

Cohesion Policy 2014-2020

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

Guidance Notes on Indicators European Regional Development Fund

Priority Axis 4

Shifting towards a Low-Carbon Economy

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 on pages 5 and 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 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 4 – Shifting towards a Low-Carbon Economy					
Investment Priority – 4c: Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector					
Specific Objective 3		The use of RES and EE within public property as well as EE in housing through financial incentives			
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 CO30 Renewables: Additional Capacity of Renewable Energy Production	MW	/	/	/	2.8

Output Indicator CO34 GHG Reduction: Estimated Annual Decrease of GHG	Tonnes of CO2eq	/	/	/	5,700
Output Indicator CO32 Energy Efficiency: Decrease of Annual Primary Energy Consumption of Public Buildings	kWh/year	/	/	/	3,200,000
Output Indicator PSO41 Energy Efficiency: Decrease of annual primary consumption by the domestic sector	KWh	/	/	/	3,800,000
Result Indicator SR7a PV Connected Capacity	MWp	28	2013	/	200
Result Indicator PSR4c Energy Efficiency: Reduction in Energy Intensity	toe/thousand €2005	0.13	2013	/	0.11

Indicator Definitions and examples of supporting documentation

Output Indicators:

1. **CO30: Additional Capacity of Renewable Energy Production:** This output indicator measures the increase in energy production capacity (including electricity and heat) of facilities using renewable energy resources which are built/equipped by the EU-funded project. Renewable energy resources should be defined in line with Article 2(a) of Regulation 2009/28 which states that: "energy from

renewable sources' means energy from renewable non-fossil sources, namely wind, solar, aerothermal, geothermal, hydrothermal and ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases".

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

- Checks carried out by the Beneficiary (in cases where multiple interventions have been carried out a sample check can be considered). Such checks should also include photographs confirming that the RES measure/s installed after the intervention took place, and/or;
- Engineer's certification/s on the installations;
- Documentation from the service provider showing the amount of energy production capacity.

2. **CO34: GHG Reduction: Estimated Annual Decrease of GHG:** This indicator is calculated for interventions directly aiming to increase renewable energy production or to decrease energy consumption through energy saving measures. In case of renewable energy production, the estimate is based on the amount of primary energy produced by supported facilities in a given year (i.e. the calendar year after project completion). Renewable energy is supposed to be GHG neutral and replacing non-renewable energy production. GHG impact of non-renewable energy is estimated through the Member State's total GHG emission per unit of non-renewable energy production. In case of energy saving measures, the estimate is based on the amount of primary energy saved in a given year (i.e. the calendar year after project completion). Saved energy is supposed to be replacing non-renewable energy production. GHG impact of non-renewable energy is estimated through the Member State's total GHG emission per unit of non-renewable energy production. A specific formula is to be used by Beneficiaries when calculating this indicator, being:

Step 1: Convert Mega Watts Peak (MWp) to Kilo Watts Peak (KWp)

The Mega Watts Peak is obtained from the indicator CO30: Renewables: Additional capacity of renewable energy production (e.g. 16.5MW). In order to convert it to KWp multiply the figure by 1,000 (e.g. $16.5\text{MWp} \times 1000 = 16,500\text{KWp}$).

Step 2: Convert Kilo Watts Peak (KWp) to Kilo Watts Hour (KWh)

Each KWp of PV installed will generate 1,500KWh of energy per year⁹

(e.g. $16,500\text{KWp} \times 1,500\text{KWh} = 24,750,000\text{KWh}$).

Step 3: Convert Kilo Watts Hour (KWh) to KG CO₂/KWh

The rate to be used to convert kWh to kg CO₂/kWh is 0.77 for 2016 and 2017, and 0.47 from 2018 onwards¹⁰ (e.g. 24,750,000kWh x 0.47 = 11,515,000 kg CO₂/ kWh).

Step 4: Convert kg of CO₂eq to Tonnes of CO₂eq

This should be calculated by dividing the kg of CO₂eq by 1,000 (e.g. 11,515,000 kg CO₂ / 1000 = 11,515 Tonnes of CO₂ eq)

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

- Signed declaration from the Beneficiary, including the methodology and calculation used to arrive at the indicator value reported

3. **CO32: Energy Efficiency: Decrease of Annual Primary Energy Consumption of Public Buildings:**

Calculations for this output indicator are based on the energy certificate of buildings. Pre-reconstruction energy certificates and post-reconstruction energy certificates are needed to calculate this indicator value. In line with the deadlines set in Directive 2010/31/EU, the indicator must apply to all public buildings above 500m² total useful area and were reconstructed using European Structural and Investment Funds (ESIF) support. If the construction started after 9th July 2015, the threshold for public buildings decreases to 250m² total useful area. The Managing Authority may include buildings in the calculation with less than 250 m² (or 500 m² before 09/07/2015). The value will be calculated from the energy certificates issued before and after the reconstruction. The indicator will show the total decrease of annual consumption and not the total saved consumption.

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

- Energy performance certificates, or in instances when this is not available; documentation of a similar nature, as applicable, to show the total decrease in annual consumption through a before and after comparison; and/or
- Tests carried out by the Beneficiary before and after the intervention. In cases where multiple interventions have been carried out a sample check can be considered. Such test should also include the measure of power consumed;
- Brief description of reconstruction works carried out through EU Structural Funds, including i) site plan of the reconstructed area clearly indicating total area in m² and ii) timeline of when these works were carried out.

4. **PSO41: Energy Efficiency: Decrease of Annual Primary Energy Consumption by the Domestic Sector:**

Calculations for this output indicator are based on the energy certificate of domestic buildings. The indicator value will be based on the resulting savings measured in kWh/year, which is to be calculated by comparing the energy certificate issued at the start of the project with that issued at project completion, once energy efficiency measures financed by the project have been implemented. The indicator will show the total decrease of annual consumption, and not the total saved consumption.

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

- Before and after energy certificates.

Result Indicators:

5. **SR7a: PV Connected Capacity:** This result indicator measures the electricity generated by the solar photovoltaic systems that have been installed and connected to the national (Enemalta) grid through a PV metre. The unit of measurement should be Mega Watts peak (MWp). The target is based on a national target.
6. **PSR4c: Energy Efficiency: Reduction in Energy Intensity:** This result indicator is based on the concept that the projects implementing EE measures will be contributing to the overall national target for energy intensity. Energy intensity is calculated as the ratio between primary energy consumption and GDP (base year 2005). Primary Energy Consumption is as defined in Primes 2007. Targets are based on national targets only.

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.