



GOVERNMENT
OF MALTA



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 28 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 1.1.

Developing and enhancing research and innovation capacities and the uptake of advanced technologies (ERDF)



Co-funded by
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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 and 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 1.1. - Developing and enhancing research and innovation capacities and the uptake of advanced technologies (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	/	/	5	37
Output Indicator RCO02 Enterprises supported by grants	Enterprises	/	/	5	37
Output Indicator RCO08 Nominal value of research and innovation equipment	euro	/	/	2,266,667.00	16,000,000.00
Result Indicator RCR02 Private investments matching public support (of which: grants, financial instruments)	euro	0	2021	/	44,000,000.00
Result Indicator RCR102 Research jobs created in supported entities	annual FTEs	0	2021	/	190

Indicator Definitions and examples of supporting documentation

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 develop or enhance research and innovation capacities, including in the uptake of advanced technologies. Support can be either in-kind or monetary (as applicable with the relevant national rules). 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: This is tied to the type of support, in the case of grants to refer to RCO02 timeframes, in the case of financial instruments to refer to RCO03..to be reported upon completion of output financed by the grant support.

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:

- List by the IB of the Grant Agreements signed (where beneficiaries will be identified by size as well as by unique identifier in view of the double-counting obligation verifications to be in place) and completed
- Evidence attesting to the completion of the activity being supported.
- In the case of financial instruments, list of enterprises supported provided by the Financial Intermediary, including size of enterprise and unique identifier, along with date of support as well as any other evidence linked to RCO03.
- 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 develop or enhance research and innovation capacities, including in the uptake of advanced technologies. Each enterprise supported contributes 1 to this indicator. This indicator is a subset of indicator RCO01.

Reporting timeframe: This indicator is to be reported upon completion of output financed by the grant support.

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

- list of documentation provided for indicator RCO01, as applicable to grants.

3. **RCO08 Nominal value of research and innovation equipment:** This output indicator measures the total (acquisition) value of the research and innovation equipment supported. R&D equipment includes all apparatus, tools and devices used directly to perform R&D activities. It does not include, for instance, chemical substances or other consumable materials used for carrying out experiments or other research activities.

Reporting timeframe: Following the provision or acquisition of the R&D equipment for the project supported.

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

- Declaration containing list of R&D equipment and its acquisition value
- List by the IB and Financial intermediary (as applicable) containing the list of R&D equipment and the total (acquisition) value of the research and innovation equipment supported
- Provisional certificate confirming the installation of the R&D equipment
- Contracts confirming acquisition of R&D equipment, as certified by the MA
- Other documentation deemed relevant.

Result Indicators:

1. **RCR02 Private investments matching public support (of which: grants, financial instruments):** This result indicator measures the total private contribution co-financing the supported projects where the form of support is a grant or is based on financial instruments. The indicator covers also the non-eligible part of the project cost, also including VAT. For state owned enterprises, the indicator covers the co-

financing contributions from their own budget. The indicator should be calculated based on the private co-financing foreseen in the financing agreements. In the case of financial instruments, it is intended to cover both private financing by the intermediary (fund manager) and the final recipient. The indicator is to be used for all interventions with private co-financing foreseen in the financing agreement.

Reporting timeframe: Signature of the grant agreement / or decision on Financial Instrument financial support with the final recipient, as applicable.

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

- List by the IB indicating the total private contribution co-financing the supported projects, including the non-eligible part of the project cost, also including VAT.
- Redacted copy of the financing agreements for enterprises benefitting from support through EU grants or financial instruments, as applicable.
- Declarations from auditors, accountants, or other relevant professionals attesting to the private co-financing incurred by enterprises benefitting from EU support through grants or financial instruments, covering all elements as per definition and identifying each type accordingly per final recipient.
- Other documentation deemed relevant.

2. **RCR102 Research jobs created in supported entities:** This result indicator measures the number of research jobs created as a result of the support. The indicator is measured in terms of average annual full time equivalents (FTEs) calculated according to the methodology provided in the OECD Frascati Manual 2015. Vacant R&D positions are not counted, neither is support staff for R&D (i.e. posts not directly involved in R&D activities). Annual FTE of R&D personnel is defined as the ratio of working hours actually spent on R&D during a calendar year divided by the total number of hours conventionally worked in the same period by an individual or a group. By convention a person cannot perform more than one FTE on R&D on an annual basis. The number of hours conventionally worked is determined on the basis of normative/ statutory working hours. A full time person will be identified with reference to their employment status, the type of contract (full time or part time) and their level of engagement in R&D.

Reporting timeframe: For existing research facilities, upon completion of output of the supported project. For research facilities newly built, one year after completion of the research facility at the latest.

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

- List by the IB and Beneficiary identifying the number of research jobs created as a result of the support.
- As well as, a declaration by the Beneficiary containing a list of personnel engaged in research jobs, including the ratio of working hours spent on R&D per annum and the total number of hours conventionally worked, including supporting evidence and methodology in case of any pro-rata computation of FTE.
- 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/scheme/financial instrument, the Beneficiary/Intermediate Body/financial intermediary is to ensure that **complete records of users / participants** (such as names and contact details, as a minimum) are retained at the Beneficiary's/ Intermediate Body/ Financial intermediary'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/final recipient details are needed to confirm the global indicator value reported, where the MA, Evaluation Unit, 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.