

Cohesion Policy 2014-2020

ERDF/CF (2014-2020) Fostering a competitive and Sustainable Economy to Meet our Challenges

Guidance Notes on Indicators European Regional Development Fund

Priority Axis 3

Enhancing Malta's competitiveness through investment in SMEs

Indicators Overview, Definition and Guidance Document

Overview

Under the 2014-2020 programming period, Operational Programme I is built on three types of indicators: financial, output and result indicators, in line with Articles 27(4) and 96(2) of Regulation (EU) 1303/2013. The Programme's specific objectives and expected results are supported by a limited number of output and result indicators which indicate what the target of the programme intervention is. It is vital that the projects focus on the results intended by OPI for the selected Investment Priority (IP) and Specific Objectives (SO).

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 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) and Investment Priority (IP), for each and every Priority Axis (PA) listed in the Programme. Output and result indicators are defined as follows:

- Output indicators relate directly to the operations supported. An output is what is directly produced/supplied through the implementation of an operation. An output indicator thus refers to an indicator which **measures the specific deliverables of the operation**.
- Result indicators are variables that provide information on specific aspects of results that lend themselves to be measurable. In most cases, result indicators are set at a national level in line with EU2020 targets. Result indicators represent a viable measure of the Programme's objectives, within the wider national context.

Every operation is obliged by the EU Regulations to achieve a number of output indicators, and to contribute to the Operational 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 PA, SO and IP, as specified in 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 PA SO and IP contribute to the attainment of the Operational 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 stage:

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). 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 by end of year 2023. 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. . **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 Indicators 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 the end of the year 2023 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 **impact/change** as a contribution of the interventions being funded through the Programme vis-à-vis the national context. Whilst output indicators are a measurement 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.. 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 year 2023. 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:

- 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 change to be achieved at the end of the Operational Programme's implementation, in view of the Programme's contribution to the topic in question.

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 output indicators, the MA thus aggregates the indicator values achieved by each operation in order to then achieve the Programme’s targets. For result indicators, unless these are direct results to be achieved by the operations, the result indicators will be measured at a more macro level. Nonetheless, the direct contribution of the operation in terms of results should still be measured and documented at operational level.

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 particular IP, in which case the operation will be expected to meet the full Programme indicator target.)

Priority Axis 3 – Enhancing Malta’s competitiveness through investment in SMEs					
Investment Priority – 3d: Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes					
Specific Objective 2	Nurture the growth potential of SMEs at a regional, national and international level through the provision of tangible and intangible support				
Indicator type, Code & Name	Measurement Unit	Baseline Value (only for Result indicators)	Baseline Year (only for Result indicators)	Milestone (only for Output indicators, as applicable)	Target (2023)
Output Indicator PSO3d Private investment matching public funds	euro	/	/	/	5,000,000.00

Output Indicator PSO32 Total area constructed/ upgraded for enterprise infrastructure	sqm	/	/	/	9,400
Output Indicator PSO33 Number of projects improving infrastructure in support for SMES	number	/	/	/	1
Output Indicator CO01 Productive investment: Number of enterprises receiving support	enterprises	/	/	/	180
Output Indicator CO04 Productive investment: Number of enterprises receiving non- financial Support	enterprises	/	/	/	180
Output Indicator CO08 Productive investment: Employment increase in supported enterprises	Full Time Equivalents	/	/	/	100
Result Indicator PSR3b Private Sector Investment	euro	25,092,938	2013	/	43,912,641

Result Indicator					
PSR3c	euro	2,415,000,000	2013	/	2,898,000,000
Value added of SMEs					

Indicator Definitions and examples of supporting documentation

Output Indicators:

1. **PSO3d: Private investment matching public funds:** This output indicator measures the total value of the private contribution in the supported operation, which may include state aid where the form of support is a grant, including non-eligible parts of the project.

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

- Documentary proof, such as (but not limited to) tenants' accounting records, declarations/valuations from professionals (architects, auditors, accountants, etc), and other documentation that provides evidence of the private contribution made to implement the project, either through own resources or received as a form of state aid.

2. **PSO32: Total area constructed / upgraded for enterprise infrastructure:** This output indicator measures the total area in square metres that has been constructed or upgraded as part of the enterprises' infrastructure, as funded through the ERDF operation.

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

- Before and after photos of the upgraded / renovated area/s;
- Site plan of affected area/s;
- Proof of certified works by an architect;
- Beneficiary's declaration and report showing the total area constructed / upgraded for enterprise infrastructure;
- Other relevant documentation.

3. **PSO33: Number of projects improving infrastructure in support for SMEs:** This output indicator measures the total number of projects being funded through an ERDF operation, which improve the

infrastructure in support of SMEs. Each ERDF funded project should be counted as 'one'. This indicator applies to mainstream projects only.

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

- Signed Grant Agreement between the Managing Authority and the Beneficiary for an operation whose scope is to improve SME infrastructure;
- Progress updates from the Project Leader and / or any documentation that provides proof of progress/completion in the implementation of the operation.

4. **CO01: Productive investment: Number of enterprises receiving support:** This output indicator measures the number of enterprises receiving support in any form from ERDF (whether the support represents state aid or not). An enterprise is defined as an organisation producing products or services to satisfy market needs in order to reach profit. The legal form of enterprise may be various (self-employed persons, partnerships, etc). Each enterprise receiving support should be unique, i.e., an enterprise that receives support more than once should be counted once.

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

- Before and after photos of areas showing the investment related to the support received from EU funds;
- Declaration including a list of enterprises supported;
- Records of enterprises being supported by means of a dedicated knowledge platform such as (but not limited to):
 - attendance of a project event (registration sheets)
 - case study videos produced for the companies
 - application for services through the website
 - other services applied through the website

5. **CO04: Productive investment: Number of enterprises receiving non-financial support:** This output indicator measures the number of enterprises receiving support that does not involve direct financial transfer (guidance, consultancy, enterprise incubators, etc.). Venture capital is considered as financial support. An enterprise is defined as an organisation producing products or services to satisfy market needs in order to reach profit. The legal form of enterprise may be various (self-employed persons, partnerships, etc). Each enterprise receiving support should be unique, i.e., an enterprise that receives support more than once should still be counted once.

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

- Before and after photos of areas showing the investment related to the support received from EU funds;
- Declaration including a list of enterprises supported;
- Records of enterprises being supported by means of a dedicated knowledge platform such as (but not limited to):
 - attendance of a project event (registration sheets)
 - case study videos produced for the companies
 - application for services through the website
 - other services applied through the website

Result Indicators:

6. **PSR3b: Private Sector Investment:** This result indicator captures the amount of private sector investment stimulated through the specific intervention being financed. This indicator is to be achieved at a macro level.

7. **PSR3c: Value added of SMEs:** This result indicator captures the financial performance of businesses through its value added, which is made up of the gross profit plus wages plus depreciation. This indicator is to be achieved at a macro level.

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.**

In order to further assist Beneficiaries in adopting the proper indicator definition, methodology, and to understand the resources required to measure and verify the indicators, an *Indicator Definitions* document covering all the output and result indicators will be made available on the fondi.eu website. This document is a useful tool for Beneficiaries and should be used as a reference document to guide Beneficiaries in their indicator reporting during the course of the operation's implementation.