Cohesion Policy 2021-2027

ERDF/CF/JTF Programme (2021-2027
Towards a smarter, well connected and resilient economy, a greener environment and an integrated society

Guidance Notes on Indicators

Call 20 for Project Proposals under

European Regional Development Fund

Priority 1

A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity

RSO 1.2

Reaping the benefits of digitalisation for citizens, companies, research organisations and public authorities

Indicators Overview, Definition and Guidance Document

Overview

In line with monitoring and evaluation obligations established by Regulations (EU) 2021/1060 (CPR), 2021/1058 (ERDF/CF) and 2021/1056 (JTF), the Programme for Malta for the period -2021-2027 - Towards *a smarter, well connected and resilient economy, a greener environment and an integrated Society,* is based on a number of output and result indicators which are to be reached by the year 2029 (target year).

What are indicators and why are they needed?

Simply put, indicators are a tool to measure:

- the progress experienced by a project (henceforth referred to as 'operation') during the course of its implementation;
- the final achievements and deliverables produced by an operation following its full implementation.

Indicators are an integral part of the Managing Authority's (MA) monitoring process and reflect the evolving implementation that is taking place vis-à-vis the respective operations. Monitoring of outputs and direct results allows the MA to observe whether the intended effects of the Programme are being delivered, whether outcomes are being achieved and whether implementation is on track.

Within the context of EU funds, there are both output and result indicators. Output and result indicators are set at the level of the Specific Objective (SO), for each and every Priority listed in the Programme. Output and result indicators are defined as follows:

- Output indicators relate to operations supported. An output is what is directly produced/supplied through the implementation of an operation. On the basis of Article 2(13) of the CPR, an output indicator refers to an indicator which **measures the specific deliverables of the operation.**
- Result indicators aim to track progress relevant to the objectives of the programme. Result indicators track changes sought which might be brought about by an operation. In line with Article 2(14) of the CPR, a result indicator refers to an indicator which **measures the effects of the operations supported, with particular reference to the direct addressees, population targeted or users of infrastructure.**

Every operation is obliged by the EU Regulations to achieve a number of output indicators, and to contribute to the Programme's result indicators. In this context, Applicants must ensure that the project has clearly identifiable and measurable targets that contribute to a minimum of **one output indicator and one result indicator.** The indicators are set in the Programme under the respective Priority and SO as specified to the Call for Project Proposals. Project Proposals that fail to do so will not be considered eligible for funding.

Output Indicators

As previously defined, output indicators quantify the direct deliverables that can be measured following the implementation of a specific operation. Output indicators quantify what is **produced directly** from the operation, such as the number of persons trained through an operation, or the length (measured in km) of a new road constructed through an EU-funded operation. Collectively, all the operations financed under a specific Priority and SO contribute to the attainment of the Programme's (output) indicator targets. Indicators may either be common output indicators, (which are indicators whose methodology is established at an EU level) or programme-specific output indicators (which are nationally defined).

Steps to be considered by Applicants when choosing the output indicator/s for their operations during the planning:

1. **Choose the output indicator/s that best matches the operation's expected outcome and deliverables**. The indicator/s to be assigned to the operation will depend on the aims and objectives of the respective operation, and how such aims fit into the Programme. Each indicator has a code, a name, a measurement unit, a milestone and a target (see Indicators Table on page 6). If the operation does not fit with any of the output indicators under the SO being targeted by this Call, the operation is probably not suitable for EU funding since it does not fit the objectives that the Programme wishes to achieve.

