27 (3) Council Reg. 1605/2002: „*Specific, measurable, achievable, relevant and timed objectives shall be set for all sectors of activity covered by the budget.*“ and
- Art. 36 (2a) of Council Regulation 1260/1999: „*These indicators shall show, for the assistance in question: (a) the specific targets, quantified where they lend themselves to quantification, for the measures and priorities, and their mutual consistency;*“ .

# Observation „Using of statistical data“ (2)

## MONITORING INDICATORS FOR THE HUMAN RESOURCE DEVELOPMENT OPERATIONAL PROGRAMME

Type	Indicator	Source	
Input	Total programme budget	HRD OP	
	Eligible expenses disbursed	PU	
Output	No. of assisted persons – services clients • <i>specific groups</i> <sup>1)</sup>	FB	
	No. of assisted persons – service providers or service provision promoters	FB	
	No. of course participants – services clients • <i>specific groups</i> <sup>1)</sup> • <i>short-, medium- and long-term courses</i> <sup>2)</sup>	FB	
	Share of participants in courses with IT component	FB	
	Share of participants in courses with the environmental component	FB	
	No. of assisted institutions • <i>specific groups</i> <sup>3)</sup>	FB	
	No. of supported projects	FB	
	No. of supported jobs	FB	
	Results	Share of successfully trained persons – services clients	FB
		Share of successfully supported services clients	FB
Share of successfully trained service providers or service provision promoters		FB	
No. of newly developed / innovated products		FB	
Impacts	Employment Rate • <i>specific female employment rate</i>	CZSO	
	Unemployment Rate • <i>specific female unemployment rate</i>	CZSO	
	Proportion of long-term unemployed as a percentage of the total unemployment • <i>specific percentage of women</i>	CZSO	
	Participation rate in further education • <i>specific female participation rate</i>	CZSO	
	Percentage of entrepreneurs in the total employment • <i>specific percentage of women</i>	CZSO	
	Proportion of SMEs in the total employment	CZSO	

# Observation „Incorrect estimation“

- **Result Indicator** „Share of successfully supported services clients“ **was substantially exceeded** from 162 000 persons to 1 606 126 persons (891 %).
- Result Indicator „Share of successfully trained service providers of service provision promoters“ was exceeded from 29 600 persons to 147 296 persons (398 %).
- **The estimation was not provided correctly and sufficiently.**
- Art. 27 (3) Council Reg. 1605/2002: „*Specific, measurable, **achievable**, relevant and timed objectives shall be set for all sectors of activity covered by the budget.*“ and
- Article 36 (2a) of Council Regulation 1260/1999.



# Observation „Impact Indicator was not set“

- According OP, Complement, OM: the programme, priority and measure indicators represent of four types: input, output, results and impact indicators. **Impact Indicators refer to the consequences of the programme**, proving the sustainability and net effect rate of assistance.
- Impact Indicator for Measure 1.2 (Integration of Specific Population Groups at Risk of Social Exclusion) was not drawn at all (neither type nor final value).
- **Evaluation of efficiency of measure does not exist after the end of European aid.**
- Art. 27 (3) Council Reg. 1605/2002: „*Specific, measurable, achievable, relevant and timed objectives shall be set for all sectors of activity covered by the budget.*“, and
- Art. 36 (2a) of Council Regulation 1260/1999.



# Observation „Incorrect data in Annual Report“ 1.

- **The value of some MI at the Programme level and Measure 1.1 level were increasingly higher in 2006 than in 2007.**
- *Art. 34 (1 (a) and (c)): „The managing authority shall be responsible for the efficiency and correctness of management and implementation, and in particular for: (a) setting up a system to gather reliable financial and statistical information on implementation, **for the monitoring indicators** referred to in Article 36, ... (c) **drawing up and, after obtaining the approval of the Monitoring Committee, submitting to the Commission the annual implementation report;**“*
- MA was not able to prove the original data necessary for creation of the Annual implementation report 2006. Therefore the audit team could not verify the correctness of data in this report.

# Observation „Incorrect data in Annual Report“ 2.

## Monitoring Indicators for HRD OP

Type	Indicator	Value 31. 12. 2006	Value 31. 12. 2007
Input	Total programme budget	422,43 mil. €	422,43 mil. €
	Eligible expenses disbursed	38,05 mil. €	174,69 mil. €
Output	No. of assisted persons – service clients	655 236	1 606 126
	No. of assisted persons - service providers or service provisions promoters	35 586	147 296
	No. of course participants – service clients	125 937	221 715
	<b>Share of participants in courses with IT component</b>	<b>29,45 %</b>	<b>14,80 %</b>
	<b>Share of participants in courses with environmental component</b>	<b>29,28 %</b>	<b>15,41 %</b>
	No of supported organizations	5 289	15 153
	No of supported projects	1 739	2 228
	No of supported jobs	3 613	6 878
Results	Share of successfully trained persons – service clients	72,88 %	77,03 %
	Share of successfully supported service clients	57,78 %	76,50 %
	Share of successfully trained service providers or service provision promoters	44,45 %	60,99 %
	No. of newly developed / innovated products	9 959	26 466

Source: Annual Reports HRD OP 2006-2007

# Observation „Incorrect data in Annual Report“ 3.

## Monitoring Indicators for HRD OP – Measure 1.1

Type	Indicator	Value	
		31. 12. 2006	31. 12. 2007
Input	Total programme budget	114,43 mil. €	114,43 mil. €
	Eligible expenses disbursed	8,53 mil. €	48,57 mil. €
Output	No. of assisted persons – service clients	46 515	108 584
	No. of course participants – service clients	27 783	64 854
	<b>Share of service clients in the total no. of unemployed people</b>	<b>10,4%</b>	---
	No. of participants in courses with IT component	8 604	18 622
	No. of participants in courses with environmental component	6 218	12 213
	<b>Share of participants in courses with IT component</b>	<b>31%</b>	<b>28,7%</b>
	<b>Share of participants in courses with environmental component</b>	<b>22,4%</b>	<b>18,8%</b>
	No of supported organizations	598	952
	<b>No of supported projects</b>	<b>392</b>	<b>373</b>
	No of supported education programmes	860	2 912
Results	Share of successfully trained persons – service clients	62,3%	63,3%
	No. of successfully supported service clients	26 483	60 877,5
	<b>Share of successfully supported service clients</b>	<b>57,0%</b>	<b>56,0%</b>
	No. of newly developed / innovated products	649	890
Impacts	Sustainability of positive results of assistance to individuals	Evaluation studies	Evaluation studies

Source: Annual Reports HRD OP 2006-2007

# Audit of „Joint Regional OP“

- **Audit objective:** financial resources earmarked for the JROP for the period from 2004 to 2007, which were spent on development projects in tourist trade and on revitalization in selected towns.
- **MA:** Ministry for Regional Development
- **FB:** CzechTourism – main purpose is a publicity of the CR like a tourist trade's destination abroad and in the CR.



# Observation „Using of statistical data“

- **Main criteria for the evaluation** of project effectiveness (impact indicator): **amount of financial resources spent by foreign tourists in the CR for services and purchase of goods.**
- **On the basis of this statistical data it is not possible to differentiate the influence of project from other economical influences.**
- CzT determined very general and hardly measurable criterion for evaluation of project effectiveness. Other economical evaluation during the process of project or after its finalisation was not implemented.

# Time for Discussion

- What is your experience/opinion?
- Did you find the same errors during the auditing of MI?
- Do we judge the observation correctly (correct application of legal regulations, negotiation procedures)?
- Which criteria would you use?

# Thank you for your attention!

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