



EUROPEAN UNION

PLANNING BUREAU



REPUBLIC OF CYPRUS

**EVALUATION OF THE INDICATORS  
OF THE OPERATIONAL PROGRAMMES  
“SUSTAINABLE DEVELOPMENT AND COMPETITIVENESS”  
AND  
“EMPLOYMENT, HUMAN CAPITAL AND SOCIAL COHESION”**

***SUMMARY***

**December 2009**

The project has been co-financed by  
The European Regional Development Fund, the European Social Fund and  
the Cohesion Fund

## TABLE OF CONTENTS

<b>1.</b>	<b>INTRODUCTION.....</b>	<b>1</b>
<b>1.1</b>	<b>Background .....</b>	<b>1</b>
<b>1.2</b>	<b>Project objectives and expected results.....</b>	<b>1</b>
1.2.1	General objective .....	1
1.2.2	Specific objectives.....	2
1.2.3	Expected results.....	2
<b>1.3</b>	<b>Time schedule and deliverables .....</b>	<b>2</b>
<b>2.</b>	<b>METHODOLOGICAL APPROACH .....</b>	<b>3</b>
<b>2.1</b>	<b>Data collection and review .....</b>	<b>3</b>
<b>2.2</b>	<b>Coherence of indicators with the specific objectives of the OPs/ Capturing of outputs and results.....</b>	<b>4</b>
<b>2.3</b>	<b>Coherence of indicators with the EU core indicators.....</b>	<b>4</b>
<b>2.4</b>	<b>Evaluation of indicators by using the SMART principle.....</b>	<b>4</b>
<b>3.</b>	<b>EVALUATION OF THE INDICATORS OF THE OPERATIONAL PROGRAMMES OF THE PAST PROGRAMMING PERIOD (2004 – 2006).....</b>	<b>5</b>
<b>3.1</b>	<b>General.....</b>	<b>5</b>
<b>3.2</b>	<b>Conclusions.....</b>	<b>6</b>
3.2.1	Programme for Objective 2 .....	6
3.2.2	Programme for Objective 3 .....	7
3.2.3	Programme for the fisheries sector .....	7
3.2.4	Programme for EQUAL.....	8
<b>3.3</b>	<b>Lessons learnt.....</b>	<b>9</b>
3.3.1	Strengths.....	9
3.3.2	Weaknesses.....	9

3.4	<b>Corrective actions</b> .....	10
4.	<b>EVALUATION OF THE INDICATORS OF THE OPERATIONAL PROGRAMMES OF THE CURRENT PROGRAMMING PERIOD (2004 – 2006)</b> .....	10
4.1	<b>General</b> .....	10
4.2	<b>Conclusions</b> .....	11
4.2.1	Operational Programme “Sustainable development and competitiveness” .....	11
4.2.2	Operational Programme “Employment, human capital and social cohesion” .....	12
4.3	<b>Proposals for improvement</b> .....	12
4.4	<b>Capture of horizontal EU policies issues</b> .....	13
4.4.1	Gender equality and non discrimination .....	13
4.4.2	Protection of the environment .....	14
4.4.3	Lisbon strategy .....	14
5.	<b>DEFINITION OF ADDITIONAL INDICATORS</b> .....	14
6.	<b>DEVELOPMENT OF AN INTEGRATED SYSTEM FOR THE MONITORING OF INDICATORS</b> .....	15
7.	<b>MONITORING OF REGIONAL DISPARITIES</b> .....	16

## GLOSSARY OF ACRONYMS

<b>Acronym</b>	<b>Description</b>
CF	Cohesion Fund
EAGGF	European Agriculture Guidance and Guarantee Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
FIFG	Financial Instrument for Fisheries Guidance
MIS	Management Information System
NSRF	National Strategic Reference Framework
OP	Operational Programme
PC	Programme Complement
SEA	Strategic Environmental Assessment
SME	Small and Medium Enterprises
SPD	Single Programming Document

## **1. INTRODUCTION**

### **1.1 Background**

Cyprus joined the European Union (EU) in May 2004. After the accession to the EU the country is eligible for financing by the EU Cohesion and Structural funds.