2. Take time to **establish realistic targets** that can be achieved as part of the milestone targets (end 2024) and upon full project implementation **and/or** by the end of year 2029. It is advisable that applicants neither 'over' nor 'under' set their indicator targets. Over-setting may create a situation where an operation does not reach its committed targets. On the other hand, under-setting will give a poor indication of the actual added value to be created by the operation, which may in certain cases affect the scores achieved by the operation during the Project Selection Committee. When setting milestone (2024) targets, consider a timeline to map out the expected stage of implementation of the operation by the end of the year 2024, creating a contingency for potential delays that may be experienced by then. Based on the expected stage of implementation by the end of 2024, the operation should commit to a partial indicator value, achievable by the end of 2024. This value will be a fraction of the overall value to be achieved by the end of the operation/end of 2029. The target value to be achieved at the end of the year 2029 will therefore include in cumulative form the milestone already achieved in 2024. **Documenting the methodology used to calculate the target setting will prove useful** during the operation's implementation. Applicants are encouraged to include this information in the Application Form, under the relevant Indicator section.

3. Ensure that the output indicators being chosen are calculated using the **measurement unit** established within the Programme. The indicator code and indicator name cannot be modified.

4. Elaborate a **clear and detailed methodology** which will be adopted during the course of the operation's implementation **to calculate the progress of the output indicator**. Indeed, whilst the project will commit towards a target to be reached by 2024 and later, by the end of the operation and/or by the end of the 2029, data on the progress of the output indicator/s will be reported to the MA in a staggered approach during the course of the operation's implementation. Due to reporting requirements set by the European Commission, Beneficiaries are to expect a **biannual reporting** of the indicators, as a minimum. It is important that the methodology chosen to calculate and/or source the indicator/s is readily available or can be made available at the Beneficiary's own expense, as and whenever requested by the MA or other entities involved in the implementation or auditing of EU funds.

5. Lastly, identify the **supporting documentation** that will be provided to the MA and other entities working on monitoring and evaluation of EU funds during the course of implementation. Any indicator that is reported to the MA needs to be backed up by supporting documentation. Such documentation provides **evidence** of the indicator value reached (whether partially or in whole). Indicators reported without the necessary supporting documentation **will not be considered by the MA during the implementation phase** and Beneficiaries risk loss of funds and/or other repercussions. It is therefore imperative that documentation is available or can be made available at the Beneficiary's own expense and is to accompany each indicator reported.

Applicants are to note that Steps 1 to 5 are to be followed for EACH indicator chosen. A general methodology covering several indicators is therefore not acceptable. EACH indicator needs to have a clear and separate methodology explaining its target setting; methodology detailing its achievement during the course of implementation; and the supporting documentation to be provided as proof of the indicator value being reported.

Result Indicators

Result indicators measure the direct **impact/change** resulting from the interventions being funded through the Programme vis-à-vis the national context. Whilst output indicators are a measure of what was 'created' as a direct result of the intervention, result indicators focus more on the overall effects of the operations. Result indicators therefore tend to measure broader and more macro issues, such as a change in air quality levels, or a change in the unemployment levels of the country as a direct result of an operation. Similar to output indicators, result indicators may either be common or programme-specific.

Result indicators are therefore similarly linked to the implementation of operations and are to be achieved by the end of the operation and/or by the end of the 2029. Each applicant needs to include a minimum of one result

indicator as part of the project Application Form. To this end, Steps 1 to 5 that have been presented in the section 'output indicators' apply equally to the result indicators, with the following exceptions:

a. Unlike output indicators, **result indicators do not include milestone (2024) targets**. Step 2 therefore is only applicable for the 2029 target setting.

b. Result indicators include a **baseline reference and baseline year**. The baseline is a measurement of the starting point pre-Programme, which seeks to establish the real change to be created by the operation upon reaching the target value (2029). This information is important since depending on the methodology that was used to establish the baseline value (*which methodology is shared in the next sections of this document)*, Applicants and subsequent Beneficiaries will be required to follow **the same methodology and calculations to measure their indicator achievements**. Therefore, the methodology for result indicators is prescribed by the MA and does not need to be reinvented by Applicants.