During the past programming period (2004 – 2006) the EU has co-financed projects in Cyprus towards the achievement of Cyprus national and regional policies, as they reflected in the Single Programming Documents (SPD) for Community Objective 2 (supporting the economic and social conversion of areas facing structural difficulties), Community Objective 3 (supporting the adaptation and modernization of policies and systems of education, training and employment), and the agriculture and fisheries sector. The main sources of funding were the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund (ESF), the European Agriculture Guidance and Guarantee Fund (EAGGF) and the Financial Instrument for Fisheries Guidance (FIFG). Moreover, the EU provided co-financing for the implementation of projects under the Community Initiatives EQUAL and INTERREG.

During the current programming period (2007 – 2013), Cyprus is eligible for financing by the EU under the following Objectives:

- The regional competitiveness and employment objective
- The European territorial objective

The key national priorities and relevant policies of Cyprus are analyzed in the National Strategic Reference Framework (NSRF), which has been approved by the EU in May 2007. NSRF includes two (2) Operational Programmes (OP), namely:

- OP “Sustainable development and competitiveness”
- OP “Employment, human capital and social cohesion”

Managing Authority for both programmes is the Planning Bureau, having the overall responsibility for efficient monitoring and control of programmes implementation. Thus, the set-up of a reliable group of indicators and the consistent monitoring of the achievement of its target values through an integrated monitoring system is an issue of crucial importance.

### **1.2 Project objectives and expected results**

#### **1.2.1 General objective**

The general objective of the present evaluation is the optimization of the monitoring system of indicators included in the operational programmes of NSRF (see section 1.1).

### **1.2.2 Specific objectives**

The specific objectives of the evaluation are:

- The set-up of adequate and reliable output and result indicators
- The sufficient monitoring of the above mentioned indicators

### **1.2.3 Expected results**

The expected results of the evaluation are:

- Evaluation of the indicators used during the past programming period (2004 – 2006)
- Set-up of a comprehensive indicators system (definition of realistic baseline values, intermediate target values and final target values) for capturing the achievement of all general and specific objectives of the above mentioned operational programmes (see section 1.1) of the current programming period (2007 – 2013)
- Development of an integrated monitoring system of the indicators and preparation of guidelines for its implementation
- Proposals for the set-up and monitoring of indicators at the strategy level

## **1.3 Time schedule and deliverables**

Project work has been initiated in January 2009 and completed in December 2009. It is presented in three (3) deliverables, as follows:

- 1<sup>st</sup> evaluation report
  - Data collection and review
  - Programming period 2004 – 2006
    - Evaluation of indicators of the SPD and Programme Complement (PC) for Objective 2
    - Evaluation of indicators of the SPD and Programme Complement (PC) for Objective 3
    - Evaluation of indicators of the SPD and Programme Complement (PC) for the fisheries sector
    - Evaluation of indicators of the SPD and Programme Complement (PC) for the Community Initiative EQUAL

- Conclusions and lessons learnt
- Evaluation of indicators of the OP “Sustainable development and competitiveness”
- Evaluation of indicators of the OP “Employment, human capital and social cohesion”
- Conclusions and recommendations
- Urgent actions
- 2<sup>nd</sup> evaluation report
  - Capturing of horizontal EU policies issues through the indicators
  - Monitoring of the environmental indicators
  - Proposal for an evaluation plan for the programming period 2007 – 2013
  - Proposal for the collection of relevant data concerning the monitoring of regional disparities
- 3<sup>rd</sup> (final) evaluation report
  - Review of conclusions and recommendations
  - Definition of additional indicators
  - Development of an integrated system for the monitoring of indicators and preparation of guidelines for its implementation

## **2. METHODOLOGICAL APPROACH**

### **2.1 Data collection and review**

For carrying out the evaluation, a large amount of data has been collected and reviewed by the project team for both programming periods, namely:

- Programming documents
- Ex-ante evaluations
- Annual implementation reports
- Relevant information concerning the quantification of indicators (definition of baseline and target values)

Moreover, the relevant EU working documents and guides on indicators have been fully taken into account.

In addition to the above, and in order to gain a deep insight into the indicators relevant issues, and to take into account the personal views of the staff involved in the definition and monitoring of indicators, the project team carried out structured interviews with the aim of an adequate questionnaire. Interviews have been carried out with the relevant staff of the Planning Bureau, the Intermediate Bodies and key Beneficiaries.

Based on the questionnaires collected and reviewed, useful conclusions have been drawn concerning:

- Adequacy and reliability of indicators
- Credibility of data
- Monitoring procedures
- Training of staff

## **2.2 Coherence of indicators with the specific objectives of the OPs/ Capturing of outputs and results**

The coherence of indicators with the specific objectives and the priority axes of the OPs has been analyzed with the aim of a “coherence” matrix. Each cell of the above table can get a value of 1 (coherence/relevance) or 0 (no coherence/relevance).

Comprehensiveness of indicators in terms of capturing program outputs and results has been assessed by estimating the fraction of the budget (at the level of specific objectives, priority axes and the entire OP), which is covered by the respective indicators. A fraction of at least 80% of the respective budget has been considered as sufficient.

## **2.3 Coherence of indicators with the EU core indicators**

Coherence of indicators with the EU core indicators (ability of the OPs indicators to serve/provide target values for the EU core indicators) has been analyzed in the same way as described in section 2.2.

## **2.4 Evaluation of indicators by using the SMART principle**

The indicators have been evaluated against the SMART principle, which means each of them have to be:

- **Single/precise**
- **Measurable**, i.e. the quantification of the indicator (definition of baseline and target values) is sound and reliable, based on credible data and methods. Moreover, monitoring of indicator is assured through the use of adequate methods, which cover all relevant issues (data collection, computation of indicator values, responsibilities and reporting)

- **Available** at an acceptable cost
- **Relevant** to the objective concerned and to the information needed by the decision makers
- **Time-bound**, so that it is known when the target values are expected to be achieved

### 3. EVALUATION OF THE INDICATORS OF THE OPERATIONAL PROGRAMMES OF THE PAST PROGRAMMING PERIOD (2004 – 2006)

#### 3.1 General

In this study the indicators of the Single Programming Documents and Programme Complements of the following programmes have been evaluated:

- Programme for Objective 2
- Programme for Objective 3
- Programme for fisheries sector
- Community Initiative EQUAL

The total budget of **the programme for Objective 2** amounts to 58,5 M€, whether the EU contribution (ERDF) amounts to 47,7% of the total budget. The programme includes the following priority axes:

- Sustainable rural development (67% of the total budget)
- Regeneration of urban areas in decline (29% of the total budget)
- Technical assistance (4% of the total budget)

The total budget of **the programme for Objective 3** amounts to 43,9 M€, whether the EU contribution (ESF) amounts to 50% of the total budget. The programme includes the following priority axes:

- Development and promotion of active labor market policies (52% of the total budget)
- Promotion and improvement of education and training systems and life-long learning (46% of the total budget)
- Technical assistance (2% of the total budget)

The total budget of **the programme for the fisheries sector** amounts to 7,7 M€, whether the EU contribution (FIFG) amounts to 44% of the total budget. The programme includes the following priority axes:

- Adjustment of fishing effort (34% of the total budget)
- Fleet renewal and modernization (4% of the total budget)
- Protection and development of aquatic resources, aquaculture, fishing port facilities, processing and marketing, and inland fishing (60% of the total budget)
- Technical assistance (2% of the total budget)

The total budget of **the programme for EQUAL** amounts to 3,6 M€, whether the EU contribution (ESF) amounts to 50% of the total budget. The programme includes the following priority axes:

- Employability (42% of the total budget)
- Equal opportunities for women and men (41% of the total budget)
- Asylum seekers (7% of the total budget)
- Technical assistance (10% of the total budget)

## **3.2 Conclusions**

### **3.2.1 Programme for Objective 2**

- All specific objectives are served of at least one indicator.
- There is no indicator serving more than one specific objective, apart of the employment indicator, which is by definition of horizontal nature), which means that all indicators are sound and precisely defined.
- The output indicators cover (cumulatively) 87% of the total budget of the programme, without taking into account the budget of priority axis of technical assistance, which does not include any indicators. That means that capturing of programme outputs was satisfactory.
- The result indicators cover (cumulatively) only 43%, which means that capturing of programme results was insufficient.
- The programme indicators are compliant with the relevant EU core indicators, i.e. the values of the core indicators can be calculated through the values of the respective programme indicators.
- 7 out of 8 output indicators, as well as all (5) result indicators fulfill the SMART criteria.
- The overall achievement of the target values of the indicators was satisfactory.