Depending on the indicator and its methodology, the achieved values for result indicators will be collected either: 1) during implementation; 2) upon completion of the operation; or 3) within 12 months after the completion of the operation. Unless specified in the definition of a particular result indicator, most result indicators will be collected **during implementation.**

Understanding the Indicator Targets Set in the Programme

Whilst each respective operation will be expected to contribute to an output and a result indicator/s on an individual basis, the Programme indicator targets reflect the **cumulative target to be achieved by the various operations** financed under a particular SO. For both output and result indicators, the MA thus aggregates the indicator values achieved by each operation in order to then achieve the Programme's targets.

In this regard, Beneficiaries have a collective responsibility in ensuring that the committed targets for their respective operations are achieved, for Malta to successfully reach the Programme's indicator targets.

List of Indicators by relevant Specific Objective

(Applicants are expected to choose one or more output indicator/s <u>and</u> result indicator/s from the following list. Target values are at Programme level, i.e., each operation needs to contribute a fraction of that target. Exceptions apply in instances where only one operation is to be funded under a SO, in which case the operation will be expected to meet the full Programme target.)

Priority 1 – A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity					
Specific Objective	SO RSO 1.2. - Reaping the benefits of digitisation for citizens, companies, research organisations and public authorities (ERDF)				
Indicator type, Code & Name	Measurement Unit	Baseline Value (only for Result indicators)	Baseline Year (only for Result indicators)	Milestone (2024) (only for Output indicators)	Target (2029)
Output Indicator

RCO01

Enterprises supported (of which: micro, small, medium, large) | Enterprises | / | / | 25 | 175 |
| Output Indicator

RCO02

Enterprises supported by grants | Enterprises | / | / | 25 | 175 |
| Output Indicator

RCO14

Public institutions supported to develop digital services, products and processes | Public institutions | / | / | 0 | 3 |
| Result Indicator

RCR11

Users of new and upgraded public digital services, products and processes | Users/year | 250,803 | 2021 | / | 277,371 |
| Result Indicator

RCR13

Enterprises reaching high digital intensity | Enterprises | 0 | 2021 | / | 50 |

Output Indicators:

1. **RCO01 Enterprises supported (of which: micro, small, medium, large)**: This output indicator measures the total number of enterprises supported through EU funds to digitise their products and/or services. Support can be either in-kind or monetary. For the purpose of this indicator, enterprises are profit-oriented organisations that produce goods and services to satisfy market needs. Social enterprises whose main objective is to have a social impact may also be considered. Each enterprise supported contributes 1 to this indicator (thus excluding double-counting of enterprises).

    Reporting timeframe: Beneficiaries are to be guided by the reporting timeframes listed under RCO02, RCO03 and RCO04 for reporting timeframes.

    This indicator is to be further subdivided by size of enterprise, whether micro, small, medium or large. The categorisation for the different enterprises is provided by the EU Commission, and is as follows:
    -   Micro enterprise (<= 10 employees and annual turnover ≤ EUR 2 million, or balance sheet ≤ EUR 2 million);
    -   Small enterprise (10-49 employees and annual turnover >EUR 2 million - ≤ EUR 10 million or balance sheet in > EUR 2 million - ≤ EUR 10 million);
    -   Medium enterprise (50-249 employees and annual turnover >EUR 10 million - ≤ EUR 50 million or balance sheet in EUR > EUR 10 million -≤ EUR 43 million);
    -   Large enterprises (>250 employees and turnover > EUR 50 million or balance sheet > EUR 43 million). If either of the 2 thresholds (employees and annual turnover/balance sheet) is exceeded the enterprises shall be categorised in the size category above.

    Examples of supporting documentation to verify the attainment of this indicator (non-exhaustive list) include:
    -   Signed Grant Agreement or equivalent
    -   Other documentation deemed relevant.

2. **RCO02 Enterprises supported by grants**: This output indicator measures the number of enterprises receiving monetary support in the form of grants to digitise their products and/or services. Each enterprise supported contributes 1 to this indicator. This indicator is a subset of indicator RCO01.