- The programme for Objective 2 did not include interventions dedicated to the promotion and support of gender equality. Such interventions were included in the programme for Objective 3 and in the Community initiative EQUAL. However, it was anticipated to monitor on gender basis the indicators of the programme related to entrepreneurship (SME supported) and employment (gross and net jobs created) and to report the actual values achieved in the relevant annual implementation reports. Unfortunately, the above mentioned monitoring arrangements for the relevant indicators have not been kept and the values of them per gender have not been monitored and recorded.

### **3.2.2 Programme for Objective 3**

- All specific objectives are served of at least one indicator.
- There is no indicator serving more than one specific objective, which means that all indicators are sound and precisely defined.
- The output indicators cover (cumulatively) 57% of the total budget of the programme, without taking into account the budget of priority axis of technical assistance, which does not include any indicators. That means that capturing of programme outputs was insufficient.
- The result indicators cover (cumulatively) 30%, which means that capturing of programme results was insufficient.
- The programme indicators are compliant with the relevant EU core indicators, i.e. the values of the core indicators can be calculated through the values of the respective programme indicators.
- All output and result indicators fulfill the SMART criteria.
- The overall achievement of the target values of the indicators was satisfactory.
- There was no breakdown of baseline and target values of indicators per gender, as well as no proper monitoring of indicators per gender. This deficiencies were due to:
  - Lack of available and reliable statistical data per gender
  - Lack of specific targets regarding gender equality issues
  - Lack of specific guidelines and methods to be implemented by the Beneficiaries for monitoring of the indicators on gender basis

### **3.2.3 Programme for the fisheries sector**

- All specific objectives are served of at least one indicator.

- There is no indicator serving more than one specific objective, apart of the employment indicators, which are by definition of horizontal nature, which means that all indicators are sound and precisely defined.
- The output indicators cover (cumulatively) 100% of the total budget of the programme, without taking into account the budget of priority axis of technical assistance, which does not include any indicators. That means that capturing of programme outputs was excellent.
- The result indicators cover (cumulatively) 73%, which means that capturing of programme results was unsatisfactory.
- The programme indicators are compliant with the relevant EU core indicators, i.e. the values of the core indicators can be calculated through the values of the respective programme indicators.
- 8 out of 15 output indicators, as well as all (6) result indicators fulfill the SMART criteria.
- The overall achievement of the target values of the indicators was satisfactory.
- There was no breakdown of baseline and target values of indicators per gender, as well as no proper monitoring of indicators per gender. However, due to the small budget of the programme, these deficiencies could be considered as acceptable.

#### **3.2.4 Programme for EQUAL**

- All specific objectives are served of at least 2 output indicators and 1 result indicator.
- There is no indicator serving more than one specific objective, which means that all indicators are sound and precisely defined.
- The output indicators cover (cumulatively) 96% of the total budget of the programme, without taking into account the budget of priority axis of technical assistance, which does not include any indicators. That means that capturing of programme outputs was excellent.
- The result indicators cover (cumulatively) 96%, which means that capturing of programme results was excellent.
- The programme indicators are compliant with the relevant EU core indicators, i.e. the values of the core indicators can be calculated through the values of the respective programme indicators.
- 23 out of 24 output indicators, as well as 16 out of 21 result indicators fulfill the SMART criteria.

- The overall achievement of the target values of the indicators has not been assessed due to lack of data availability.
- Capturing of gender quality issues through the indicators was satisfactory, since baseline and target values of the key indicators were broken down by gender. However, the values of the indicators achieved during implementation have not been monitored and recorded per gender.

### **3.3 Lessons learnt**

#### **3.3.1 Strengths**

- Definition of the indicators has been based on a realistic approach, which as a result, produced a reasonable number of indicators, taking into account the size and budget of the programmes and avoiding unnecessary workload to the staff of the Beneficiaries and Intermediate Bodies, regarding data collection and monitoring of indicators.
- Most of the indicators defined fulfill the SMART criteria, although the method has been applied more intuitive than consistent.
- Quantification of indicators was satisfactory due to the close and fruitful cooperation among the Planning Bureau, the Intermediate Bodies and the Beneficiaries.
- The whole indicator system was structured in an integrated manner, in order to assure efficient monitoring of the indicators.

#### **3.3.2 Weaknesses**

- Despite the overall satisfactory quantification of the indicators, there was a lack of detailed documentation of relevant assumptions and methods used for the quantification
- Due to lack in human resources in the Planning Bureau and the heavy workload of the existing staff, no specific guidelines for the staff of Beneficiaries and Intermediate Bodies have been elaborated, concerning standardization of monitoring procedures. As a result, monitoring of the indicator values during programme implementation has been done under the sole responsibility of the Beneficiaries, without documentation of the procedures used. This fact could undermine the reliability of the estimation of programmes progress.
- No additional performance indicators, apart of the output and result indicators, have been defined.
- The Management Information System (MIS) used for the management of programmes did not support the monitoring of indicators.

- Training of the staff of Beneficiaries and Intermediate Bodies, concerning design and monitoring of indicators, was rather insufficient. This led to a lack of understanding regarding the importance of the indicators and, in some cases, to poor monitoring of its progress

### 3.4 Corrective actions

The Planning Bureau, as the Managing Authority of the operational programmes of the current programming period (2007 – 2013), and during the elaboration of the programming documents has fully exploited the above mentioned strengths of the previous programming period. Moreover, being quite aware of the weaknesses, it has already implemented the following corrective actions:

- Improvement of data collection and documentation regarding quantification of indicators
- Upgrade of MIS, by adding a new module for monitoring of indicators

In addition to the above, the Planning Bureau proceeded to the elaboration of the present study in order to efficiently treat the remaining weaknesses and timely prepare adequate indicator systems for the key OPs of the current programming period (see sections 4 - 6).

## 4. EVALUATION OF THE INDICATORS OF THE OPERATIONAL PROGRAMMES OF THE CURRENT PROGRAMMING PERIOD (2004 – 2006)

### 4.1 General

The OP “Sustainable development and competitiveness” has a total budget of 579,6 M€ and is co-financed by the ERDF (279,5 M€) and the CF (213,2 M€). Thus, the total EU contribution amounts to 492,7 M€, i.e. 85% of the total budget. It includes the following priority axes:

- Infrastructure in the sectors of environment and energy (31% of total budget)
- Transport infrastructure (10% of the total budget)
- Knowledge society and innovation (19% of the total budget)
- Business environment (10% of the total budget)
- Regeneration of urban and rural areas in decline (26% of the total budget)
- Technical assistance – ERDF (3% of the total budget)
- Technical assistance – CF (1% of the total budget)

**The OP “Employment, human capital and social cohesion”** has a total budget of 149,7 M€ and is co-financed by the ESF (119,8 M€). Thus, the EU contribution amounts to 80% of the total budget. It includes the following priority axes:

- Development and adaptability of human resources (64% of total budget)
- Enlargement of labor market and social cohesion (33% of total budget)
- Technical assistance (3% of total budget)

## **4.2 Conclusions**

### **4.2.1 Operational Programme “Sustainable development and competitiveness”**

- All specific objectives are served of at least one indicator.
- There is no indicator serving more than one specific objective, apart of the employment indicator, which is by definition of horizontal nature), which means that all indicators are sound and precisely defined.
- The output indicators cover (cumulatively) 88% of the total budget of the programme, without taking into account the budget of priority axis of technical assistance, which does not include any indicators. That means that capturing of programme outputs was satisfactory.
- The result indicators cover (cumulatively) 81%, which means that capturing of programme results was also satisfactory.
- The programme indicators are compliant with the relevant EU core indicators, i.e. the values of the core indicators can be calculated through the values of the respective programme indicators.
- According to the findings of the evaluation of the **output indicators** against the SMART criteria:
  - 15 (63% of the total) out of 24 output indicators are adequate
  - 8 (33% of the total) out of 24 output indicators have to be reformulated
  - 1 (4%) out of 24 output indicators has to abandoned/replaced
- According to the findings of the evaluation of the **result indicators** against the SMART criteria:
  - 6 (50% of the total) out of 12 result indicators are adequate
  - 3 (25% of the total) out of 12 result indicators have to be reformulated
  - 3 (25%) out of 12 result indicators have to abandoned/replaced