Reporting timeframe: This indicator is to be reported during the year when the grant support is completed.

Examples of supporting documentation to verify the attainment of this indicator (non-exhaustive list) include:

- list of documentation provided for indicator RCO01.

3. **RCO14 Public institutions supported to develop digital services, products and processes**: Number of public institutions supported to develop or upgrade significantly digital services, products and processes, for instance in the context of e-government actions. Significant upgrades cover only new functionalities. Public institutions include local public authorities, sub-national authorities, or other types of public authorities. The indicator does not cover public universities or research institutes.

Reporting timeframe: Upon completion of output from the supported project.

Examples of supporting documentation to verify the attainment of this indicator (non-exhaustive list) include:

- List of public institutions supported
- Declaration containing information on the digital services, products and processes developed per public institution.
- Any other relevant documentation, such as documentation by IT/software developers/engineers and other professionals confirming the development of the digital services, etc.

Result Indicators:

6. **RCR11 Users of new and upgraded public digital services, products and processes:** This result indicator measures the annual number of users of the digital public services, products and processes newly developed or significantly upgraded. Significant upgrades cover only new functionalities. Users refer to the clients of the public services and products newly developed or upgraded, and to the staff of the public institution using the digital processes newly developed or significantly upgraded. If individual users cannot be identified, the same client / person using an online service several times over the year is not considered double counting.

Reporting timeframe: Within one year after completion of output in the supported project.

Examples of supporting documentation to verify the attainment of this indicator (non-exhaustive list) include:

- NSO related publications (Ex: ICT Usage by Households)
- DESI country profile report
- Other documentation deemed relevant, such as user surveys (if applicable).

7. **RCR13 Enterprises reaching high digital intensity:** This result indicator measures the number of supported enterprises reaching high digital intensity as a result of supported projects.

Digital intensity measures the availability at firm level of 12 different digital technologies, as follows:

1) internet for at least 50% of people employed,
2) recourse to ICT specialists,
3) fast broadband (30 Mbps or above),
4) mobile internet devices for at least 20% of people employed,
5) a webpage or homepage,
6) a website with sophisticated functions,
7) social media,
8) paying to advertise on internet,
9) buying medium-high cloud computing services,
10) sending e-invoices suitable for automated processing,
11) e-commerce web sales accounting for at least 1% of total turnover, and
12) business-to-consumer (B2C) web sales of over 10% of total web sales.

High digital intensity applies to enterprises using <u>at least 7</u> out of these 12 digital technologies.

Reporting timeframe: Within one year after completion of output in the supported project.

Examples of supporting documentation to verify the attainment of this indicator (non-exhaustive list) include:

- Declaration listing the services utilised and accompanying documentation or other evidence attesting to at least 7 of the digital technologies listed above per enterprise. The Documentation to be submitted depends on the type of digital technology. For instance: a copy of the subscription made by the enterprise for fast broadband, including invoice; a link to a webpage + screenshot ; a link to a social media page + screenshot ; invoices for internet adverts and copy of said advert; etc.
- Other documentation considered relevant.

Other Notes

When compiling and gathering data for the indicators, the necessary audit trail should always be in place. **Applicants should note that failure to deliver on the agreed indicators could result in EU Funds being withdrawn and/or reimbursed in part or in whole by the Beneficiary.**

When an indicator seeks to measure the number of users benefiting from a project, the Beneficiary is to ensure that **complete records of users / participants** (such as names and contact details, as a minimum) are retained at the Beneficiary's end, even if these are not directly requested by the MA for indicator verification purposes (as part of the list of supporting documentation). Such user/participant details are needed to confirm the global indicator value reported, where the MA, auditors, or EU Commission representatives may request to check this data during project physical checks or audits. Furthermore, user records and contact information represent a useful source of data for programme/project evaluation purposes.