- According to the findings of the evaluation of the **strategic indicators** against the SMART criteria:
  - 5 (83% of the total) out of 6 strategic indicators are adequate
  - 1 (25% of the total) out of 6 strategic indicators has to be reformulated

#### 4.2.2 Operational Programme “Employment, human capital and social cohesion”

- All specific objectives are served of at least one indicator.
- There is no indicator serving more than one specific objective, apart of the employment indicator, which is by definition of horizontal nature), which means that all indicators are sound and precisely defined.
- The output indicators cover (cumulatively) 82% of the total budget of the programme, without taking into account the budget of priority axis of technical assistance, which does not include any indicators. That means that capturing of programme outputs was satisfactory.
- The result indicators cover (cumulatively) 70%, which means that capturing of programme results was unsatisfactory.
- According to the findings of the evaluation of the **output indicators** against the SMART criteria:
  - 4 (36% of the total) out of 11 output indicators are adequate
  - 7 (64% of the total) out of 11 output indicators have to be reformulated
- According to the findings of the evaluation of the **result indicators** against the SMART criteria:
  - 5 (62% of the total) out of 8 result indicators are adequate
  - 3 (38% of the total) out of 8 result indicators have to be reformulated
- According to the findings of the evaluation of the **strategic indicators** against the SMART criteria:
  - 9 (75% of the total) out of 12 strategic indicators are adequate
  - 3 (25% of the total) out of 12 strategic indicators have to be reformulated

### 4.3 Proposals for improvement

The following improvements concerning the output and result indicators of both OPs have been proposed and implemented:

- All necessary reformulations of indicators have been made, including reformulations for enhancing the compliance with the relevant EU core indicators.
- Additional output and result indicators have been defined and quantified, in order to improve capturing of programmes outputs and results
- Quantification of the indicators (definition of baseline and target values) has been thoroughly reassessed. Missing values have been calculated and the necessary corrections have been made. Moreover, intermediate target values have been defined for the majority of the output and result indicators for both OPs. The quantification methods and data used have been fully documented.

Taking into account the above mentioned improvements:

- **OP “Sustainable development and competitiveness”**
  - The upgraded indicators system of the OP includes 33 output indicators (instead of 24) and 19 result indicators (instead of 12)
  - All the above mentioned indicators fulfill the SMART principle and capturing of output and results of the OP reaches almost 100% of the OP’s budget .
- **OP “Employment, human capital and social cohesion”**
  - The upgraded indicators system of the OP includes 17 output indicators (instead of 11) and 13 result indicators (instead of 8)
  - All the above mentioned indicators fulfill the SMART principle and capturing of output and results of the OP reaches almost 100% of the OP’s budget .

## **4.4 Capture of horizontal EU policies issues**

### **4.4.1 Gender equality and non discrimination**

There is a lack of specific targets for this policy, in relation to the indicators of the OPs. However, regarding the OP “Sustainable development and competitiveness”, it is assured that there will be an appropriate monitoring per gender of the actual values of the indicators referring to SME support and employment. On the other hand a more detailed monitoring is assured for the OP “Employment, human capital and social cohesion”, through the monitoring of indicators included in Annex XXIII of the Regulation 1828/2006. These indicators will be monitored under the responsibility of the Intermediate Bodies at the level of individual operation, whether aggregated results at OP level will be prepared by the Managing Authority.

It should also be pointed out that during the planning stage of each operation, compliance with the gender equality and non discrimination principle is controlled and assured by the Ministry of Justice.

Moreover, it is proposed to the Managing Authority to carry out a thematic evaluation in 2012 (update in 2015) for assessing more accurately the impacts of the relevant interventions implemented by the OP “Employment, human capital and social cohesion” on the gender equality and non discrimination policies.

#### **4.4.2 Protection of the environment**

Environmental impacts are expected through the implementation of the interventions of the OP “Sustainable development and competitiveness”. For the quantification and monitoring of environmental impacts, 19 environmental indicators have been defined and quantified during the elaboration of the Strategic Environmental Assessment (SEA) of the OP.

The above mentioned indicators have been assessed during the present evaluation study and were found to be well defined and reliable, capturing all significant environmental impacts. Furthermore, a template of the relevant progress reports has been developed, along with guidelines for streamlining and standardizing monitoring procedures. Monitoring of environmental indicators will be based on the specific values of these indicators, to be recorded in the relevant environmental impact studies of the individual projects. Total value for each indicator will be calculated through the aggregation of the partial values. Since environmental impacts take place mostly after the completion of the projects, it is proposed not to produce environmental reports every two years but only once after the completion of the programming period (2013), with a proper update report after 31/12/2015 (official closing out date of the whole OP). However, it is proposed to include in the on-going evaluations an assessment of the progress of the environmental indicators.

#### **4.4.3 Lisbon strategy**

The indicators of the OPs cannot directly and exclusively measure the progress of the Lisbon strategy indicators, since they are more general and are not influenced only by the intervention of the OPs but also by the overall development of Cyprus economy. Thus, the contribution of the OPs towards the achievement of the Lisbon strategy cannot be directly assessed. Therefore, it is proposed to the Managing Authority to carry out thematic evaluations for assessing more accurately the impacts of the OPs on the key Lisbon strategy priorities (e.g. entrepreneurship, innovation, active labor policies).

### **5. DEFINITION OF ADDITIONAL INDICATORS**

The use of additional indicators is necessary for the consistent and close monitoring of the OPs, particularly at the lower levels of implementation (i.e. contract, project and Beneficiary level).

In the present evaluation, a number of additional financial and administrative indicators, common for both OPs, has been defined, namely:

- Financial indicators (14 in total)
  - Progress indicators (in terms of budget activated, contracted etc.)
  - Performance indicators (keeping schedule, absorption etc.)
  - Efficiency indicators (keeping cost)
  - Legality and regularity indicators (in terms of budget implemented not in compliance with the EU and national legal framework)
- Administrative indicators (keeping key milestones by the preparation and awarding of public contracts) – 4 in total

## **6. DEVELOPMENT OF AN INTEGRATED SYSTEM FOR THE MONITORING OF INDICATORS**

In the context of the present evaluation study, an integrated system for monitoring all indicators referred above (output indicators, result indicators, financial indicators, and administrative indicators) has been development. This system includes:

- A unified approach, by using explicit mathematical formulas, for the calculation of the current values of all output indicators
- Detailed description of the methods and data used for the estimation of the current values of each result indicator, since no unified approach is feasible for the result indicators
- Use of explicit mathematical formulas for the calculation of all financial and administrative indicators
- Definition of levels and frequency of calculations
- Standard progress reports

Based on the above, the following aspects should be pointed out:

- The use of mathematical formulas enables the “automatic” calculation of the current values through the MIS. Moreover, the standard progress reports can also be prepared with the aim of the MIS.
- Calculations are made on biannual basis at the following levels:
  - Contract
  - Project
  - Beneficiary

- Specific objective
  - Priority axis
  - Structural Fund
  - Operational Programme
- Calculations (till the level of specific objective) are made by the Intermediate Bodies, based on data provided by the beneficiaries through the project monitoring fiches. Aggregate results at the level of priority axis, Structural Fund and OP are elaborated by the Managing Authority. The relevant standard progress reports are also prepared on biannual basis by the Intermediate Bodies and approved by the Managing Authority.
  - Assessment of the managerial capacity of the Beneficiaries is made with the aim of the performance indicators, by comparing its values at the Beneficiary level with predefined benchmarks. According to this assessment the Beneficiaries are classified into 5 performance (risk) groups.

The monitoring system is an adequate decision support tool, which produces early warnings and allows for timely and effective implementation of corrective actions.

## **7. MONITORING OF REGIONAL DISPARITIES**

For the monitoring of regional disparities, a set of relevant indicators has been proposed, which covers the most critical parameters (i.e. population, employment, entrepreneurship, quality of life etc.).

Moreover, the following recommendations have been made:

- Set-up of a task force comprising staff of the Planning Bureau and the National Statistical Service, which will be responsible for finalization and monitoring of the indicators
- Measurement of the indicators should be made on annual basis at the level of municipalities and large communities (population over 2.000) through field surveys and macroeconomic models, with the aim of specific software like HERMIN and QUEST.